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DRAX GROUP POLICY

# Political Engagement and Lobbying

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# Introduction

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## Policy purpose

This mandatory policy has been developed to help employees and relevant contractors understand and comply with our approach to conducting all political engagement and lobbying activity in a transparent, ethical, and responsible way, and in accordance with the principles in our Code of Conduct and other Drax policies.

The policy:

- Defines the principles that must be applied in all political engagement and lobbying activity, to ensure that it aligns to the Drax commitment to do the right thing
- Identifies acceptable and unacceptable behaviours to assist those representing Drax to determine whether a proposed activity can be progressed
- Sets out requirements to be met before any political engagement or lobbying activity can be undertaken and how these enabling activities must be recorded
- Specifies recording and reporting requirements for political engagement and lobbying activity
- Informs that failure to comply with the policy can lead to disciplinary proceedings, including the possibility of dismissal.

## Applicability

This policy applies to full-time, part-time, permanent, or fixed-term colleagues that are employed by an entity in the Drax Group (“Drax”), which are paid through the Drax payroll, and to workers who carry out services for Drax, but are not employed directly by Drax, including those working at Drax via an agency or on a contractor basis. This policy applies to all such colleagues and workers irrespective of the country in which they are based.

Any reference to a formal Drax process (e.g., disciplinary) outlined in this policy applies to colleagues paid through the Drax payroll only.

## Who to contact for help?

If you have any comments or questions about this policy, please contact:

**Name:** [Group Business Ethics](#)

**Email:** [Drax.Compliance@drax.com](mailto:Drax.Compliance@drax.com)

## How to speak up

This policy is designed to guide you in the appropriate actions and considerations which need to be taken in relation to political engagement and lobbying activity. If the answer to your situation is not dealt with in the policy, ask yourself:

- Is what I am doing ethical and legal?
- Is what I am doing in line with Drax’s values?
- Can I prove, under any circumstances, that my actions and intentions were in good faith?
- If what I am doing is made public, would I be comfortable with that fact?

If the answer to any of the questions above is “No”, or if you do not know the answer, you must consult with a member of Group Business Ethics, before you take any action.

If you become aware of any circumstances which you believe contravene this policy or may risk contravening it, refer to the ‘Raise a Concern (Speak Up)’ section of the Group Business Ethics SharePoint Site.

Anyone who raises a concern in good faith will not face retaliation because of their actions, even if they turn out to be mistaken. All employees are expected to report concerns, and information can be found on the ‘How to report concerns’ section of the Group Business Ethics SharePoint Site.

When raising a concern via our confidential Speak Up hotline, you may choose to either include your identity or remain anonymous (see Speak Up (Whistleblowing) policy for further information).

# Political Engagement & Lobbying

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## Policy statement

Pursuant to Section 11 of the Drax Group PLC Schedule of Matters Reserved to the Board, this policy is reserved to the Drax Board of Directors (the Board) and any material changes to the policy will require Board approval. The Board also has oversight of relevant activity and is assisted in this by the Ethics and Business Conduct Committee.

Drax is impacted by political decisions; particularly those that affect energy and environmental policies. Drax has an interest in ensuring that decisions made are well informed and appropriately balance the potentially competing priorities that influence them. Engagement with governments and political parties to seek to ensure this is achieved is an appropriate activity. Political stakeholder engagement also allows us to listen to our stakeholder concerns and take them into account when we make decisions.

Strong governance of the activity is required to ensure that it can be demonstrated to be legitimate and proportionate. Drax political engagement is governed by robust oversight and guided by detailed policies to ensure all impacted colleagues understand how they can achieve compliance.

This policy defines the permitted scope of political engagement and lobbying activity and sets out the requirements that must be met in all instances. No political engagement or lobbying activity is permitted where any requirements of this policy are not met. Any instances of non-compliance identified must be escalated immediately.

The policy provides the minimum standard that must be met in all cases. Where local laws set a higher standard for relevant activity, the relevant business unit/s must always comply with those higher standards.

