centrica

Energising a greener, fairer future

Centrica plc
Annual Report and Accounts 2024

By delivering the energy our customers need today, and the energy security, efficiency, and decarbonisation solutions needed for the future, we are perfectly positioned to grow through the energy transition.

We have been at the centre of the UK energy industry for over 200 years, and our integrated businesses share a common purpose – energising a greener, fairer future.

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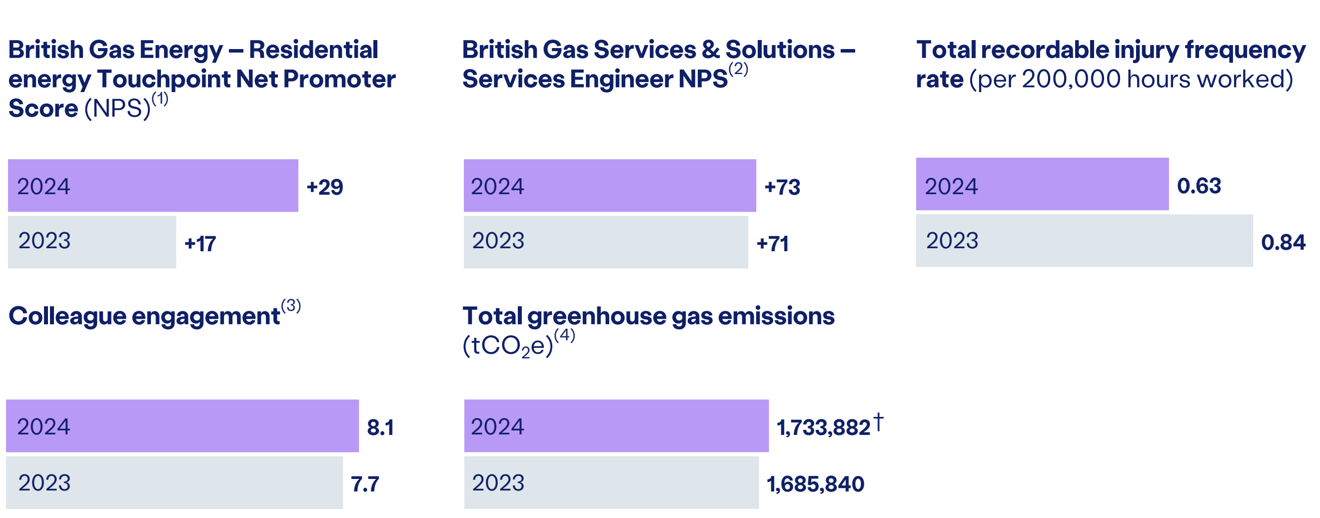
Unless otherwise stated, all references to the Company shall mean Centrica plc (registered in England and Wales No. 3033654); and references to the Group shall mean Centrica plc and all of its subsidiary undertakings and equity-accounted associate/joint venture undertakings; and references to operating profit or loss, taxation, cash flow, earnings and earnings per share throughout the Strategic Report are adjusted figures, reconciled to their statutory equivalents in the Group Chief Financial Officer's Report on pages 26 to 31. See also notes 2, 4 and 10 to the Financial Statements on pages 174 to 175, 183 to 189 and 200 for further details of these adjusted performance measures. In addition see pages 284 to 288 for an explanation and reconciliation of other adjusted performance measures used within the document. This Annual Report and Accounts does not offer investment advice, and does contain forward-looking statements. The Disclaimer relating to this Annual Report and Accounts is included on page 293.

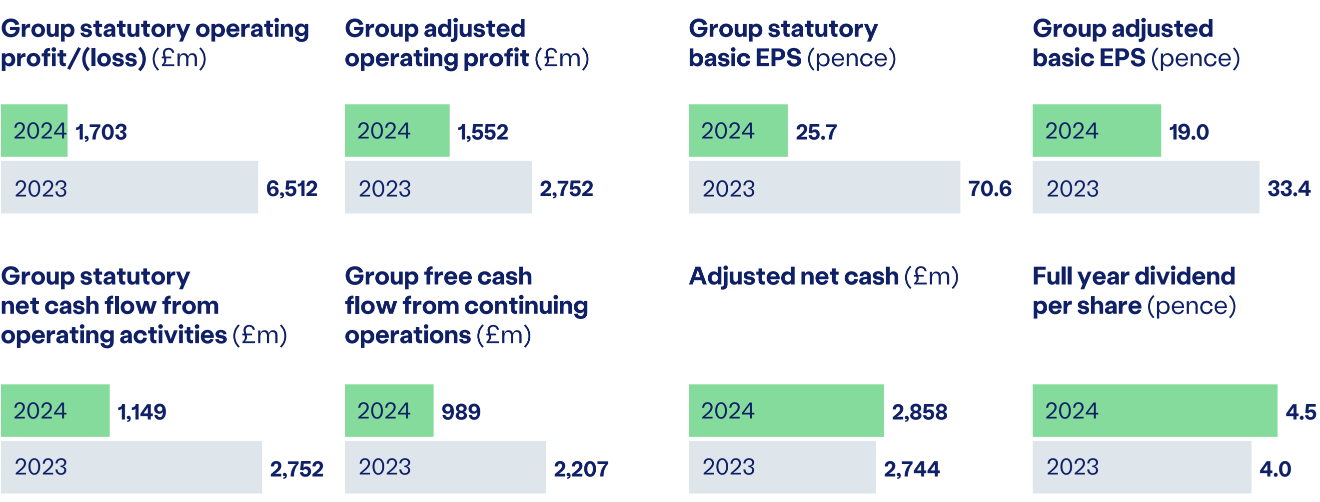
Group highlights

We reported another strong result in 2024 against a more normalised market backdrop. Further operational improvements are resulting in higher levels of customer satisfaction and helping to underpin delivery of more innovative propositions. Alongside this, we have continued to invest in assets aligned to the changing energy system, creating a range of long-term options ensuring we remain well-positioned to create value today and into the future.

Group operational metrics



Group financial metrics (Year ended 31 December 2024)



† Included in DNV Business Assurance Services UK Limited (DNV)'s independent limited assurance engagement. See page 289 or centrica.com/assurance for more.
(1) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas Energy following contact. (2) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following a gas engineer visit. (3) Engagement is based on an average score out of 10 and measures how colleagues feel about the Company. (4) Comprises Scope 1 and 2 emissions as defined by the Greenhouse Gas Protocol. 2023 restated due to availability of improved data.

Centrica at a glance

We are an integrated energy company operating across the energy value chain through our distinct, but complementary businesses. Our aim is to create value for all our stakeholders by delivering the energy needed today and the energy security, efficiency and decarbonisation needed for the future.

Key figures

21,000
Colleagues worldwide

6,800
Field service engineers

10m+
Customers

16.7GW
Renewable and flexible assets under management

9.5m
Gas & power trades in 2024

>50%
Of the UK's total gas storage capacity

20%
Share of the UK's nuclear portfolio

Our Purpose

At Centrica, we are **'energising a greener, fairer future'** because we believe in energy that works for our customers, communities and colleagues, today and into the future.

Our Values

Delivery
Courage
Collaboration
Agility
Care

Read more about our Purpose and Values on page 11

Our People & Planet Plan

Our People & Planet Plan aims to create a more sustainable future – from being a net zero business by 2040 and helping our customers be net zero by 2050, to creating the diverse and inclusive team we need to achieve this, whilst making a big difference in our local communities.

People **Supporting communities, our planet and each other** **Planet**

Read more about our People & Planet Plan on pages 58 to 77, with further information available at **centrica.com/peopleandplanet**

Business overview

Retail

Through our different retail brands, we provide energy supply and services to households and businesses across the UK and Ireland, helping them to decarbonise while ensuring reliable and affordable offerings.

Infrastructure

We produce and store gas and electricity every day through our stake in the UK's existing nuclear fleet, our portfolio of renewable and flexible assets, Spirit Energy and the Rough gas storage facility.

Optimisation

We are moving energy from source to use, supporting the responsible buying and selling of energy and managing risk across our portfolio.

Read more on page 14

Chair's statement

In the days and years ahead, you will see continued investment, more innovation, and further support for customers through the energy transition.

Kevin O'Byrne, Chair

It is a privilege to be writing to you for the first time as Chair of your Company. This is an exciting and demanding time for the sector, and for Centrica specifically, as we look to build on the momentum surrounding the energy transition. Because of our unique position in the sector, and our capabilities, Centrica can play a pivotal role in this transition while creating value for our stakeholders. We believe we have the right strategy to do this. Our integrated model of market-leading businesses in energy retail, optimisation and infrastructure, complement, de-risk, and add value to one another.

The last year has been a year of change across the world. We've seen elections in a number of markets including the UK and Ireland. We look forward to continuing to advocate for the things we know matter to our customers and working with the new governments to achieve these changes.

Sadly, geopolitical tensions remain high. We have stood through these crises, and we have been there for customers. That will continue, and we will do what we can to provide energy security in our key markets.

While being a stabilising force within a volatile energy landscape we also bring innovation, boldness and a strong desire to improve customer service.

Over the last year we've continued to support our colleagues, customers, and the countries we operate in. I'd like to touch on some of our achievements briefly now.

Supporting our customers

A successful energy company has more capacity to provide additional support for customers. That is one of the reasons why our performance matters; a successful company can be there for customers when it matters most.

Our Centrica Purpose, energising a greener, fairer future, puts customers right at the heart of everything we do. Investing and making operational improvements to improve our customer service is a key focus, and this work is never finished.

While we strive to do more, and be better, for our customers I'm very happy to see our actions and investments have a material impact on customer outcomes.

Over the course of 2024, we've seen further progress in improving customer service in British Gas Services & Solutions – a key focus area. We're also delivering an improved NPS, a key metric of customer satisfaction, in British Gas Energy.

We've voluntarily committed £140m to support customers since the start of the energy crisis. This dedicated support is especially appreciated by those customers who we know are going through economic hardship. This funding has been put to good use, with a number of schemes and initiatives being funded. For example, we donated £20m to the British Gas Energy Trust in January 2024, giving the Trust a very necessary funding boost so that it can support those who need it now, and in the future. The British Gas Energy Trust is an independent charitable body that does fantastic work specialising in the support of vulnerable people. In 2023-24, their

reporting period, they supported 64,500 people in total, through initiatives such as energy advice and grants, and by funding over 40 projects in the heart of communities. According to new analysis by Oxford Economics, the Trust has created £264m in societal impact over the past four years. Our colleagues and the Board are really proud that Centrica has been able to fund this work.

It is clear in 2023 that we got some things wrong and had some difficult lessons to learn around the practice of installing prepayment meters under warrant, a process which remains paused. This is clearly a very complex activity for all energy suppliers to manage and we recognised in 2023, following our own review, that we would need to make improvements. Since then, we've implemented a number of changes to our systems, processes, training oversight arrangements, and we remain committed to supporting our customers, particularly those that are vulnerable. This is important as there remains a material issue with affordability.

In 2024, hundreds of thousands of customers had trouble paying their bill in some way. This is a very serious issue. We have helped where we can. In addition to the support we offer through our charity partners, we launched our innovative and first-of-its-kind 'You Pay: We Pay' scheme. This scheme 100% matches payments that eligible British Gas customers who are struggling make into their account to reduce their debt. However, the sustainable solution to this challenge must involve government, the regulator, energy suppliers and charities. One such solution which we have called for might be a social tariff, underpinned by enhanced data sharing, that supports the most vulnerable in society. We must look at this holistically if we are to find a solution that works for customers.

