

SECTION 172 STATEMENT

Drax Smart Sourcing Holdco Limited

Companies Act, Section 172 statement

The Directors have a duty to promote the success of the Company, having regard to a range of matters and stakeholders. The Board is responsible for ensuring effective engagement with stakeholders and recognises that decisions taken today will shape both the longer-term performance of the business and its impact on our various stakeholders. This consideration enables the Company to have a positive impact on the environment, our communities and wider society, delivering sustainable value creation.

Examples of the how the Board have had regard to the matters set out in Section 172, to the extent relevant to the company, are set out below. Comprehensive details in respect of stakeholders identified across the Drax Group, and how we engage with them and have regard to their interests, can be found from page 34 to 41 in the Drax Group plc 2021 Annual report and accounts.

The likely consequences of any decision in the long term

Our purpose is to enable a zero carbon, lower cost energy future. With multi-year time horizons for many of our strategic decisions, we recognise that those decisions can have an impact far beyond our business and into the future. The Company supports the long-term strategy of the Drax Group: to be a global leader in sustainable biomass pellets; to be a global leader in negative emissions; and to be a UK leader in dispatchable, renewable generation.

The need to foster the Company's business relationships

Our Procurement, Business Ethics, and Sustainability functions engage directly with suppliers around key issues. This is to ensure our ethics and values are effectively incorporated into and upheld throughout our supply chains. We seek the views of suppliers and contractors to collaborate on improvements in standards and meeting our (and their) obligations under law and regulations in keeping with our values.

The desirability of the Company maintaining a reputation for high standards of business conduct

At Drax, we are committed to conducting business ethically, with honesty and integrity, and in compliance with all relevant laws and regulations. We do not tolerate any form of bribery, corruption, human rights abuse, or other unethical business conduct.

Our business ethics compliance framework identifies the behaviours expected from colleagues on a broad range of topics. In 2021, we deployed new annual refresher eLearning across the Group which included data protection and ethics. For more details on how the business ethics programme is managed, see pages 61 to 63 of the Drax Group plc 2021 Annual report and accounts.

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The need to act fairly as between members of the Company

Our ultimate parent company is Drax Group plc and therefore we act in the best interests of our immediate and ultimate parent companies and, in doing so, in the best interest of the investors and shareholders of the Drax Group. This ensures that the interests of all relevant stakeholders, and the need to act fairly between members of the Company, are considered during decision-making.

This statement was approved by the Board on 9 September 2022 as part of the Company's 2021 Annual Report and Accounts.