



# Doing the right thing



Conducting our business

## Doing the right thing



# Foreword

by Will Gardiner, Group Chief Executive

At Drax Group we are committed to conducting business with honesty, integrity and in accordance with all relevant laws and regulations. We have an unwavering commitment to doing the right thing and strive for best practice in our engagement with employees, customers, partners and other stakeholders.

We are also proud to be part of the UN Global Compact, a voluntary corporate sustainability initiative that encourages businesses worldwide to adopt sustainable and socially responsible practices.

This booklet sets out to inform you – whether you are an employee, temporary employee or contractor – of how we make sure we are ‘doing the right thing’ and the expected standards of conduct when working on behalf of Drax Group.

Along with our wider compliance framework of policies and procedures, these principles aim to ensure we meet both our own internal standards and our regulatory obligations. We expect the same standards from those with whom we do business, whether in the United Kingdom, the United States or beyond.

In recent years, our industry has seen increased levels of regulation. So it is important that you are familiar with the content of this document and contact a local compliance colleague or email [drax.compliance@drax.com](mailto:drax.compliance@drax.com) if you have any questions.

Each one of us is a representative of Drax Group – what we do and how we do it sends a powerful message. If you ever have any concerns that something may not be consistent with our principles, then please speak up. We all have a duty to maintain our high standards of behaviour.



A handwritten signature in black ink, appearing to read 'Will Gardiner'.

**Will Gardiner**  
Chief Executive, Drax Group

## Doing the right thing

## What's inside?

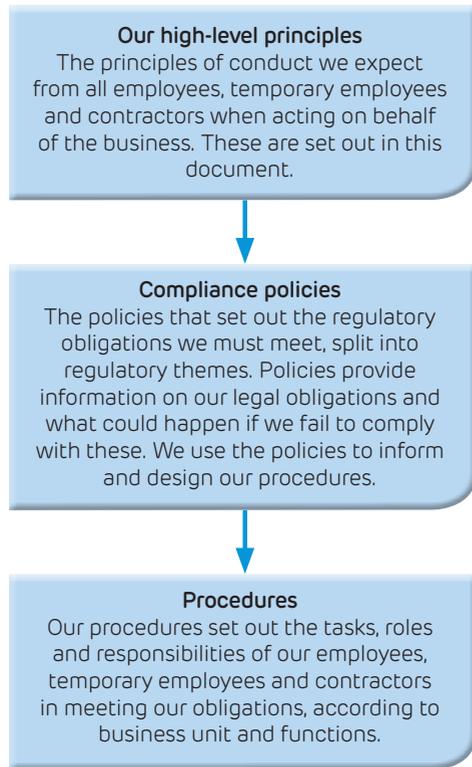
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# What is the compliance framework?

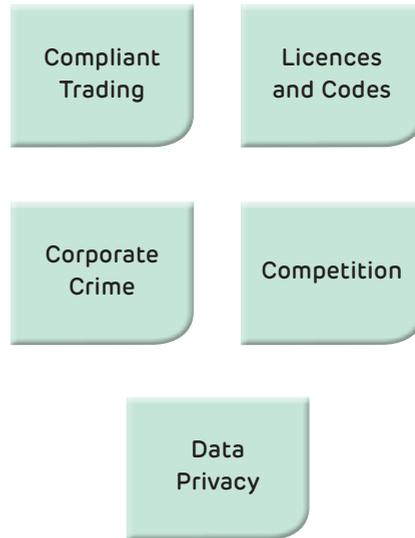
The Drax Group compliance framework is a set of documents that describe how we conduct our business responsibly.

It contains the principles, policies and procedures we use to ensure we are able to meet our own internal standards and those needed to meet our legal and regulatory obligations.

It is divided into three parts:



## Core Policy Themes



Following our principles, policies and procedures is part of your terms of employment. Therefore, it is very important that you understand which elements apply to your role.

If you have any questions, please speak to your line manager or local compliance contact or email [drax.compliance@drax.com](mailto:drax.compliance@drax.com). To find your local compliance contact, search using the word 'compliance' in the People Directory or Meet the Team section of your intranet.

## Applying our compliance framework and what it means in practice

Drax Group operates in accordance with applicable laws and regulations. The compliance framework applies to all employees, temporary employees and contractors working for or on behalf of Drax Group. When we say 'we', 'Drax Group' or 'the business' that's who we mean.