Supporting our colleagues

Supporting our colleagues is the cornerstone of our strategy. If our colleagues are happy and engaged, then everything else follows. I'm hugely grateful for everything our colleagues have done over the course of 2024 to keep safe, look after our customers, and keep Centrica on track with our strategy. Thank you.

It makes good business sense then for Centrica to invest in its people and improve its leadership capabilities. In 2024 we hired 339 new apprentices, over 100 new interns joined Centrica in the summer of 2024, and 60 graduates came into the business in October as part of our graduate intake. We also increased hiring in our customer service teams, hiring hundreds of new agents to support our customers and bringing our total Customer Resolution Agents employed to around 3,500. These colleagues will all drive improvements in Centrica's overall customer service. We work hard to ensure all of our colleagues are trained and equipped with what they need in order to do their jobs well.

Our colleagues also give freely to their local communities too, and in total, colleagues have given 10,683 volunteering days to local causes during 2024. This is an increase of 37% compared to the previous year.

All of this is driving change in how satisfied our colleagues are to be working at Centrica. Engagement, a key metric your Board reviews to see how our colleagues are feeling, is at 8.1, compared to 7.7 at the end of 2023. This improvement is a testament to the work teams across Centrica are doing to make this a great place to work.

You will read in the Remuneration Report that the Remuneration Committee has recommended changes to the pay of our Group Chief Executive. This is a result of an extensive review carried out by the Committee, which will see Chris O'Shea's total remuneration package being brought into line with the competitive rates paid to other FTSE 100 chief executives. When Chris O'Shea was appointed Group Chief Executive on 14 April 2020, the Company was ranked 154th in the FTSE with a market capitalisation of £1.9bn. Since his appointment, Chris has led the Centrica Leadership Team to materially strengthen Centrica and create substantial value for stakeholders. On 31 December 2024, Centrica was ranked 62nd in the FTSE 100 with a market capitalisation of £6.8bn and we have consistently been a constituent of the FTSE 100 Index since 2022. It is important the Committee sets pay at a level that reflects the individual's contribution to the improvement in business performance, the value created for stakeholders, the size and complexity of running a business like Centrica, and the scale and scope of the opportunities ahead of us. Carol Arrowsmith, Chair of Centrica's Remuneration Committee, goes into more detail in her statement in the Remuneration Report.

I believe it is important that we pay all employees in the Company competitively based on their role, skills, experience, and performance. We need to do the same for the Chief Executive so that we can attract and retain high-performing executives with the right skillset to lead an organisation of 21,000 colleagues. I am also very clear that we will only pay for performance, and performance targets set for our management team will be demanding to ensure that is the case.

Energy security

Energy security continues to be a vital consideration in a number of countries, and Centrica plays a vital role in this space.

Centrica Energy is the conduit for this work, and you can see that in practice in the Liquefied Natural Gas supply deal with Repsol announced in February 2024, and two natural gas sale and purchase agreements with Coterra Energy announced in October 2024. These deals show the breadth of Centrica Energy's capabilities in energy trading.

At the same time as securing this valuable transition fuel, we've made investments in proven renewable generation technology through power purchase agreements for wind farms and long-term solar power agreements. And we've also innovated, investing in new technologies such as the completion of the 20MW hydrogen-ready peaker in Redditch and we've showcased forward-thinking infrastructure investment such as our £70m investment in Highview Power's Liquid Air Energy Storage in June.

As I note below, we believe that our Rough asset can play an important role in increasing the UK's energy and price security.

We know this work is valuable not only for our business, but also on a macro level. Energy security will continue to be a focus area for Centrica in 2025 and beyond.

Performance

Centrica performed well in 2024. We delivered Adjusted Basic EPS of 19.0p and free cash flow of £989m. We have a strong balance sheet and a robust asset base. Throughout this report you will find a detailed summary of the performance of the business.

We extended the Company's share buyback programme by £200m in July 2024, by a further £300m

in December 2024, and by £500m in February 2025. When this is completed, it will bring our equity repurchased to £2bn since November 2022 (representing approximately 25% of our issued share capital). Our capital allocation framework remains unchanged. While we look to invest shareholder funds in a disciplined way, when we consider we have surplus capital we will decide how best to return that capital to shareholders. Additionally, we returned capital to shareholders in the form of dividends, which came to 4.5p at the end of 2024, inclusive of a 1.5p interim dividend outlined in July.

As laid out in July 2023, Centrica aims to invest £600m-£800m a year in projects across our key priorities up to 2028, and we're making progress against this aim. In 2024 Centrica capital expenditure was £564m (up from £415m in 2023). This target is challenging to meet given our strict investment criteria. The Board works closely with the executive on the investment plans so decisions made result in Centrica being a resilient and more valuable investment for you well into the future.

Taken together with the underlying performance of the business, I believe the investment case for Centrica is compelling.

We also make material tax contributions in the countries in which we operate in. In total, including the Electricity Generator Levy, National Insurance and other similar contributions, we paid £1bn to governments during 2024.

Delivering net zero

We have a strong commitment to net zero which we make clear in our Purpose: energising a greener, fairer future. Your Board is intimately involved in ensuring we make meaningful progress and as part of this, they have been fully involved in developing and approving our updated Climate Transition Plan launched in January 2025.

This builds on our People & Planet Plan launched in 2021, which includes five Group-wide goals that accelerate action on achieving net zero and building a more inclusive future. It outlines the team we need to build in order to get to net zero, the targets we want to meet, and how we could make a difference in our local communities on this journey. With the progress we've made and the insights and experience we've gained since then, we have a better understanding of the risks and opportunities as well as the dependencies relating to net zero. This has enabled us to strengthen our commitments in our updated Climate Transition Plan and provide greater transparency around the dependencies and challenges, and exactly how Centrica will drive forward the energy transition.

We are committed to holding ourselves to account through a new suite of improved climate ambitions. For example, all Centrica customers in the UK and Ireland will be supplied by renewable or zero carbon power by 2030, and we will significantly expand our Hive platform to help customers save money and carbon. We have also set bold ambitions to decarbonise our key operations within the 2030s through our green-focused investment programme, such as our plan to transform depleted gas reservoirs in Spirit Energy's Morecambe site into one of the UK's biggest carbon storage hubs.

I am mindful that we need to balance many dependencies here; energy security, employment, pricing for customers, returns for investors, and, of course, the environment. There are few easy answers to this, but the Board and management team are committed to the goals and will endeavour to make the best decisions out of the options available to us.

Future plans

At Centrica we have a strong governance framework and a strategic focus on key issues.

I want to offer you my assurance as your new Chair that Centrica remains committed to disciplined decision-making. Our stewardship of your investment is paramount, and Centrica's investment committee is focused on getting shareholders a suitable return. While we are confident in the investments we've made in 2024, we've also turned down many opportunities. We will not invest unless the relevant criteria are met.

We'll also continue to make the case for projects that could benefit all stakeholders – such as the redevelopment and expansion of the Rough gas storage facility. We expect Rough to make a loss of between £50m and £100m in 2025. We have completed all of the preparatory work to enable a £2bn investment to be taken to redevelop Rough for gas and hydrogen storage over the next 45 years, but without a regulatory model to underpin the investment, we cannot make this investment. While the site plays an important role in the UK's energy and price security, and can be a crucial part of the future hydrogen economy, making material losses is not sustainable on an open-ended basis and we will update on the future of Rough in the coming months.

Board

My transition from Senior Independent Director to Chair has been straightforward.

I want to thank Scott Wheway for his tenure at Centrica and personal guidance. It was a privilege to work closely with Scott since I joined the Board. I hope you will all join me in thanking Scott for his very valuable contribution to Centrica at a critical time in the Company's history.

I am delighted that Jo Harlow has agreed to become Senior Independent Director. Jo has extensive board and executive experience which the Board and I will benefit from.

I am committed to leading an effective Board that works in a constructive way with the executive to build a stronger Centrica that creates value for our stakeholders.

This year we performed an independent external review of the Board's effectiveness. I'm pleased that the review concluded that the Board is operating effectively. There were a number of potential actions identified that would help to further strengthen the Board's effectiveness, which we intend to progress in 2025.

Closing

Finally, I want to say thank you to Centrica's customers, colleagues, and stakeholders for their continued support and trust. I will work tirelessly to ensure that support and trust is well placed.

In the days and years ahead, you will see continued investment, more innovation, and further support for customers through the energy transition. While challenges remain, Centrica's capabilities, infrastructure, and dedicated team position it well for continued growth and success.

Kevin O'Byrne, Chair
19 February 2025

Group Chief Executive's statement

I believe, as I always do, that Centrica's most exciting, impactful, and successful days lie ahead. Together, we can energise a greener, fairer future.

Chris O'Shea, Group Chief Executive

The main job of a Chief Executive is to create value for the owners of a company. I know that may be obvious, but too many companies can appear to lose focus on the job at hand with the ever-increasing environment, social and governance (ESG) requirements. So, I wanted to reassure you, our owners, that I never forget that I work for you, our shareholders; and I am focused on creating value every single day of the year. This means focusing on operational improvements to our businesses, giving customers what they want and not what is easiest for us to offer, and investing in assets that create value aligned to the changing energy system.

That's not to say we don't take our broader responsibilities seriously at Centrica – how we do what we do is as important as delivering results, because the way we go about our job will determine whether what we do is ultimately sustainable. We are energising a greener, fairer future every day, but we never lose sight of the job at hand – value creation. For Centrica, we don't see a conflict between these aims – the energy transition is a huge opportunity for your Company.

The opportunities to create value for your Company are truly huge. Electricity demand is growing and we're seeing some of that growth come from new areas entirely. For example, around 90% of all data in existence has been created this decade. That may tell you that we are poised to unleash unbelievable advances based on data; alternatively, it may tell you that we're creating a lot of "stuff" that we'll never use. As with everything, the truth is probably somewhere in between. For your Company, however, what this means is huge growth opportunities. All of the data being created needs to be stored, and for it to be useful, it needs to be processed by ever more powerful computers. This storage and processing of data requires energy; lots and lots of energy.

Energy has driven progress for the past 200+ years; from the energy used to create the steam which drove the industrial revolution, to the energy required today to drive the technology revolution which is in full swing. And those companies who can offer the best, most cost-efficient service to increasingly energy-intensive customers will benefit most; companies like Centrica.

That's not to say it will be easy – whilst we've made huge improvements in our performance over the past few years, we can push ourselves to go further. In 2025 we plan to increase the pace of change in our organisation to become even more entrepreneurial and less bureaucratic; even more focused on operations serving the commercial outcome; even more purposeful than hesitant; even more focused on how to make a good decision rather than how to avoid making a bad decision; even more focused on what is good for Centrica as a whole (what I call "good for the house") than good for individual businesses. Whilst we are so much better than we were, the pleasing thing is that there is still so much to go for – despite progress, our opportunities today are greater than I've ever seen them.

We owe it to you, our shareholders; we owe it to our 21,000 hard-working colleagues; we owe it to our 10m loyal customers. We will not stop in our pursuit of excellence.

Change

Last year I said that change was the only constant in our sector. Whilst it is an overused phrase, it is undeniably true. In 2024 we've seen significant change to the external environment in our core markets. In particular, the UK, Ireland, and the USA have all had major elections. We now know that the UK has a Labour Government, President Trump is back in the White House, and Ireland has continued with a Fianna Fáil and Fine Gael led coalition. As governments across the countries we call home focus on their ambitious targets for growth and net zero, I want to take this opportunity to acknowledge those targets. We will do our utmost to help those countries we serve achieve their goals. We are ready for the transition, and we welcome any ambition to go further, faster. And whilst we don't have major operations in the USA, we buy a lot of gas from the USA (in the form of Liquefied Natural Gas) which makes it a key country for us.

