

SECTION 172 STATEMENT

Drax Finco plc

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 have an impact upon stakeholders, as well as shape the longer-term performance of the business. Appropriate consideration is important in enabling Drax to deliver positive outcomes for the climate, nature and people, and to deliver sustainable value creation.

Examples of how the Board have had regard to the matters set out in Section 172 are set out below. Comprehensive details in respect of stakeholders identified across the Drax Group plc group (“Group”), and how we engage with them and have regard to their interests, can be found on pages 26 to 33 in the 2022 Drax Group plc 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 and investment decisions, we recognise that these decisions can have an impact far beyond our business and well into the future. The Company plays a crucial role in providing appropriate financing to support the long-term strategy of the Drax Group: to be a global leader in sustainable biomass pellets; to be a global leader in carbon removals; and to be a UK leader in dispatchable, renewable power.

The need to foster the Company’s business relationships

Investors

We have an ongoing programme of investor relations meetings led by the Drax Group Investor Relations team. As part of that programme, we engage with investors in respect of any upcoming bond issuance. Engagement is typically via a roadshow format, either one-to-one or with small groups of investors so we can discuss our ambitions and understand investor’s concerns and priorities.

Suppliers

Our relationships with relevant suppliers are governed by contracts that include the requirement to comply with relevant regulatory and legal requirements including anti-bribery, corruption and modern slavery regulations, and comply with our supplier code of conduct. These minimum standards are regularly reviewed by our Procurement, Legal, and Business Ethics functions. The Group has also signed up to the Prompt Payment Code, and monitors performance to both continue to improve payment performance and maintain positive supplier relationships.

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.

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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 21 June 2023 as part of the Company's 2022 Annual Report and Accounts.