

## SECTION 172 STATEMENT

# SMW Limited

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### ***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 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 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. Our decisions support the Group's long-term strategy: 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 interests of the Company's workforce***

We maintain regular dialogue with our workforce through our Generation employee engagement ("My Voice") forum, colleague briefings, weekly updates and Q&A from the Drax Group plc CEO, and our annual and "pulse" engagement surveys. Our dialogue with colleagues includes communication about the Group's strategy, plans and performance including progress against the Group-wide scorecard. For more information, see page 37 of the Drax Group plc 2021 Annual Report and Accounts.

### ***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, values and Supplier Code 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 impact of the Company's operations on the community and the environment***

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Tackling climate change is at the heart of our purpose, and our strategic objectives are aligned to global renewable energy and decarbonisation agendas. Our Group target is to achieve net zero across our scope 1, 2 and 3 emissions by 2030. For more information see pages 49 to 55 in the Drax Group plc 2021 Annual Report and Accounts.

Drax is an active participant in the communities in which it operates. Strong community relationships and effective engagement strengthen our ability to operate effectively in those regions. We engage regularly with communities through supporting local initiatives and holding drop-in sessions. To read more about our positive social impact across the Group, see pages 38, 40 and 56 in the Drax Group plc 2021 Annual Report and Accounts.

### ***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.

### ***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 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.

Engagement with shareholders of the Group allows us to understand the concerns and priorities of current and prospective investors, in areas such as ESG; climate change; executive pay; dividends; longer-term capital allocation policy; and strategy, which are taken into account in our decision making.

*This statement was approved by the Board on 22 September 2022 as part of the Company's 2021 Annual Report and Accounts.*