Centrica has always been, and will always be, at the forefront of change. The Company I am so privileged to lead for you will play a leading role in the energy transition, regardless of the technologies that win out. We are well placed to be there for our customers, as we were through the energy crisis of the last few years. We will rise to the challenge in front of us, all while we are driven by our Purpose to energise a greener, fairer future.

Business performance

Our CFO, Russell, has a detailed commentary on how your Company has performed in 2024 (see page 26), but I wanted to touch on the highlights here. I'm pleased to say your business has performed very well against a backdrop of more normalised market conditions. The Group is working better together, and that's making a difference for all of our customers. Our Group adjusted operating profit was £1.6bn compared to £2.8bn at year-end in 2023, with Adjusted Basic EPS of 19.0p in 2024 compared to 33.4p in 2023, and free cash flow of £989m. Our net cash position remains strong at £2.9bn, much of which we plan to invest to ensure we can continue to perform just as strongly in the future.

Given some one-offs in the 2023 results, we can now see a more 'normal' result from the Group – and it's a strong result.

The updated strategy we unveiled in 2023 remains sound, and it is bearing fruit for colleagues, customers and shareholders. We will continue our programme to re-invest around £4bn in the years leading up to 2028, but only for projects with the right balance between risk and reward, and only if the regulatory frameworks support investment. There is much that is outside of our control, but when we see an opportunity that works for Centrica, that delivers value for our shareholders, we will go for it.

How we do what we do at Centrica

We keep things simple at Centrica. We have a purpose (energising a greener, fairer future); we have five core values (Care, Collaboration, Courage, Agility and Delivery); and we have a belief in a flat structure with as little management as possible (no more than six layers from the Centrica Leadership Team, essentially my direct reports, to the front line). Our culture is what sets us apart.

While we have materially improved our operational delivery over the past few years, we must be even more agile and even more courageous. We have allowed some of the bureaucracy we eliminated to come back in, slowing us down by spending too much time doing business with ourselves. We will fix this in 2025 by introducing more focus into our organisation – during COVID-19, we were very focused and we achieved amazing things. We need to recreate an environment where we're never comfortable, where we're willing to try new things, where we're positively dissatisfied; a culture of innovation and invention. The answers to the issues facing our Company could come from any of our colleagues, whether they are on the phones, in the vans, in the plants, on the offshore platforms, or the power stations. Part of my job is to ensure we

Our Senior Leadership Team (SLT) is made up of my direct reports and their direct reports – around 100 people. We get together each quarter to ensure cohesion and alignment. We have three key themes to help drive the cultural change we need to see to become more agile, more courageous, more collaborative and to deliver even more:

1

One team
First and foremost, we work for Centrica. So, the question every leader must ask themselves is 'is this good for the house' when faced with making a decision.

2

Ownership
We must own the outcome of our actions, not assuming that someone else will fix something we see which needs fixing, and asking ourselves whether what we are doing will improve things for our customers.

3

Growth mindset
We must innovate and try new things; asking ourselves 'why not' rather than 'why' when someone suggests a new idea; asking ourselves 'what needs to be true' to make something work rather than state why something won't work.

If we can continually live by these three themes and demonstrate our five core values, we will continue the evolution of our culture, delivering a step change in our performance and creating material value for you, our shareholders.

get to hear to those views. Whilst we hear from our colleagues regularly, conducting colleague engagement surveys four times a year, I think we can be much bolder with the actions we take as a result of hearing those views. And I'm delighted that despite this being the fourth year of quarterly engagement surveys, we still see around 80% of colleagues participate in every survey – I'm truly grateful to colleagues for sharing their views, and we will do better to implement their ideas.

Commitment to our customers

Nobody can deny that the energy transition is now in full flow. But what the energy transition will ultimately look like, nobody can say. We know the destination (an energy system which has minimal, if any, carbon emissions) but what we don't know is the precise route nor the time of arrival. Go too fast, and countries could lose economic competitiveness and suffer a huge reduction in living standards; go too slow, and the planet could be irrevocably damaged. The stakes are high.

At Centrica, we are agnostic about the technology that will get us to net zero. We believe that pragmatism should win out over ideology, and we are always thinking of how we navigate the energy transition in a way which is best for our customers, delivering a future where energy is affordable, secure and clean. In some circles this is referred to, rather grandly, as the 'energy trilemma', but to me this means that we have to be careful we don't go down the path of the ideologue, creating clean but unaffordable energy which is **not** available on demand.

Over 2024 we invested significantly in our customer service and we're seeing big improvements as a result. Customers are happier with our service, and complaints are falling. This is achieved by very simple things like answering customers calls in seconds rather than minutes and improving the experience when customers contact us. We have even further to go, but I'm really happy to see these improvements.

Beyond investing in our customers, during 2024 we have invested in liquid air energy storage in our partnership with Highview Power; we have invested in pursuing the opportunity to build a new nuclear power station (Sizewell C) in Suffolk in the UK; we have invested in batteries and solar; we have invested in technology which gives better customer service and helps customers reduce energy bills and carbon emissions; we have invested in our plans to store CO_2 in the Morecambe Bay gas fields; we have invested in plans for clean hydrogen production and storage. But we have also invested in gas fired power stations; we have invested in the plans to extend the Rough gas storage facility; we have signed new LNG deals. We will need a mix of technologies to deliver net zero and we will need natural gas as part of the energy mix for decades to come to enable full use of renewable power. What drives us is giving our customers what they want and need, and generating a good return for our shareholders whilst doing so.

Commitment to our new Purpose

A little over a year ago we announced our new Purpose; energising a greener, fairer future. Everything we do is a step towards living this Purpose fully for our customers, for the environment, and the countries we operate in. This will make the value we create sustainable in the truest sense of the word – it will be repeatable and will deliver consistently over a long period of time.

To seize this opportunity, we outlined our green focused investment strategy in 2023. This will see us ramp up our total investment into green activities to more than 50% between 2023-28 in energy security of supply and flexibility, renewable and low carbon generation, as well as customer offerings that advance the transition to net zero.

We're making good progress having reached over 30% green investment already – a big step up from less than 5% back in 2019. This reflects our commitment to move at pace in aligning our business model to net zero. Our in-house green classification system is built on the foundations of the EU's Sustainable Taxonomy. However, its 'by-inclusion' format can today be restrictive, so we justify our own independent classifications where appropriate. We want to be active in shaping official taxonomies and plan to engage with both EU and UK policy makers to ensure they capture all activities in the right way. We will publish any deviations from official taxonomy reporting.

One example of our investment that I'm really proud of is our new Meter Asset Provider (MAP) business. This investment, combined with advances in Demand Side Response (DSR), will mean that customers reduce their carbon footprint at the same time as saving money. In 2024 we installed a million smart meters for customers, half of these were through our MAP business, providing the Group with a steady source of income for years to come while still helping customers decarbonise.

Building on all of this work, we published an updated Climate Transition Plan in early 2025. This plan is our clear, actionable roadmap for net zero, and it outlines the detailed goals we will meet in order to drive change. We now believe that committing to faster decarbonisation is achievable and will drive value creation in your company as we place Centrica at the heart of the energy transition. Again, this is not blind ideology, it is a hard-nosed business decision – but the fact that it has positive implications for the environment is particularly pleasing.

Most notably, we've brought forward our target to become a net zero business to 2040, five years ahead of the 2045 timeline set by the original plan and 10 years ahead of 2050. We've also maintained our commitment to get customers to net zero emissions by 2050. There's much more detail in the full plan and I'd encourage you to take some time to read through it – we're very proud of it. And we're doing this because it's good for Centrica and we can create value from doing it – it's not an ideologically driven pursuit, rather it's grounded in pragmatism.

We will play our part in creating a robust energy system that meets today's demands and anticipates future needs.

Our Climate Transition Plan

Centrica to be a net zero business by 2040

Customers to net zero emissions by 2050

LNG shipping will be net zero by 2035

Upskill 3,000 engineers with green skills by 2030

Gas production and gas storage to be net zero by 2035

Zero emissions vehicle fleet – cars by 2026 and vans by 2030

Read more about our wider Climate Transition Plan on page 73

Commitment to our colleagues

Our performance also means we can support our colleagues. Our innovative profit share scheme continues, which means our people share in the success they've helped create – we take 2% of the Group's pre-tax profits, divide it by the number of colleagues we have, and everyone gets the same allocation of shares. We started this in 2022 and someone who has been with us since we started this will have £5,886 of Profit Share payments with another £1,400 of profit share to come for 2024, making total Profit Share payments so far of £7,286 - plus any share price growth on the awards. This allows colleagues to share directly in the success of the entire Group and encourages colleagues to think like shareholders. We're exploring additional ways that colleagues can invest in the value they create at Centrica, and I hope to be able to share more information on this in 2025.

We're also committed to investing in the next generation of Centrica colleagues. We want to create one new apprenticeship for every day of this decade, and in 2024 we hired 339 new apprentices, creating new skilled green jobs with colleagues training at our award-winning in-house academies. Our internship programme saw unprecedented success this year, with over 100 interns joining Centrica in the summer of 2024, and we welcomed 60 new colleagues in October as part of our graduate intake. We have developed pathways for ex-military service people and their spouses, for ex-Olympic and Paralympic athletes, in an effort to increase our diversity and change how we think.

I am particularly committed to these early career initiatives for two reasons: getting my first trainee job changed my life and I want to be able to do that for others; and our new colleagues bring different perspectives and experiences to our teams, making us think and act differently, changing our culture for the better.

Commitment to society

I believe companies have a responsibility to contribute to the society in which they operate, and a big part of this is the way our colleagues interact with the world around them through volunteering. I'm always impressed by the dedication and commitment of our people, but this year their effort has been astounding, and as a result we reached our stretch volunteering target early. Our aim was to hit 8,000 volunteering days by the end of 2024, but we met that goal in October and went on to hit 10,683 days for the year. This allows us to put back into the community, but it also allows us to build our team spirit and strengthen our bonds.

Beyond volunteering, we've made £3.6m in charitable donations over the course of 2024, and contributed £1bn of corporation tax and other payments in the year.

The partnerships I outlined last year – with Team GB, ParalympicsGB, Scottish Rugby, and the Scottish Football Association – have all been dialled up in 2024. For example, our partnership with the Scottish Football Association saw us launch 120 new week-long Scottish Gas Football Camps to provide 6,000 children from all socio-economic backgrounds the opportunity to play football during the school holidays – and we provided hot meals to every child at those camps, helping alleviate the hunger which vulnerable children can experience during school holidays. And alongside Team GB and ParalympicsGB we launched Get Set for Positive Energy, our bespoke schools programme which aims to reach up to one million families and children. These partnerships are so much more than simple brand sponsorship deals.

The future for Centrica

Looking ahead to 2025, I believe we're on the right path. We'll continue to up the pace and our expectations continue to rise every single year. We have the capability, the market positions, and the drive to deliver material value for all of our stakeholders.

I would like to take a moment to thank our former Chair, Scott Wheway, for the contribution he has made to Centrica, chairing the Board through a period of significant volatility and change for the Company. On a personal level, Scott has been a huge support to me, and I have learned a lot from working with him. Centrica is a very different company to the one Scott asked me to lead in early 2020, and Scott leaves with the business in a great position.

