

SECTION 172 STATEMENT

Drax Smart Supply 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 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 to the extent relevant to the company 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. We see an important role for our subsidiaries in supporting the decarbonisation of British Industrial and Commercial (“I&C”) businesses through the supply of renewable energy, asset optimisation, Electric Vehicle services and carbon offset certificates, which we believe could evolve in the future to the provision of carbon removals.

The interests of the Company’s workforce

Engaging with our colleagues is a priority and starts with listening to, and better understanding, their views. Established in 2019, our workforce engagement forums (“MyVoice Forums”) are a valuable way for the Board and senior management to undertake such engagement. The MyVoice Forums are made up of colleague members from each part of our business, to ensure representation for every function. They provide us with a view of colleague sentiment and key topics that are on colleagues’ minds. In respect of our annual employee engagement survey, our engagement and inclusion scores have improved since 2021. The 2021 engagement survey highlighted that leading change, our social and environmental commitment, and providing opportunities for careers and development are what matter most to our colleagues. In 2022, our survey results showed that good progress has been made on leading change on and careers and development. However, there is more work to do to help build colleague understanding around our social and environmental commitments.

A member of the Group Executive Committee and an HR representative support these forums and attend each meeting. The MyVoice Forum chairs meet quarterly with the Chair and CEO of the Group to discuss colleague sentiment and to provide feedback on key topics.

We also maintain regular dialogue with our workforce through our colleague briefings, weekly updates from the Group CEO with a question-and-answer section responding to colleague questions, our pulse and annual engagement surveys, and communications about the Group’s strategy, plans and performance. During 2022, communications included updates about progress against the Group-wide scorecard, which includes KPIs in relation to financial, strategic, safety and sustainability performance. Annual bonuses for colleagues are linked to the scorecard performance, ensuring that employee reward and Group performance are aligned. We actively encourage participation in the Group-wide all-employee Sharesave scheme, offering the maximum discount of 20% and waiving any length of service requirements.

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The need to foster the Company's business relationships

Our relationships with 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 relevant laws and regulations. We do not tolerate any form of bribery, corruption, human rights abuse, or other unethical business conduct.

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.

This statement was approved by the Board on 21 June 2023 as part of the Company's 2022 Annual Report and Accounts.