We are also committed to working only with third parties whose standards are consistent with our own. This includes suppliers, partners, agents, intermediaries, contractors and consultants.

Managers are responsible for providing their teams with leadership and support on our compliance requirements and how to

apply them in practice. Senior managers are also responsible for providing assurance on these matters to the Executive Committee and Drax Group's Board of Directors.

The consequences of not complying can be very serious. We could face significant sanctions including fines and potentially, criminal liability, as a company or individually.

Any failure to comply with our principles, policies or procedures will be fully investigated in line with our terms of employment and disciplinary procedures and could lead to you losing your job.



**Doing the right thing**



## Bribery and corruption

### Our principle

We prohibit bribery and corruption in all its forms. This applies to all Drax Group employees, temporary employees, contractors and agents, wherever they are in the world.

Bribery is the offering, giving, soliciting or accepting something of value as a reward for something illegal, unethical or a breach of trust.

Bribes can include, but are not limited to, cash, gifts, hospitality, in-kind help, charitable donations or employing of relatives.

They are usually, but not always, used to obtain or retain an unfair business advantage.

Bribes are against the law and against our principles, regardless of local customs.

Corruption is the abuse of entrusted power for private gain. It can involve bribery, extortion, deception, fraud, collusion and money laundering.

## Facilitation payments

### Our principle

We do not allow any taking, offering, providing, or promising of unlawful 'facilitation payments', regardless of the value of the payment.

A facilitation payment is a type of bribe - unofficial payments that are either demanded, offered or made usually to speed up a process or action - for example, the issuing of permits or licences. They are often referred to as 'bungs', 'backhanders' or 'grease payments'.

Such payments, even when small in value, are illegal and are strictly prohibited.



# Business gifts and hospitality

## Our principle

We strictly prohibit the giving of gifts or hospitality with the intention of influencing a business decision, judgement or outcome. Gifts and hospitality will only be accepted in the interests of maintaining genuine business relationships.

Business gifts and hospitality should only be offered and accepted in line with your local gifts and hospitality procedure. The receipt of gifts or hospitality must be recorded according to local procedure.

Gifts and hospitality offered between Drax Group employees and others are categorised as follows:

Usually acceptable and can be self-approved	May be acceptable with prior approval	Never acceptable
<ul style="list-style-type: none"> <li>• Modest occasional meals at a moderately priced restaurant with someone with whom we do business – these do not need to be recorded</li> <li>• Non-cash or non-cash equivalent gifts up to the value of £50, or equivalent in other currencies – these should be recorded, unless they are of minimal value, i.e. a branded diary, calendar, pen etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-cash or non-cash equivalent gifts with a value greater than £50, or equivalent in other currencies – these need to be recorded</li> <li>• Any special events such as attending sports, theatre or cultural events unconnected to a business event – these need to be recorded</li> <li>• Any invitation that is extended to a spouse, family member or friend – these need to be recorded</li> <li>• Any invitation where another party pays for your travel or overnight accommodation – these need to be recorded</li> </ul>	<ul style="list-style-type: none"> <li>• Any gift of cash or cash equivalent i.e. vouchers</li> <li>• Attending an event where the company or person (or a suitable substitute) making the invitation does not intend to be present, unless you are comfortable that the ticket is not being offered as an inducement and its value is below the self-approval limit for gifts</li> <li>• Attending an event for which there is no business purpose</li> <li>• Anything which would be illegal</li> <li>• Any gift or hospitality from someone involved in a tender, competitive bid or contract negotiation process</li> <li>• Any hospitality that is indecent or does not comply with the company values</li> <li>• Any gift you pay for personally or receive at your home address</li> </ul>

*Note: Recordable hospitality is subject to acceptance thresholds. Refer to your local gifts and hospitality procedure for more information.*

# Hosting of politicians and government officials

## Our principle

**The Group Company Secretary must pre-approve any offer of travel, accommodation or other hospitality to politicians and government officials.**

Both the UK Bribery Act and the US Foreign Corrupt Practices Act include specific offences relating to the bribery of public officials. Situations which involve providing accommodation or other hospitality to politicians and government officials must be approached with caution and always be pre-approved by the Group Company Secretary.

US-based employees must ensure compliance with all relevant Federal, State and local ethics laws before such hospitality is extended to a public official. Any such hospitality must also be appropriately reported in compliance with relevant Federal, State and local disclosure laws.