And I'd like to welcome Kevin O'Byrne to the role of Chair, having started at the end of 2024. Kevin brings a wealth of experience and a deep familiarity with Centrica to the role having joined the Board in May 2019 and assuming the role of Senior Independent Director in June 2022. Kevin is uniquely equipped to help Centrica deliver on the work ahead, and I'm excited to continue to work with Kevin and the Board to drive your Company forward.

As always I want to finish by extending my heartfelt gratitude toward Centrica's colleagues, customers, and partners for their collective efforts in making 2024 another year of progress, and to you, our shareholders, for placing your trust in me to lead this great company.

I'm optimistic about the year ahead. We're ready to lead our business through this time of transition, doing the right thing for all stakeholders. I believe, as I always do, that Centrica's most exciting, impactful, and successful days lie ahead. Together, we can energise a greener, fairer future.

Chris O'Shea, Group Chief Executive
19 February 2025

Our Purpose and Values

Our Purpose is ‘energising a greener, fairer future’ because we believe in energy that works for our customers, colleagues and communities, today and in the future. As we evolve to meet tomorrow’s challenges and prepare for a net zero future, we are always guided by our Values, which remain firmly embedded in our company culture and honour our proud heritage.

Our Values...	...in action
Care: We do the right thing for our customers, colleagues, communities and planet. We recognise the impact we can have on others, do all we can to keep each other safe and always do the right thing for all our stakeholders.	**We provide support to customers who have been impacted by the cost of living crisis through targeted and meaningful schemes such as 'You Pay: We Pay' and the British Gas Energy Trust, which was established in 2004 to alleviate fuel poverty.**
Collaboration: We bring in diverse perspectives to create a better future together. We trust each other, work across boundaries and welcome different views and perspectives.	**Through our investments in nuclear, battery and solar assets, we generate zero carbon power and we work across our business units, with government, with regulators and with investors to provide green, affordable energy to our residential and business customers.**
Courage: We are bold and push ourselves to find better solutions to every challenge. We continuously challenge the way we do things, explore new possibilities and take responsible risks that help the business to change and progress.	**Through Spirit Energy, we are aiming to repurpose the Morecambe gas fields for carbon capture and storage, leading the way for this technology to be deployed at scale in the UK. The Morecambe Net Zero Cluster has the potential to be the UK’s biggest carbon storage hub, able to store the equivalent of three years’ worth of the UK’s CO_2 emissions.**
Agility: We make progress at pace by focusing on what matters and learning from setbacks. We continuously improve the way we do things, prioritise those activities that will deliver the best results and adapt quickly when things go wrong.	**In December 2023, we installed our first smart meter through our in-house Meter Asset Provider (MAP). Our initial pilot installations provided us with key learnings, allowing us to adapt quickly and refine our approach. We are continuing to accelerate the MAP business, with 447k Centrica-owned meters installed.**
Delivery: We do what we promise, on time, every time, to move forward every day. We ensure we take personal responsibility for getting things done and delivering great outcomes that make things better for our customers and the business.	**We value delivering great service and customer outcomes. This year we have invested significantly in customer service, leading to reduced complaints, faster call answer speeds and positive improvement in Net Promoter Scores (NPS) across our retail businesses.**

Our stakeholders

Engaging our key stakeholders enables us to serve them better, creating stronger outcomes for people, planet and our business.

Energy is central to everyday life – from how we run our homes and businesses, to the way we travel around. Effective stakeholder engagement is therefore key because the choices we make and the action we take, can impact a diverse range of stakeholders. That's why we carefully listen to and consider stakeholder views so that we can understand their concerns or needs and evolve our strategy accordingly. In doing so, we can drive meaningful change by tackling challenges and harnessing opportunities to energise a greener, fairer future.

Engagement is often led by senior leaders who regularly update the Board. This equips the Board with the knowledge to make informed decisions, that fully consider the long-term consequences of its decisions, from the perspective of our different stakeholders.

Section 172(1) Companies Act 2006 Statement

The Directors consider that they have performed their duty as required under Section 172(1)(a) to (f) of the Companies Act 2006 by promoting the success of the Company for the benefit of our members and stakeholders through their decision-making.

These pages set out our key stakeholders. Further detail on how the Board engaged and balanced the needs of different stakeholders during 2024, together with principal decisions made as a result, are disclosed on pages 94 to 97.

Our key stakeholders

Customers

Why they're important

Our ability to attract and retain customers is fundamental to our survival as a company. By actively listening to their needs and feedback, we can provide services and solutions that meet their expectations and earn their trust.

What they care about

Customer service, competitive energy prices, bill support and affordable energy management as well as low carbon services and solutions.

How we engage

We connect with customers through surveys and focus groups alongside proposition and usability testing. Using this output, we can help customers save time, money and energy. Dedicated channels are also provided to ensure support for those who need extra help with their energy bills.

Outcome example

In response to customer feedback, we focused on driving strong operational performance across our customer-facing teams and customer service systems. The Directors monitored performance and continued to invest in empowering colleagues to deliver a great service whilst migrating most of our residential British Gas Energy customers to the new, flexible customer platform. As a result of a better service provided to customers, we experienced lower complaints and higher Net Promoter Scores.

Colleagues

Why they're important

Positive engagement empowers our team to live by our Purpose and Values, whilst creating a culture where every colleague counts. In turn, this helps us attract, promote and retain the diverse and talented team we need to deliver our strategy, leading to better customer outcomes.

What they care about

Health, safety, wellbeing, reward, development, inclusion, engagement and communication.

How we engage

Colleague voices are heard through a range of channels including our colleague networks, Shadow Board, townhalls, focus groups, surveys and engagement with trade unions. These interactions help create a safer and fairer workplace with competitive rewards, alongside inclusive training and action plans.

Outcome example

Following feedback from colleagues which identified an opportunity to enhance colleague connection with the Company, a new Purpose was developed with their help. With Board consideration, 'energising a greener, fairer future', was launched and every team had sessions to understand how they contribute to it. We also introduced our Employee Value Proposition, #MoreThanACareer, to reinforce what it means to work for us. Achieving a stronger connection to our Company and its Purpose, helped contribute to our top quartile engagement score.

Investors

Why they're important
Shareholders and debt holders provide vital funds that support the running of our business and long-term growth. With a shared commitment to our success, we can focus on delivering sustainable investments and progress alongside growth and returns.

What they care about
Financial and operational performance, shareholder returns and dividend, strategy and growth, alongside Environmental, Social and Governance (ESG) matters including net zero.

How we engage
We primarily utilise post-financial result investor roadshows, the Annual General Meeting (AGM) and ad-hoc meetings to engage investors. We also respond to information requests and assessments from ESG ratings agencies. Engagement helps us consider and reflect the views of different investors.

Outcome example
We held dedicated meetings, workshops and webinars with investors to understand their expectations and secure their support for our updated Climate Transition Plan. The Board has been intimately involved in the development and approval of the Plan, which took into account the full range of investor views. At the AGM in 2025, the Plan goes for a non-binding shareholder advisory vote.

Governments and regulators

Why they're important
Governments and regulators determine the framework in which we operate. Working together in a constructive way helps to create a stable regulatory environment where policy is developed in the interests of consumers, whilst ensuring a sustainable and investable market.

What they care about
Market design and operation, customer service, skills, inclusion, net zero, energy security and affordability.

How we engage
To exchange expertise, we participate in consultation processes, attend meetings and host technology teach-ins as well as roundtables and site visits. This enables us to inform policy and reforms that support a more secure, affordable and investable energy market whilst advancing the energy transition.

Outcome example
Alongside the British Gas Energy Trust, we held roundtable events with stakeholders across the UK to discuss solutions for alleviating fuel poverty in the long-term. Clear recommendations arose from the sessions which were shared with policymakers and included the introduction of social tariffs and increased access to energy efficiency programmes. The Trust alongside Directors and members of Public Affairs, are working with the Government to explore co-ordinated action.

Suppliers

Why they're important
Our suppliers are essential partners in ensuring the reliable supply of services and solutions for customers and our operations alike. To reduce supply chain risk, we engage suppliers to foster a deeper connection and ensure they uphold the same high standards as us.

What they care about
Payment practices and long-term partnerships alongside ESG compliance and transparency on important matters like human rights.

How we engage
We engage suppliers through various methods including tendering, onboarding surveys, site audits and remote worker surveys. These interactions ensure fair payment and enforcement of our Responsible Sourcing Policy, aligning with standards that benefit people and planet including compliance with anti-modern slavery laws.

Outcome example
Members of the Board reviewed the effectiveness of our Responsible Sourcing strategy, focusing on areas that have a higher risk to human rights such as the manufacturing of solar panels and garments. Outcomes of supplier audits alongside the views of supply chain experts, were considered by the Directors when reviewing and approving action plans. No instances of forced or compulsory labour were found in our supply chain but we remain vigilant.

Communities and NGO's

Why they're important
Charities, non-governmental organisations (NGOs) and community groups, help us understand the causes that local communities care passionately about. Using our money and expertise, we work together to build a fairer, more sustainable future.

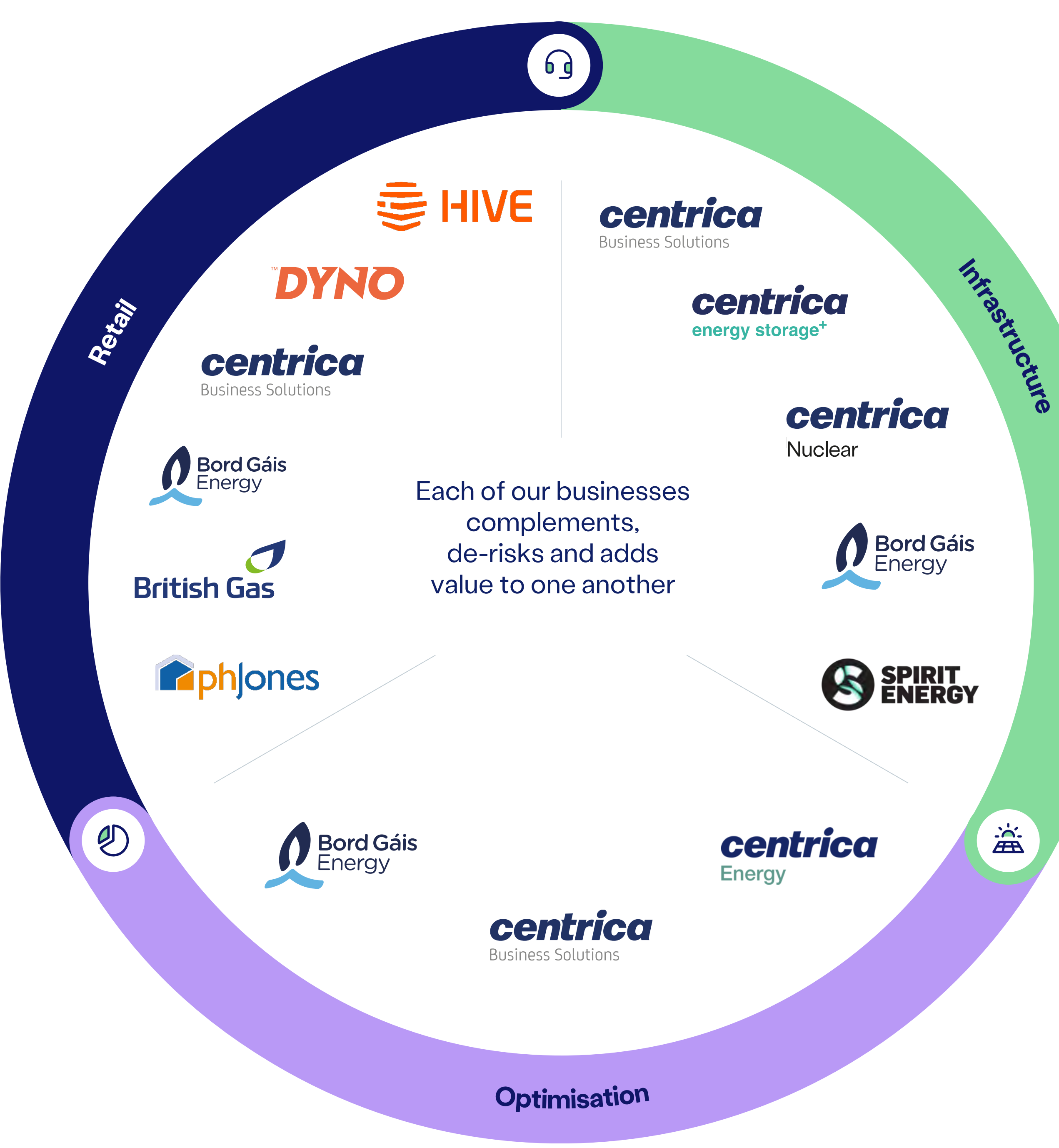
What they care about
Tackling social and environmental issues like fuel poverty and climate change.