## Definitions\*

**Political Engagement:** arises where an employee or representative of Drax interacts with a representative of a political party, a government (legislative or executive branch), other public body or association, or with a non-governmental organization (i.e., a voluntary group or institution with a social mission) on matters relating to Drax business activities, legislation, public policy, or administrative actions. It includes interaction with global, national, regional, and local bodies and contact with all elected representatives and appointed public office holders (e.g., government ministers and regulators), as well as their advisors and officials and agents of public bodies. Interaction includes all forms of communication whether formal, informal, or social whilst representing Drax on business.

**Lobbying:** where an employee or representative of Drax seeks to influence or provides advice on how to influence a legislator or other government official in the legislative or executive branches in relation to activity relevant to Drax, or for policies or actions related to Drax.

To constitute lobbying, the employee, agent, or officer of Drax must be acting in their capacity as a representative of Drax. Further, the government official may be a legislator (including staff thereof), political party, or the executive branch of government (including staff of the relevant federal or state agency). Note that this may include regulators, so it is important to consult Business Ethics or Legal if you are interacting with regulators and have questions. It is important to note that lobbying can arise in a social, non-work-related setting, so being aware of these policies is important even in social settings.

\*These definitions are intended to raise awareness of this issue; however, the definition of what is lobbying can change from jurisdiction to jurisdiction (e.g., some lobbying definitions include time preparing for lobbying and developing goodwill with government officials). If you think you might fall under any of these broad definitions, please contact Business Ethics for further direction.

## The cost of getting it wrong

Civil and criminal penalties can be imposed for not complying with lobbying requirements. In addition, Drax could be precluded from involvement in activities that would support the business strategy, either through direct exclusion or through damage to the reputation of Drax.

If lobbying activity is deemed to be bribery or corruption<sup>1</sup> it could be punishable by either imprisonment or fine, and such terms of imprisonment and fine can vary from jurisdiction to jurisdiction. Please further review Drax's Anti-Bribery and Corruption Policy for further information on Drax's prohibition on bribery and corruption.

Compliance with the Drax Fair Competition Policy and Fair Competition Guide is also required in all Political Engagement and Lobbying activity. Please further review the Policy and Guide to support compliance with Fair Competition requirements.

## Key 'do's and don'ts'

### DO:

- Ensure that no political engagement or lobbying activity takes place without the express consent of Corporate Affairs.
- Make sure that you have valid written authorisation from Corporate Affairs for any political engagement or lobbying activity and that the scope of the activity allowed is clearly defined in the authority.
- Carry out an assessment of the registration requirements for the activity and jurisdiction relevant to the proposed activity, noting that some activity may not be carried out unless/until registration is in place. Consultation with Business Ethics or Legal is always preferred.
- Provide a register of all colleagues in your area who are authorised to undertake this activity on behalf of Drax to Corporate Affairs, recording who has provided their authorisation and the specific activity that is authorised.
- Where this is required, details of external registration and authorisation should also be recorded.

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<sup>1</sup> See definition of "bribe" and "bribery" in Drax's Anti-Bribery and Corruption Policy.

- Provide details of all planned political and engagement activity to Corporate Affairs.
- Maintain a log of all lobbying activity, covering parties involved, matters discussed, agreements reached, and any gifts, hospitality or travel support provided or received. Maintain records such that this information may be reported in periodic updates if required by Drax policy or the applicable jurisdiction. Any such gifts, hospitality, or travel support must comply with applicable law and Drax's Code of Conduct, Gifts & Hospitality Guide, and the Anti-Bribery & Corruption Policy. Consider Drax's guidance on gifts and hospitality for Public Officials in the [Gifts & Hospitality Guide](#).
- Be alert to instances where political engagement or lobbying activity may have taken place without proper authority or recording. Where identified, this must be escalated immediately (see Dealing with Incidents below).
- Ensure that the information Drax provides to stakeholders, including politicians, is always based on fact and documented sources. Employees and contractors must never knowingly mislead and must take care to avoid doing so unintentionally. If it is identified that someone has been misled by mistake, swift action to correct any false impression is required, and such mistake must be reported to your line manager and Corporate Affairs.
- Engage with transparency and openness. In any engagement with politicians and government, we must make our position and interests clear, and understand that written communications with government may well become public in line with open government principles. That is, any written communications with government—emails, letters, text messages—may be publicly disclosed under applicable open government law. Please do not engage in written communications with government officials that you would not want included on the front page of the newspaper. Drax will publish its position on relevant public policy issues and will meet all public disclosure requirements concerning political engagement and lobbying activity.
- Be aware of lobbying activities with officials that may decide on incentives, grants, tax benefits, and/or contracts with Drax and seek appropriate direction from Corporate Affairs and Business Ethics/Legal to ensure compliance with applicable laws related to lobbying and pay-to-play statutes<sup>2</sup>.