A 'government official' is any officer, director or employee of a local or national government, any public international organisation or any department or agency thereof, or any person acting in an official capacity for such government or organisation. This includes any employee of a state-owned, controlled or operated enterprise.

The term 'government official' also includes any representative of a foreign political party, any political party official, or candidate for political office.



# Political and charitable donations

## Our principle

**We do not make direct or indirect political or charitable donations or provide sponsorships to obtain an advantage in business transactions, or to encourage people in political office to refrain from performing their duty.**

Any involvement or participation in political activities must comply with Drax Group's principles and policies.

No company funds or assets may be given, loaned or made available, whether directly or indirectly, to any political party or to the campaign of any candidate for political office.

In the United States, exceptions are allowed for administrative and solicitation costs, including legal fees, employee time, use of office supplies and other related expenses incurred and associated with setting up and operating a Political Action Committee.



# Suppliers, partners, agents, intermediaries, contractors and consultants

## Our principle

We only work with third parties that we believe to be reputable and whose standards are consistent with our policies and principles.

Before engaging with any third party, we conduct due diligence. We select third parties whose values and commitment to ethical business match our own. This means you must not deal, engage or contract with any third-party entity or individual until Drax Group has received sufficient details about the identity,

background and reputation of the third party or person.

Due diligence checks should be carried out by local procurement, risk or compliance colleagues as appropriate.



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# Modern slavery

## Our principle

We do not tolerate any aspects of modern slavery in our organisation or in our supply chains

The Modern Slavery Act came into force in the UK in 2015. The term 'modern slavery' is used to cover:

- Forced or bonded labour;
- Human trafficking; and/or
- Exploitation of children or vulnerable persons

We do not tolerate any exploitation of human rights and we apply appropriate checks to ensure no form of modern slavery is employed by Drax Group or any of its third parties.

Our work to reduce the risk of modern slavery in our business and supply chains is reported in an annual statement available at [www.drax.com](http://www.drax.com).

# Conflicts of interest

## Our principle

We avoid situations in which our personal interests or actions could conflict with, or appear to conflict with, Drax Group's best interests.

Conflicts of interest exist when a person's private interests interfere in any way with the interests of Drax Group.

Drax Group employees have a duty to avoid financial, business or other relationships which might be opposed to Drax Group's interests, or which conflict with the performance of an employee's duties.

Employees are expected to conduct themselves in a manner that avoids even the appearance of such a conflict.

Such interests might include but are not limited to:

- Having a financial interest (e.g. a shareholding) in a company with which Drax has a commercial relationship
- Acting as a director or employee for another business with which Drax has a commercial relationship
- Placing business with a company owned or controlled by a Drax employee

Conflicts of interest should be reported to line managers and a compliance colleague for assessment, recording and advice on how to proceed.

# Compliant trading and share dealing

## Our principle

We do not misuse inside information and we trade in compliance with applicable law.

### Inside information

Some information relating to companies, including Drax Group, and what are known as traded instruments (e.g. shares, bonds and commodity contracts) is particularly sensitive. This "inside information" has a specific status and treatment under the law.

Inside information can relate to our business or another company. If the information has not been made public, is precise and could be used by an investor in deciding to invest in a company or an instrument, then it is inside information.

Any information which you believe to be inside information should be reported immediately to the Group Company Secretary.

Our policies and procedures give further detail on how inside information is managed within Drax Group and how and when we make inside information available to the market. The procedures are designed to prevent inside information being used improperly in both personal decisions to invest and decisions made on behalf of Drax Group.

Employees with access to inside information, or confidential information which may later become inside information, will be placed on a dedicated list and will be sent a reminder of the sanctions for any insider dealing or unlawful disclosure of inside information.

### Trading activity

Our policies and procedures support our principle to trade in compliance with all elements of applicable law. This helps to guide and safeguard Drax Group and individuals involved in making trading decisions from the severe penalties and sanctions associated with any failure to comply.

### Dealing in Drax shares

Drax Group has a Group-wide Dealing Policy and a Dealing Code which imposes restrictions on dealings in Drax securities.

If the Code applies to you and you wish to deal in Drax shares, you will need to seek prior approval. All requests for clearance should be sent to the Group Company Secretary, who will guide you through the process.



## Market abuse

### Our principle

We prohibit any action or inaction which could be deemed as market abuse.