How we engage
Through meetings and research, we understand community issues and identify the role we can play to make the greatest difference – from donating to the British Gas Energy Trust to provide expert advice and grants alongside energy efficiency measures that help reduce energy bills and emissions, to volunteering, fundraising, and sponsoring local organisations.

Outcome example
Members of the Board continued to oversee our local community strategy to ensure it remains effective in meeting the diverse needs of our communities. In 2024, this saw us invest over £2m and nearly 11,000 volunteering hours to good causes via The Big Difference, our local community programme.

Business overview

Centrica is an integrated energy company, comprising a balanced portfolio of market-leading businesses in energy retail, optimisation and infrastructure that is positioned to create value for all stakeholders through the energy transition.



Our business units

Retail

We are focused on providing a leading customer experience for energy supply and services across the UK and Ireland, helping customers to decarbonise through innovative offerings.

British Gas Energy
British Gas has been supplying energy to UK homes for over 200 years. In British Gas Energy, we are strengthening our operations to drive innovation, retention and better customer outcomes, supporting long-term profit sustainability. British Gas Energy also includes our Meter Asset Provider (MAP) business, which is building a portfolio of smart meters.

British Gas Services & Solutions
British Gas Services & Solutions provides customers with repairs, home improvements, maintenance and heating installations through our British Gas, Dyno-Rod, and PH Jones brands. Our New Business and Net Zero business is also included under Services & Solutions, which provides customers with net zero technology such as Hive smart thermostats, EV chargers, heat pumps and rooftop solar.

Bord Gáis Energy[1]
Bord Gáis provides energy supply, services and solutions for residential and business customers in the Republic of Ireland and also operates and optimises critical power generation assets. Bord Gáis is creating value from its integrated model, investing in the future energy system to help underpin energy security and decarbonisation in Ireland.

Key stakeholders

6,800
Field service engineers

10m+
Customers

(1) Within the Group Chief Financial Officer's Report, Bord Gáis is included within Retail.

Infrastructure[2]

We are investing to build a low carbon, reliable energy system including clean power generation, gas production, flexible peaking generation and energy storage.

Centrica Nuclear
Centrica Nuclear has a 20% interest in the UK's portfolio of existing nuclear power stations. We extended the lives of existing nuclear power stations in 2024 and are exploring further investment in nuclear generation.

Centrica Energy Storage+ (CES+)
CES+ is the owner and operator of Rough, the UK's largest gas storage facility, helping manage seasonal demand and energy security. CES+ has increased the capacity at Rough to 54bcf and continues to explore its role in the future of hydrogen.

Spirit Energy
Spirit Energy is a joint venture with Stadtwerke München (SWM) focused on oil and gas production from existing UK assets to fuel homes and business across the UK and Europe. Spirit Energy was awarded a carbon storage licence for Morecambe Bay, which has the potential to be the UK's largest carbon storage hub.

Key stakeholders

54 bcf
Of gas storage capacity at Rough (equivalent to heating ~2.4m homes through winter)

20%
Share of the UK's operating nuclear fleet

(2) Infrastructure is shown as Upstream in Segmental Reporting in the Financial Statements.
(3) Within the Group Chief Financial Officer's Report, CBS is included within Optimisation.

Optimisation

We are moving energy from source to use and accessing the value from green generation, while continuing to build out the flexibility required for the future energy system.

Centrica Energy
Centrica Energy is our global energy trading arm, which supports the responsible buying and selling of energy and provides energy management and optimisation services to businesses, while managing commodity risk and providing wholesale market access for the Group.

Centrica Business Solutions (CBS)[3]
CBS includes energy supply and low carbon solutions for large businesses, and our portfolio of battery, solar and gas-peaking assets across the UK and Europe. CBS is being reorganised, such that energy supply and low carbon solutions for business will sit under British Gas Energy and Services & Solutions, respectively, while the asset portfolio will sit under the new Centrica Power, along with our nuclear interests.

Key stakeholders

28
Trading markets

16.7GW
Renewable and flexible assets under management

Our stakeholders

Customers

Colleagues

Investors

Government and regulators

Suppliers

Communities and NGOs

Market trends

The energy system is undergoing a fundamental transformation, becoming more electrified, more intermittent and more decentralised, while consumers are looking for more bespoke propositions to help manage their energy needs.

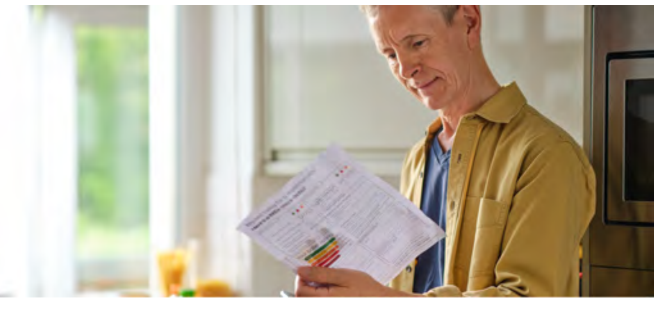
Our key market trends

The drive to net zero

The UK's commitment to achieving net zero emissions by 2050 is accelerating investments in clean energy sources like wind, solar and nuclear, and increasing policy support for electrified heating and transport.

A more flexible energy system

With more unpredictable and intermittent energy generation coming from renewables, the energy system of the future needs to become more dynamic and responsive to balance supply, demand and storage.



Affordability and living costs

While inflation has stabilised in recent months, prices remain elevated, and our customers are still facing challenges from high costs and a challenging economic situation, with some customers struggling to pay bills.

Technological transformation

Advances in technology, such as artificial intelligence and machine learning, are revolutionising the energy sector, unlocking opportunities to improve customer propositions, reduce costs, and better manage our energy balance.

Our responses to an evolving market

As the pace of change continues to accelerate, we're responding by focusing our efforts on helping to deliver and use energy in a more efficient and sustainable way. We are continuously improving, adapting and innovating our offerings to help build a greener and fairer energy system for the future.

The drive to net zero

- We are committed to being a net zero business by 2040 and helping our customers to be net zero by 2050. Last year we launched our New Business and Net Zero business, specifically focused on helping customers through this transition.
- We are redeveloping Brigg Energy Park which, once complete, will be home to a 50MW battery and 100MW of hydrogen-ready gas peaking capacity.
- We manage 16.7 GW of renewable energy and flexible assets, helping to promote green infrastructure development and provide clean power to customers.

A more flexible energy system

- In 2024, we committed £120m to battery and gas peaker developments, which provide greater system security and meet near-term system flexibility needs.
- We partnered with Highview Power to develop a first-of-its-kind liquid air energy storage project that can store energy for several weeks, much longer than batteries, providing additional resiliency to the grid.
- We installed 1.1m smart meters in 2024, allowing devices like electric vehicles, home batteries and heat pumps to enable more flexible energy demand, lowering customer's energy bills and placing less strain on the grid.

Affordability and living costs

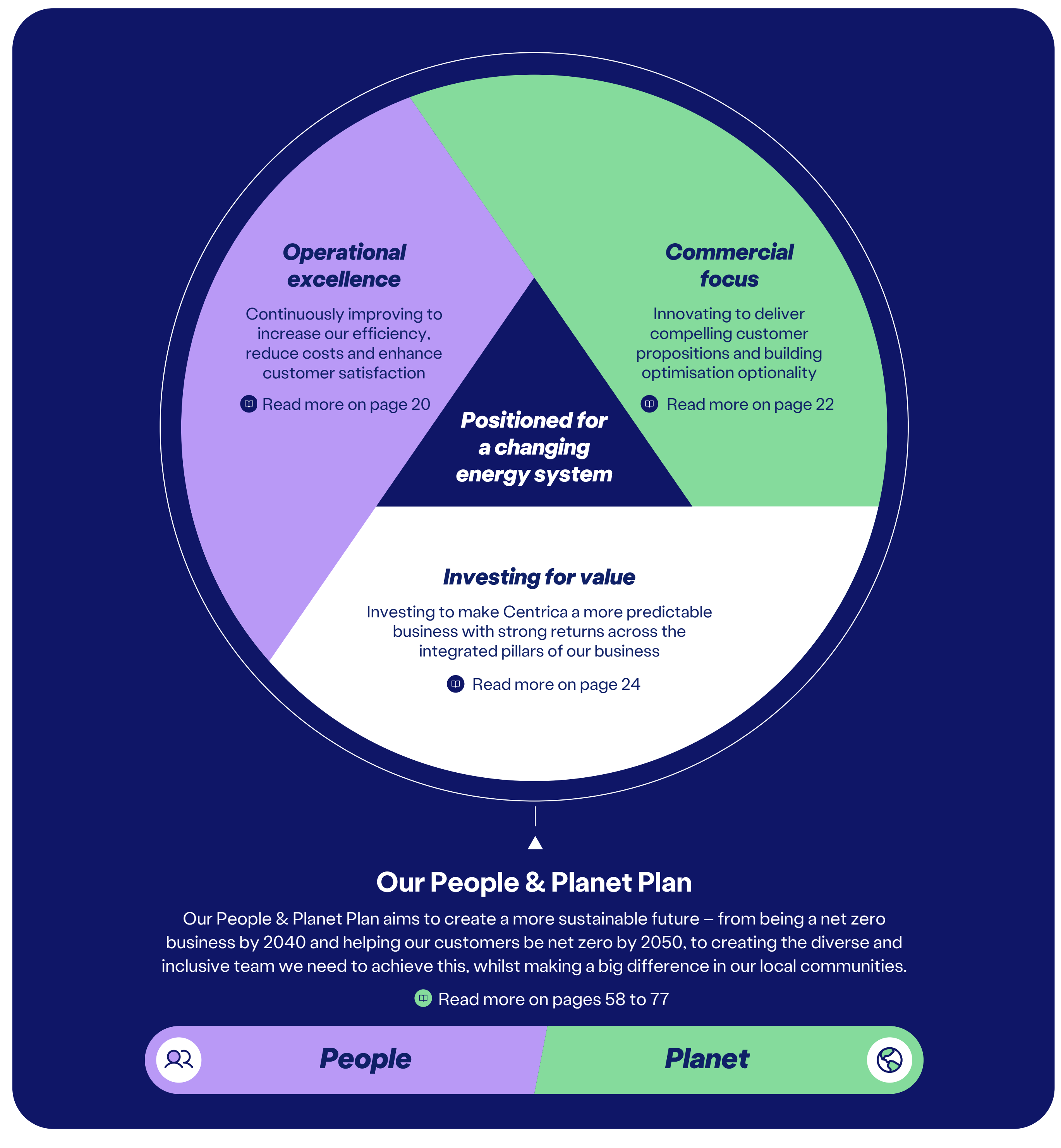
- In response to the energy crisis, during 2022-23 we created a voluntary support package of £140m to support customers struggling with energy bills. This has enabled us to continue supporting customers this year through initiatives like the 'You Pay: We Pay' scheme launched in March, which supports our most vulnerable customers by matching 100% of their energy payments.
- We continue to innovate tariff offerings such as PeakSave Sundays and Green Flex, to ensure that our customers have access to the lowest cost energy rates that meet their needs.