#### **DON'T:**

- Undertake any political engagement or lobbying without first checking the local regulatory requirements for registration and record keeping (or consulting with Group Business Ethics/Legal, if applicable), and checking any applicable limits on such activity
- Offer anything (this could be gifts, hospitality, or travel support) to a political / government/ legislator representative without first determining if it is permissible under the laws and regulations of the relevant jurisdiction. Even when permissible, nothing of value may ever be given if it is intended, or could be seen to be intended, to influence a decision they will make. It is always better to refrain from providing anything of value to a government official even when permissible and the requirements of the Gifts and Hospitality Guide must also always be applied.
- Make company funds or assets, including work time, available to any political party or to any political candidate (except that employees may have time away from work to vote in elections pursuant to applicable law).

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<sup>2</sup> Laws that regulate political contributions made by anyone seeking or holding government contracts.

- Seek to influence the outcome of any electoral campaigns or contribute funding to any political campaign in your capacity or role as an employee, agent, officer, or contractor of Drax.
- Make any direct or indirect charitable or political donations or sponsorships to political parties, organisations or individuals engaged in politics for the purpose of obtaining an advantage in business transactions, or to encourage those in political office to refrain from performing their duty.
- Ever act in a way that is illegal, unethical, or contrary to Drax values and good professional practice.

**Activity that can be allowed:**

- Drax can engage politicians and legislators, both directly and through third parties (who may be paid) to inform their views, where this is allowed in the relevant jurisdiction and the activity is compliant with all local laws, including applicable registration and reporting requirements, and relevant Drax policies.
- Drax may sponsor or pay to participate in events arranged by political parties or politicians on a commercial basis, including at the UK party-political conferences and events in Parliament, as well as political events in other jurisdictions, so long as such activity is compliant with the jurisdictional local laws. Note that in the United States, Drax should not donate to 501(c)(4)<sup>3</sup> organisations unless Business Ethics and Legal have been consulted.
- Drax may facilitate travel around the UK and internationally for politicians and policy makers where the objective is to promote understanding of our operations and business, provided that this facilitation can be accepted within whatever guidelines apply to the individuals concerned and is compliant with local applicable law, Drax's Code of Conduct, Drax's Anti-Bribery and Corruption Policy, and approved and disclosed pursuant to Drax's Gifts & Hospitality Guide.

**Activity that is never allowed:**

- Informal or 'off the record' lobbying or government expenditures that are not fully recorded.
- Payments or other inducements, including prospective employment, offered, or made without commercial justification that seek to, or could be seen to, make a politician, legislator, or someone involved in the awarding of contracts better disposed to Drax's interests. In some jurisdictions, there are laws that specifically target the making of payments that could be perceived as being linked to the ability to compete for contracts (Pay-to-play statutes). Never provide any gifts, including political contributions, to members of the legislative or administrative branches of government as an employee, agent, officer, or contractor of Drax unless and until appropriate consultation is made with Group Business Ethics and/or Legal, and in any event, such gifts shall be de minimis.
- Engagement or lobbying that is not being conducted within a specific written mandate or fails to comply with local law or Drax policies.
- Any activity that seeks to influence the outcome of an election or provide support to one candidate to the detriment of another/others.