The market abuse regime comprises the Market Abuse Regulation and the Regulation on Energy Market Integrity and Transparency. The regime is designed to prevent misconduct and unlawful behaviour in the financial and energy markets. Market abuse includes market manipulation, insider dealing and unlawful disclosure of inside information.

The regime applies to financial and energy contracts traded in specified markets,

whether the behaviour takes place within or externally to those markets. Detailed training is provided to those who trade in these markets on behalf of Drax Group.

We promote the development of transparent and effective markets, which our business relies on to grow and prosper. Any form of market abuse, including attempting to carry out market abuse or encouraging others to do so, is illegal.

# Fraud, deception and dishonesty

## Our principle

**We will not defraud or deceive anyone or act dishonestly. We will protect Drax Group against fraud.**

Fraud always involves deception and dishonesty. Fraud is when you deliberately try to deceive someone, act dishonestly or abuse your position to gain any kind of material advantage, or use or involve anyone else to do so.

Fraud is usually carried out for profit, or to obtain money, property or services unjustly. It is a criminal offence in most countries.

Fraud can include:

- 'False representation'- it is false, untrue or misleading and the person making it knows that this is, or might be, the case;
- 'Fraud by failing to disclose information'- failure to make information known where there is a legal duty to disclose it; and
- 'Fraud by abuse of position'- where a person is in a position they are expected to safeguard or not act against the financial interests of another person (i.e. Drax Group).

Others may try to defraud Drax Group. Be vigilant.

## Tax evasion

### Our principle

**We will not evade tax or enable others to do so.**

Tax evasion is a type of fraud which involves the illegal non-payment or underpayment of taxes that are owed by law to HMRC or other international Revenues. Drax Group does not tolerate tax fraud within its business or by its third parties.

We will never knowingly be complicit in facilitating a third party to evade taxes. Our due diligence and payment procedures are designed to ensure we comply with tax laws.



# Money laundering

## Our principle

**We will never knowingly be complicit in laundering money and will report any suspicion of money laundering or other serious organised crime to the appropriate authorities.**

Money laundering is a process used for transferring cash generated by organised crime into the financial system and the legitimate economy. It is used to disguise the origins of illegal cash by turning it into an investment in a legitimate financial instrument or business.

Although Drax Group is not directly subject to the Money Laundering Regulations, we still support the principles of the regulation and this is reflected within our procedures.

Our Group Company Secretary is our Money Laundering Reporting Officer (MLRO) and any concerns or suspicions should be reported to the MLRO or a compliance colleague.

# Data privacy and protection

## Our principle

**We respect individual privacy rights and act responsibly when gathering, processing and sharing personal data about our employees, customers, suppliers and other parties we may deal with.**

We comply with the requirements of data protection law. We put in place suitable policies, processes and systems to safeguard the privacy of data as if it were our own and ensure that any third parties who are processing that data on our behalf do the same.

Personal data means any information about an identified or identifiable person ('data subject'). This includes information such as a name, number, location, online identifier or which is specific to someone's physical, physiological, genetic, mental, economic, cultural or social identity.

We take extra care when processing certain 'special' types of data such as data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic or biometric data, data concerning health or a person's sexual life or orientation.



# Open and fair competition

## Our principle

**We will not enter into anti-competitive agreements or abuse our market position.**

Competition laws prohibit anti-competitive agreements, particularly between companies that operate in the same sector, and the abuse of dominant market positions.

The laws apply to many different areas, including:

- Sharing confidential information with competing companies
- Taking actions that could lead competitors to co-ordinate prices, costs and strategies

- Agreeing not to compete i.e. customer sharing

Failure to comply with competition laws can expose Drax Group to the risk of substantial fines, damages and other penalties. It may also expose individual employees to criminal prosecution.

Every document you write may be read by competition authorities if they decide to investigate. Always be professional in your writing style.

# Whistleblowing

## Our principle

**We will treat all issues raised seriously and will follow them up conscientiously, discreetly and without bias. Where necessary we will carry out an investigation and where appropriate we will report the matter to the relevant authorities.**

### How to raise a concern

If you have a concern over breaches of our policies or applicable laws or regulations, then please speak up. You can raise any issue with your line manager, a compliance colleague, or any member of the Group Ethics and Business Conduct Committee (EBCC). To find members of the EBCC, search using 'ethics committee' in the People Directory or Meet the Team section on your intranet.