Technological transformation

- In 2024 we acquired ENSEK, a leading provider of digital transformation services in the energy sector. The migration of residential customers to our new innovative customer account management platform is nearly complete, reducing back-office processes and enabling more innovative, flexible customer offerings.
- We supported increased customer engagement in home energy management through the sale of 348k Hive smart thermostats.
- Through our Optimisation team, we have implemented a framework for algorithmic trading, enabling more systematic and efficient trading operations.

Our strategic value drivers

We're adopting a simple, focused approach to capitalise on the growth opportunities presented by the energy transition. Our strategy is to create value by delivering the energy needed today and the energy security, efficiency and decarbonisation needed for the future.



Creating value through the energy transition

As we move to the next phase of our strategy, we are strengthening the foundations for Centrica's growth by delivering sustainable earnings and investing for long-term value.

Positioned for a changing energy system

Electricity demand in our core markets is set to materially increase by 2050, driven by the electrification of transport and residential heating, as well as emerging demand from areas such as data centres. Meanwhile, power grids are expected to become more complex, with an ever-increasing reliance on greener, but more intermittent, renewable generation capacity. Customers are also becoming increasingly engaged in home energy management, which will drive increased demand for innovative customer propositions.

With market-leading positions across the energy value chain, our portfolio is well-positioned to benefit from these trends, as each of our businesses de-risks, complements and adds value to the others. These dynamics also provide us with significant future opportunities aligned with our strategy and net zero ambitions.

Operational excellence

Since we refreshed our strategy in 2023, Centrica has been on a journey to enhance the experience for our customers, by ensuring that we operate as efficiently as possible, while still providing high reliability and high-quality service. We have continued to improve operational performance in 2024, giving us confidence that the changes we have made are being embedded in the business.

Colleague engagement is now in the top quartile for our industry (8.1/10, 2023: 7.7/10), underpinned by a continued strong focus on safety, as well as our redefined Purpose. Our colleagues are helping to deliver strong operational metrics and better customer experience, with customer satisfaction scores improving across our businesses. In British Gas Energy we improved our Trustpilot score to 4.2 and were awarded 'Best Overall Improvement' by Uswitch.

Commercial focus

Improved operational performance is feeding into better customer retention and our focus is increasingly moving to creating more innovative offerings to attract new customers. We have added a new Chief Customer Office with scope across all our retail brands to create a more joined up and cohesive approach for customers, better connecting our talent and capabilities to power a step-change improvement in our commercial growth and in the end-to-end customer experience.

Alongside 'PeakSave', we have increased our time-based tariffs with propositions such as British Gas Electric Vehicle and the Bord Gáis Mighty Weekender Smart Plan. We are continuing to build the home energy ecosystem of the future, powered by our Hive Honeycomb technology platform. We are also building optimisation optionality in our trading agreements, creating new offerings and structures that manage risk and create value.

Investing for value

Our balance sheet strength, investment grade credit rating and strong operational capabilities provide the base of our green-focused investment programme.

We continue to make progress on this investment programme, investing across customer technology and flexible and renewable power assets, although the investment environment has proved more challenging recently and the pace of deployment is slower than we had hoped. We will remain disciplined with our investments, focused on delivering attractive returns. We have a significant opportunity set under consideration and will only progress the most attractive projects through our rigorous investment review process. We are already demonstrating our ability to scale up investment over time.

Operational excellence

Continuously improving to increase our efficiency, reduce costs and enhance customer satisfaction

Improving customer experience

Customers are at the heart of our business and providing a simple, brilliant customer experience is a key focus for us.

Customer experience has been improving across our retail businesses with increases in our speed to answer rates, reductions in complaints and NPS improvements in both UK residential energy supply and services.

As technology continues to develop, we continue to modernise our systems to support a better customer experience.

24%

Reduction in UK residential energy supply complaints over the past year

Migration to our new customer platform is nearly complete for residential customers, enabling more flexible and innovative propositions and better customer service. We are committed to continually improving the experience of our customers.

Key market trends

A more flexible system

Technological transformation

4.2

British Gas Trustpilot rating (2023: 4.0)

Rough gas storage

Our Rough gas storage facility plays a key role in supporting the UK's energy security by providing more than 50% of the UK's gas storage.

Rough helps the UK both manage higher heating demand during the current cold weather and keep prices down, operating at 95% availability during 2024.

We believe Rough could play a valuable role in a decarbonised energy system and we are prepared to invest £2 billion in re-developing the site as Europe's largest hydrogen storage facility, subject to agreeing a new regulatory model with the UK Government.

Key market trends

A more flexible system

The drive to net zero

Affordability and living costs

95%

Availability at Rough during 2024

Whitegate power station

Whitegate power station in Cork is vital to Ireland's energy security, supplying 10% of the country's electricity through its 445MW capacity. As one of Ireland's most efficient Combined Cycle Gas Turbines (CCGT), it plays a key role in supporting the nation's energy transition, while its capability to operate on natural gas and backup diesel, ensures a resilient energy supply. Whitegate underpins Bord Gáis Energy's integrated business model, and the experienced team managing the asset extract maximum value with >96% reliability. Bord Gáis Energy successfully secured a five-year Intermediate Length Contract in the recent Single Electricity Market capacity auction, ensuring Whitegate is operational until 2033.

Key market trends

A more flexible system

Affordability and living costs

10%

Of Ireland's electricity supplied from Whitegate power station

Commercial focus

Innovating to deliver compelling customer propositions and building optimisation optionality

Growing LNG portfolio

This year we executed an agreement with Coterra Energy to purchase natural gas for 10 years, This deal will reduce the market risk in our liquefied natural gas (LNG) portfolio by buying gas on the same price indices under which the LNG is sold. Gas remains an essential transition fuel and through deals like this we provide affordable, reliable energy and support global energy security.

The deal follows similar agreements over recent years, demonstrating Centrica Energy's innovative partnership approach, one of the key pillars of our successful and growing LNG business.

Key market trends

A more flexible system

Affordability and living costs

Service Promise launch

This year we launched our Service Promise campaign, providing a same-day visit from our boiler service engineers for customers that call us before 11 am. This service is available to all UK households, either through protection cover or one-off repair, demonstrating our commitment to provide fast, reliable and affordable service to all our customers.

This unique offering is unmatched in the market, driven by our expansive field engineer network, and is resonating strongly with customers, leading to positive protection contract sales (+24%) and contract customer retention (+4%).

Key market trends

Affordability and living costs

252
LNG cargoes traded globally in 2024[(1)]

86%
Protection customer retention in 2024

+24%
Protection contract sales in 2024 compared to 2023

(1) This encompasses all physical LNG transactions, including those that were sold, purchased, or involved physical cargo deals that were either delivered or not

Key market trends

The drive to net zero

A more flexible system

Affordability and living costs

1m

Customers in flexible energy propositions, including PeakSave

348k

Hive thermostat sales in 2024

Innovative tariffs

The flexibility needs of our energy system present opportunities to create value for both the energy network and for customers through rebalancing energy demand. We are committed to ensuring all our stakeholders see the benefits from this transition.

Our PeakSave offering is a great example of this, rewarding customers for shifting their electricity usage to times when there is less demand. We also introduced our integrated Hive Solar and Hive Heat Pumps offerings to pass the benefits of installing solar energy and heat pumps on to our customers through a dedicated tariff that allows customers to lower their bills.

Investing for value

Investing to make Centrica a more predictable business with strong returns across the integrated pillars of our business

Our disciplined approach to capital investment

We aim to deploy £600-800m per year to 2028, focusing on assets that generate attractive returns, complement our existing capabilities, provide balance to the portfolio, and align to the needs of the energy transition.

Attractive returns

We are focused on delivering attractive returns of 7-10%+ on average. In particular, we focus on assets that benefit from our integrated business model and create value across our businesses.

Stable cash flows

We prioritise investments that have a regulated or contracted revenue structure and are thus less exposed to market fluctuations. These assets provide stable cash flows, keep the portfolio in balance, and help to support a strong credit rating.

Green focus

We target over 50% of our capital expenditure to go into green EU taxonomy eligible projects, up from only 5% in 2019. In 2024 we reached over 30% green investment. This focus helps us reduce our carbon emission footprint and supports our People & Planet Plan targets to achieve net zero for our business by 2040, and to help our customers reach net zero by 2050.

£149m

Investment in clean energy storage committed during 2024

Key market trends

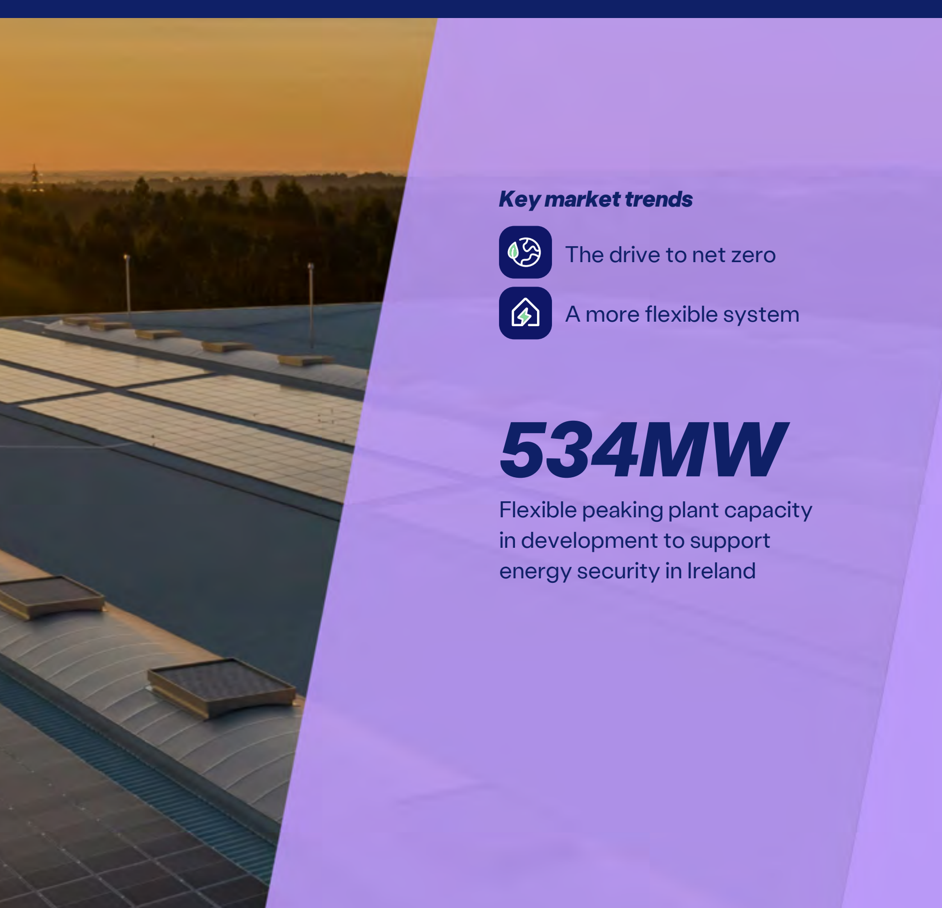
The drive to net zero

A more flexible system

Clean energy storage

In 2024 we announced a strategic partnership and £70m investment in clean energy storage with Highview Power, providing stability services to the grid and enabling the long-term replacement of fossil fuel-based power plants. This partnership will develop the first commercial-scale Liquid Air Energy Storage plant in the UK, boost the UK's energy security and accelerate the transition to net zero.