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<sup>3</sup> 501(c)(4) organisations are non-profit organisations that can engage in political or lobbying activity as long as this is not their primary purpose.



## Key areas of risk

Please also consider the [Anti-Bribery & Corruption policy](#) and the [Gifts and Hospitality Guide](#), as well as [Drax Fair Competition Policy](#) and [Fair Competition Guide](#).

- **Unauthorised Political Engagement and Lobbying.** All activity must be aligned to Drax strategic aims and carried out by colleagues or representatives of suitable capability and with appropriate registrations where required. Activity that is carried out by unauthorised individuals may be at odds with the authorised messages. Where challenged, such activity could also result in Drax being unable to obtain appropriate access for authorised engagement in future, participate in government-funded programs that support its business, and could cause reputational damage.
- **Inadequate records of Political Engagement or Lobbying.** A key element of being able to demonstrate that activity is legitimate and appropriate is effective record keeping. Any undocumented activity risks undermining the integrity of the activity overall and could cause significant reputational damage to Drax. Recordkeeping in this instance is also critical for any applicable reporting requirements to the applicable regulatory bodies.
- **Actions by third party representatives.** *Care must be taken in engaging third parties to act on behalf of Drax, to ensure that they are of the appropriate calibre and are appropriately registered. Drax may be held responsible for their actions. The scope of their mandate must be defined and appropriate Terms & Conditions used in their contract. Thus, we will require that any contract or agreement presented by a third-party include our compliance provisions. Failure to agree to our terms will result in Drax's refusal to engage the party. These provisions can be obtained from Group Business Ethics and/or Legal. This requirement to comply with Drax compliance provisions is in addition to meeting any Ethical Due Diligence requirements.*
- **Providing or accepting gifts and hospitality (G&H).** *Giving or accepting G&H in the context of dealings with politicians, government representatives, or public officials can be particularly high risk and may be illegal. The Drax approach to G&H is set out in the G&H Guide which aligns to the Anti-Bribery & Corruption policy. The G&H guide sets the minimum standards required, where local requirements that apply to Political Engagement and Lobbying are more stringent these must always be applied. It is always better to refrain from providing anything of value to a government official even when permissible. Any questions on G&H should be directed to Group Business Ethics and/or Legal as applicable.*
- **Trade Association Memberships.** *Where Drax is a member of a trade association or industry group, we must seek to ensure that the association or group operates with the same transparency and to the same standards for political engagement and lobbying as are applied to activity by and directly on behalf of Drax. Where Drax does not agree with the position of an association or group, we should communicate our position clearly to the organisation and can promote a different view where this is required. Any Drax employees or contractors engaged in activity on behalf of a trade association or industry group must be transparent and clear about the organisation and its position, Drax's link to the organisation, and their role both within the organisation and within or on behalf of Drax. Prior to joining a trade association, please consult with Business Ethics and/or Legal to determine if there are lobbying registration requirements implicated by such membership. Further, all trade association or industry group memberships should be approved by Corporate Affairs.*

- **Employing public office holders.** *To ensure compliance with applicable revolving door laws<sup>4</sup>, applicants with Drax who may engage in political engagement or lobbying, or support others who engage in political engagement and lobbying, are required to disclose any political or public office role in the past, and the job responsibilities in that role. If an applicant has prior public or political experience, consult with Corporate Affairs, Business Ethics, and Legal to ensure there are no revolving door policies that preclude the hiring of the applicant. Further, to the extent that the applicant can be hired, but is prohibited from certain tasks, such limitations must be outlined with specificity in the offer letter to the applicant and appropriate processes need to be in place to ensure such limitations are followed.*

## Dealing with Incidents

If you become aware of behaviour that may violate this policy, you should immediately report it to Corporate Affairs and Business Ethics and share any relevant information.

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<sup>4</sup> Laws to mitigate the risk of improper activity where employees move between influential public and private sector roles.