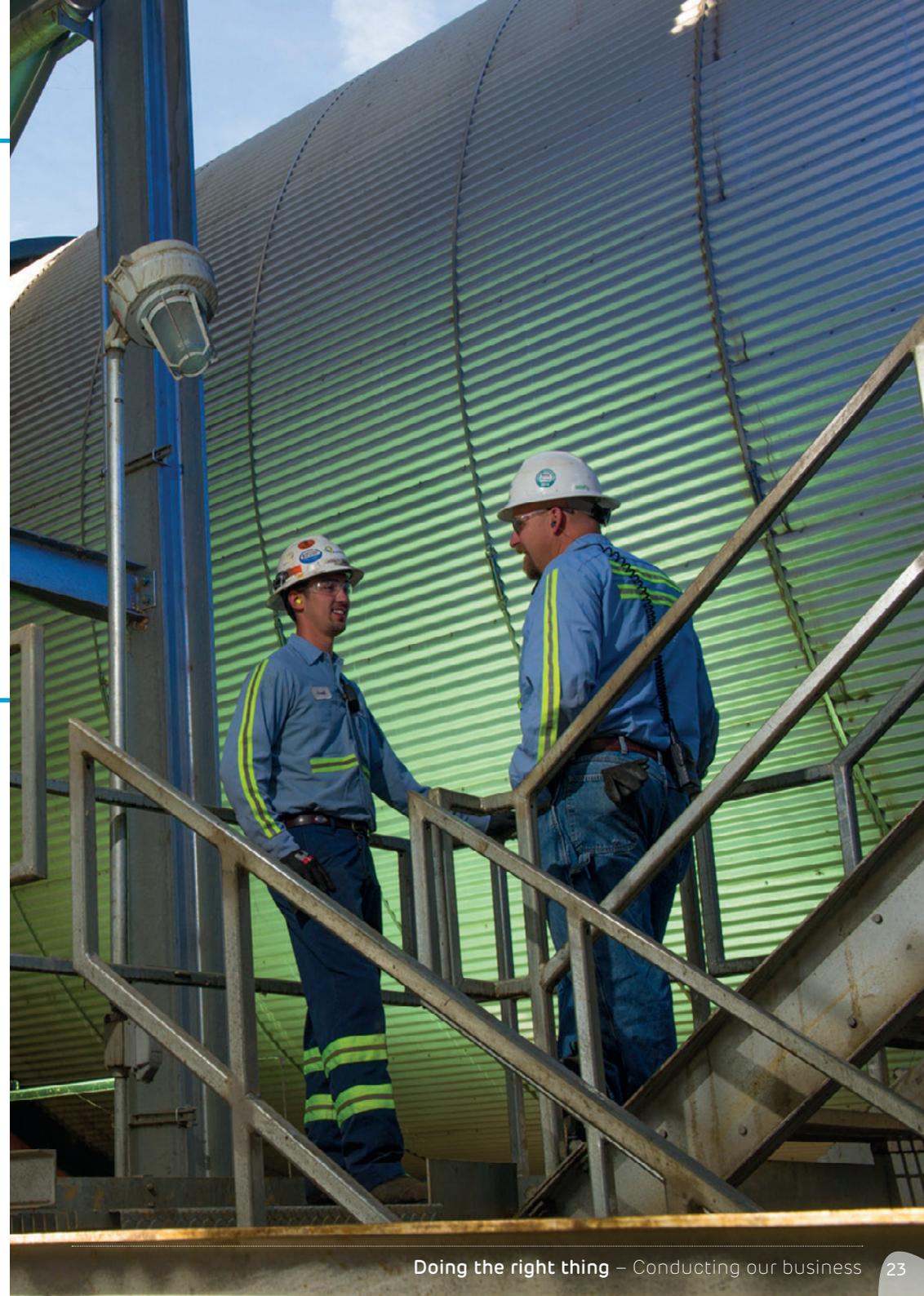
### Whistleblowing hotline

If you feel that you can't talk to anyone internally, you can talk to an independent third party via a hotline. Your call will be treated anonymously if you wish.

The hotline numbers are:

**UK:** 0808 100 5689 **US:** 1 866 516 3413

Anyone who expresses genuine concern will not be exposed to any sanction or retaliation by the business because of their action.



## Doing the right thing



If you have any questions in relation to the compliance framework, you should contact a local compliance colleague or email [drax.compliance@drax.com](mailto:drax.compliance@drax.com).

To find your local compliance contact, search using the word 'compliance' in the People Directory or Meet the Team section on your intranet.