In addition, we continue to build our portfolio of battery storage assets, committing £79m to developments in the UK, Belgium and Sweden in 2024. With our internal optimisation capability, battery storage assets can be adapted in real-time, delivering energy storage that maximises the utilisation of green electricity available to the grid, whilst securing stable return on investment.



Key market trends

- The drive to net zero
- A more flexible system

534MW

Flexible peaking plant capacity in development to support energy security in Ireland

Flexible generation capacity

Bord Gáis Energy secured a 10-year capacity contract to deliver an Open Cycle Gas Turbine (OCGT) with 334MW electrical generation capacity – critical strategic infrastructure for Ireland. This agile, fast-acting power unit can be brought into service rapidly and removed again swiftly, complementing intermittent renewable generation. The planned technology has the capability to run on 100% biomethane or on a blend of hydrogen, once it becomes available on the gas network. This is further to the investment of around €300m in two, hydrogen-capable, 100MW flexible gas peaking plants in Athlone and Dublin, which will commence exporting to the grid later this year.

Accelerating our MAP

We launched our in-house Meter Asset Provider (MAP) business last year and we continue to grow this business, with 447k Centrica-owned meters under management at the end of 2024. The MAP business generates a low-risk contracted return for the Group and supports commercial innovation through tariff flexibility and data insights.

We have a clear capital deployment pathway given our residential customer base and plan to increase investment in this area up to £200m per year until 2035 with an expected post-tax IRR of 9%+.

Key market trends

A more flexible system

Technological transformation

Affordability and living costs

447k

Smart meters managed through our in-house MAP business

Group Chief Financial Officer's report

I am very pleased with the financial performance we delivered in 2024 which was supported by stronger operational performance across the portfolio. This has been instrumental in driving our earnings and cash generation and supports increasing balance sheet resilience, funding our investment programme and growing shareholder returns.

Russell O'Brien, Group Chief Financial Officer

Relentless focus on value creation

- Maximise sustainable earnings
- Maintain a strong balance sheet
- Progressive dividend
- Invest for value
- Return surplus capital

Financial overview

The Group's adjusted EBITDA, including Centrica's share of EBITDA from joint ventures and associates was £2.3bn (2023: £3.5bn) against a more normalised backdrop of lower prices and reduced volatility. Adjusted operating profit was £1.6bn (2023: £2.8bn) and after reflecting net finance income and taxation on business performance, Group adjusted earnings attributable to shareholders were £1.0bn (2023: £1.9bn) and Group adjusted EPS was 19.0p (2023: 33.4p).

From a statutory perspective, operating profit was £1.7bn (2023: £6.5bn). This includes a certain re-measurement gain during the year of £0.3bn (2023: £4.4bn) predominantly due to the unwind of 2023 out-of-the-money hedging positions partially offset by the movement in the onerous energy supply and LNG contract provision. In addition an exceptional loss of £0.1bn (2023: £0.6bn) was recognised driven predominantly by legacy contract costs associated with business activity that ceased a number of years ago and impairment of Nuclear and CBS assets. Statutory profit attributable to shareholders was £1.3bn (2023: £3.9bn) and statutory EPS was 25.7p (2023: 70.6p). None of the items reported in the middle column of the Income Statement are considered to reflect the underlying performance of the business.

The Group's total Free Cash Flow (FCF) reduced to £1.0bn (2023: £2.2bn), with the impact of lower operating profit and higher capital expenditure partially offset by lower cash tax payments. The closing net cash balance was £2.9bn (2023: £2.7bn).

Statutory net cash flow from operating and investing activities was £1.6bn (2023: £2.9bn). This was higher than the FCF noted above largely because of the exclusions from FCF of the sale and purchase of securities, interest received, defined benefit pension deficit payments and movements in variation margin and collateral, which support our commodity hedging activity and Centrica Energy optimisation activity.

The Group's net assets increased to £4.8bn (2023: £4.2bn) largely driven by the statutory profit the Group generated. This was partially offset by the impact of items reported in equity, including a £480m reduction from the share buyback programme and £219m of dividends paid to shareholders.

Revenue

Total Group revenue decreased by 25% to £19,913m (2023: £26,458m). Total Group revenue included in business performance, which includes revenue arising on contracts in scope of IFRS 9, decreased by 26% to £24,636m (2023: £33,374m).

Gross segment revenue, which includes revenue generated from the sale of products and services between segments, decreased by 26% to £26,206m (2023: £35,343m). This was driven largely by the impact of lower commodity prices, lower volatility, and lower seasonal gas price spreads.

A table reconciling the different revenue measures is included in note 4(b) of the accounts.

Adjusted EBITDA, operating profit, earnings and dividend

Adjusted EBITDA

Year ended 31 December (£m)	2024	2023
Retail	**528**	930
British Gas Services & Solutions	110	101
British Gas Energy	339	808
Bord Gáis Energy	79	21
Optimisation	**443**	963
Centrica Business Solutions	97	141
Centrica Energy	346	822
Infrastructure	**821**	1,155
Nuclear (i)	97	327
Spirit Energy	707	506
Centrica Energy Storage+	17	322
Colleague profit share, consolidation adjustment and other (ii)	**–**	37
Adjusted EBITDA	**1,792**	3,085
Share of Nuclear associate's EBITDA	513	415
Adjusted EBITDA including share of EBITDA from joint ventures and associates	**2,305**	3,500

(i) Excludes Centrica's share of associate EBITDA of £513m (2023: £415m).
(ii) Includes colleague profit share of £(25)m (2023: £(8)m) and a consolidation adjustment of £(19)m (2023: nil), relating to the MAP.

Adjusted EBITDA including share of EBITDA from joint ventures and associates decreased to £2,305m (2023: £3,500m), largely reflecting the movement in adjusted operating profit.

Operating profit

Year ended 31 December (£m)	2024	2023
Retail	**427**	799
British Gas Services & Solutions	**67**	47
British Gas Energy	**297**	751
Residential energy supply (i)	***269***	*726*
Business energy supply	***28***	*25*
Bord Gáis Energy	**63**	1
Optimisation	**380**	878
Centrica Business Solutions	**73**	104
Centrica Energy	**307**	774
Infrastructure	**789**	1,083
Nuclear	**353**	536
Spirit Energy	**434**	235
Centrica Energy Storage+	**2**	312
Colleague profit share and MAP consolidation adjustment (ii)	**(44)**	(8)
Operating profit from business performance (Adjusted operating profit)	**1,552**	2,752
Exceptional items and certain re-measurements	**151**	3,760
Group operating profit (Statutory operating profit)	**1,703**	6,512

(i) Includes the Meter Asset Provider (MAP) business.
(ii) Colleague profit share of £(25)m (2023: £(8)m) and a consolidation adjustment of £(19)m (2023: nil), relating to the MAP.

Adjusted operating profit decreased to £1,552m (2023: £2,752m). More detail on specific business unit adjusted operating profit performance is provided in the Business Review on pages 33 to 37.

Statutory operating profit was £1,703m (2023: £6,512m), with the difference between the two measures of profit relating to a net gain on exceptional items and certain re-measurements of £151m (2023: £3,760m).

Certain re-measurements included within operating profit
Certain re-measurements are the fair value movements on energy contracts entered into to meet the future needs of our customers, or to sell the energy produced from our upstream assets. These contracts are economically related to our upstream assets, capacity/off-take contracts or downstream demand, which are typically not fair valued, and are therefore separately identified in the current period and reflected in business performance in future periods when the underlying transaction or asset impacts the Group Income Statement.

If the future costs to fulfil customer supply contracts, including the mark-to-market reversal of any energy hedging contracts entered into to meet this demand, exceed the charges recoverable from customers, an onerous contract provision will be recognised. Similarly, if the future revenues from LNG procurement contracts, including the mark-to-market reversals of hedging contracts entered into related to these purchases, do not exceed the purchase cost, an onerous contract provision will be recognised. Because the associated, unrealised hedging gains or losses will be recognised in certain re-measurements, the movements in these onerous provisions will also be recognised in certain re-measurements.

The Group operating profit in the statutory results includes a net pre-tax profit of £279m (2023: £4,405m) relating to re-measurements, comprised of:

- A net gain of £421m on the re-measurement of derivative energy contracts. This predominantly reflects the unwind of 2023 out-of-the-money energy supply contract hedge purchases, partially offset by an unwind of our infrastructure businesses and Centrica Energy in-the-money positions from 2023. The net positive impact of these two factors was £377m. In addition, we saw a net gain of £44m from our wider portfolio, driven by net changes in commodity prices.
- A net loss of £142m from the movement in onerous contract provisions. Included within this is the onerous energy supply contract provision, which is based on the future costs to fulfil customer contracts on a current market basis. This provision had fully unwound by 31 December 2023 and remains at £nil on 31 December 2024. However, the acquisition of AvantiGas ON Limited in 2022, included an opening balance sheet onerous contract provision, which is unwound to the business performance column of the Group Income Statement on a pre-determined acquisition date basis, to ensure this column reflects the true profit/loss relative to the acquisition date values. At each reporting date, the closing balance sheet value of the onerous contract provision is then updated to reflect actual market prices, with the required remaining movement in the provision posted to the certain re-measurements column. Because commodity prices generally fell after the 2022 acquisition, this meant that the balance sheet onerous contract provision fell more quickly than originally expected. This led to a £69m onerous contract provision movement income in certain re-measurements in 2023. Accordingly, there is a £60m cost in 2024 in certain re-measurements, as this position has now mostly unwound. Also included is an £82m cost (2023: £nil) relating to an onerous LNG contract, however the LNG portfolio is forecast to remain profitable when taking into account future hedges and cargoes.

Further details can be found in note 7(a).

Exceptional items included within operating profit
An exceptional pre-tax operating cost of £128m was recognised within the statutory Group operating profit (2023: £645m) made up of:

- £53m (2023: £nil) legacy contract costs associated with business activity that ceased a number of years ago, predominantly related to construction services, have led to an increase in provisions during the period.
- A £48m (2023: £549m) impairment of the Nuclear investment as a result of a reduction in power prices, partially offset by the life extensions at four stations.
- A £27m (2023: £14m) impairment in Centrica Business Solutions, predominantly related to battery storage and solar assets, as a result of lower forecast power price capture, together with an increase in discount rate and an increase in operating and capital expenditure forecasts.
- 2023 also included an £82m impairment of the Rough gas storage asset as a result of a reduction in both forecast gas prices and forecast summer/winter gas price spreads.

Further details on exceptional items, including on impairment accounting policy, process and sensitivities, can be found in notes 7(b) and 7(c).

Group earnings and dividend

		2024			2023		
Year ended 31 December (£m)	Notes	Business performance	Exceptional items and certain re-measurements	Results for the year	Business performance	Exceptional items and certain re-measurements	Results for the year
Group operating profit	4(c)	**1,552**	**151**	**1,703**	2,752	3,760	6,512
Net finance income/(cost)	8	**44**	**(68)**	**(24)**	(39)	–	(39)
Taxation	9	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Profit from operations		**1,043**	**322**	**1,365**	1,875	2,165	4,040
Less: (Profit)/loss attributable to non-controlling interests		**(59)**	**26**	**(33)**	(16)	(95)	(111)
Adjusted earnings attributable to shareholders		**984**	**348**	**1,332**	1,859	2,070	3,929
Basic earnings per share	10	**19.0p**	**6.7p**	**25.7p**	33.4p	37.2p	70.6p
Full year dividend per share	11			**4.5p**			4.0p

Net finance income/cost

Net finance income on business performance was £44m (2023: £39m net finance cost), largely due to an increase in interest income on cash balances, reflecting higher UK interest rates, the higher cash balances we held during the year, and a reduction in financing costs on bonds and bank loans.

In addition, £68m of exceptional financing costs have been recognised in relation to debt repurchase and refinancing exercises. £370m of debt instruments have been repurchased in advance of their maturity date. Due to the premium paid above existing carrying value and transaction fees, a one-off Income Statement cost of £50m has been incurred. Additionally, refinancing of the 2075 hybrid bond, designated in a fair value hedge relationship, with a carrying value of £435m and repayment value of £453m (including fees), has resulted in a one-off Income Statement financing cost of £18m.

Taxation and adjusted effective tax rate

Business performance taxation on profit decreased to £553m (2023: £838m). This excludes tax on joint ventures and associates. After taking account of tax on joint ventures and associates, the adjusted tax charge was £671m (2023: £912m).

The resultant adjusted effective tax rate for the Group was 39% (2023: 33%), with a higher proportion of profits coming from highly taxed Infrastructure activities. The adjusted effective tax rate calculation is shown below:

Year ended 31 December (£m)	2024	2023
Adjusted operating profit before impacts of taxation	**1,552**	2,752
Add: JV/associate taxation included in adjusted operating profit	**118**	74
Net finance income/(cost)	**44**	(39)
Adjusted profit before taxation	**1,714**	2,787
Taxation on adjusted operating profit	**(553)**	(838)
Share of JV/associate taxation	**(118)**	(74)
Adjusted tax charge	**(671)**	(912)
Adjusted effective tax rate	**39%**	33%

A charge totalling £166m (2023: £326m) related to the Electricity Generator Levy is included in the Group's cost of sales and in our share of the operating profits of joint venture and associates. The Levy is not an income tax and is not deductible for corporation tax purposes. If this had been treated as a tax, the Group's adjusted effective tax rate would have been 45% (2023: 40%).

Total certain re-measurements and exceptional items generated a taxation credit of £239m (2023: £1,595m charge), which was larger than the total certain re-measurements and exceptional items due to the mix of profits from downstream and losses from the higher tax business, Spirit, together with an exceptional deferred tax credit in Spirit. When included with taxation on business performance generated a total taxation charge of £314m (2023: £2,433m).

See notes 2(b), 3(b), 7(a), 7(b) and 9 for more details.

Group earnings

Profit for the year from business performance after taxation was £1,043m (2023: £1,875m). After adjusting for non-controlling interests relating to Spirit Energy, adjusted earnings were £984m (2023: £1,859m).

Adjusted basic EPS was 19.0p (2023: 33.4p), which also includes the impact of a lower weighted average number of shares than in 2023, reflecting the ongoing share buyback programme.

After including exceptional items and certain re-measurements, including those attributable to non-controlling interests, the statutory profit attributable to shareholders for the period was £1,332m (2023: £3,929m).

The Group reported a statutory basic EPS of 25.7p (2023: 70.6p).

Dividend

In addition to the interim dividend of 1.5p per share, the proposed final dividend is 3.0p per share, giving a total full year dividend of 4.5p per share (2023: 4.0p per share).

The cash paid to Centrica shareholders in dividends in 2024 was £219m, made up of the 2.67p per share final 2023 dividend and the 1.5p per share interim 2024 dividend (2023: £186m).

Group cash flow, net cash and balance sheet

Group cash flow

Free cash flow (FCF) is the Group's primary measure of cash flow as management believe it provides relevant information to show the cash generation of the business after taking account of the need to maintain the Group's capital asset base. FCF was £989m (2023:£2,207m). See explanatory note 4(f) for further details and a reconciliation between statutory cash flow from operating and investing activities and free cash flow.

Year ended 31 December (£m)	2024	2023
Adjusted EBITDA (i)	**1,792**	3,085
Dividends received	**355**	220
Adjusted EBITDA and dividends received	**2,147**	3,305
Tax	**(636)**	(803)
Working capital	**124**	244
Decommissioning spend	**(80)**	(173)
Capital expenditure (ii)	**(564)**	(415)
Disposals	**4**	55
Exceptional cash flows	**(6)**	(6)
Free cash flow	**989**	2,207
Net interest	**34**	(19)
Pension deficit payments	**(176)**	(180)
Movements in margin cash (iii)	**131**	585
Share buyback programme	**(499)**	(613)
Dividends – Centrica shareholders	**(219)**	(186)
Dividends – Spirit Energy minority shareholder	**–**	(17)
Other cash flows affecting net debt (iv)	**(76)**	6
Adjusted cash flow affecting net cash	**184**	1,783
Opening net cash (as at 1 January)	**2,744**	1,199
Adjusted cash flow movements	**184**	1,783
Non-cash movements (v)	**(70)**	(238)
Closing adjusted net cash	**2,858**	2,744

(i) Excludes Centrica's share of associate EBITDA of £513m (2023: £415m).
(ii) Capital expenditure (including small acquisitions). See page 30 for more detail.
(iii) As at 31 December 2024, margin cash posted was £105m (2023: £240m).
(iv) 2024 other cash flows affecting net cash includes £(68)m relating to exceptional financing costs in relation to debt repurchase and refinancing activities.
(v) 2024 non-cash movements includes £(55)m relating to new leases and the re-measurements of existing leases (2023: £(158)m).

The net inflow of working capital was £124m (2023: £244m). Within this, there was a £342m working capital inflow in Centrica Energy driven by profit on prior year derivative cash positions settled during 2024, a £148m working capital inflow in Centrica Energy Storage+ relating to higher withdrawals and a lower injection price, partially offset by a £456m outflow in British Gas Energy related to the impact of falling commodity prices.

The collateral and margin cash inflow was £131m (2023: £585m).

Net investment
The net investment outflow for the period was £560m (2023: £360m). Within this, capital expenditure (including small acquisitions) of £564m (2023: £415m) was predominantly driven by investment in flexible and renewable power generation assets across Bord Gáis Energy and Centrica Business Solutions, and the acquisition of ENSEK and investment in the MAP business in British Gas Energy.

The table below provides a summary of total Group net investment by business unit, which management uses to provide a measure of the Group's capital expenditure from a cash perspective, and a reconciliation of this measure to capital expenditure disclosed in note 4(e).

Year ended 31 December (£m)	2024	2023
British Gas Services & Solutions	**(22)**	(50)
British Gas Energy	**(187)**	–
Bord Gáis Energy	**(103)**	(72)
Centrica Business Solutions	**(160)**	(114)
Centrica Energy	**(40)**	(47)
Nuclear	**–**	–
Spirit Energy	**(31)**	(75)
Centrica Energy Storage+	**(11)**	(26)
Other [(i)]	**(10)**	(31)
Capital expenditure (including small acquisitions)	**(564)**	(415)
Net disposals	**4**	55
Total Group net investment	**(560)**	(360)
Add back:		
Capitalised borrowing costs	**(11)**	(2)
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(63)**	(85)
Purchases of emissions allowances and renewable obligation certificates	**(856)**	(780)
Deduct:		
Net disposals	**(4)**	(55)
Purchase of businesses, net of cash acquired	**92**	34
Investment in joint ventures and associates	**–**	9
Net purchase of other investments [(ii)]	**56**	37
Capital expenditure (per note 4(e))	**(1,346)**	(1,202)

(i) This includes a consolidation adjustment of £19m (2023: £nil) relating to MAP.
(ii) Includes £27m Centrica Energy investments and £25m Centrica Business Solutions convertible loan note investment in Highview Enterprises Ltd group.

Group adjusted net cash
Accordingly, the Group's adjusted net cash position as at 31 December 2024 was £2,858m, compared to £2,744m on 31 December 2023.The breakdown of net cash is shown below:

As at 31 December (£m)	2024	2023
Current and non-current borrowings, leases and interest accruals	**(2,867)**	(3,289)
Derivatives	**(107)**	(119)
Gross debt	**(2,974)**	(3,408)
Cash and cash equivalents, net of bank overdrafts	**5,693**	5,629
Current and non-current securities	**139**	521
Sub-lease assets	**–**	2
Adjusted net cash	**2,858**	2,744

Further details on the Group's sources of finance and net cash are included in note 25.

Statutory cash flow

Year ended 31 December (£m)	2024	2023
Statutory cash flow from operating activities	**1,149**	2,752
Statutory cash flow from investing activities	**493**	115
Statutory cash flow from financing activities	**(1,548)**	(1,414)
Net increase in cash and cash equivalents	**94**	1,453

Net cash inflow from operating activities decreased to £1,149m (2023: £2,752m), with the impact of lower adjusted EBITDA.

Net cash inflow from investing activities was £493m (2023: £115m). Within this, interest received increased to £317m (2023: £267m) reflecting the higher interest rate environment, while dividends from our Nuclear associate increased to £355m (2023: £220m). Capital expenditure (including small acquisitions) increased to £564m (2023: £415m) as we build momentum in our green-focused growth and investment strategy. There was a £400m settlement of securities, relating to the settlement of previous loans made to the pension schemes.

Net cash outflow from financing activities was £1,548m (2023: £1,414m). Within this there was a net outflow on borrowings of £539m (2023: £318m) driven by the repurchase of debt instruments, and the refinancing of our hybrid bond. Cash distributions to equity shareholders were £499m (2023: £613m) through the Group's share buyback programme, and £219m (2023: £186m) related to ordinary dividend payments.There were no distributions to Spirit Energy's minority partner in the year (2023: £17m).

The above resulted in a £94m increase in cash and cash equivalents over the year. Gross debt reduced by £434m, reflecting £370m of debt instruments having been repurchased in advance of their maturity date during the period. When also including the impact of foreign exchange adjustments on cash, the Group's adjusted net cash position at 31 December 2024 was £2,858m, compared to £2,744m on 31 December 2023.

Further details on the Group's sources of finance and adjusted net cash are included in note 25.

Pension deficit
The Group's IAS 19 net pension deficit was £21m at the year-end, compared with a £117m deficit at 31 December 2023, with the impact of pension deficit contributions during the year partly offset by a decrease in high-quality corporate bond yields used to discount the pension liabilities, a lower return on scheme assets and an actuarial adjustment due to inflation experience. The technical provisions deficit is based on more conservative assumptions and is used to determine the agreed level of cash contributions into the schemes. In February 2025, we reached agreement with the pension trustees on a March 2024 technical provisions deficit of £504m, with annual deficit contributions of around £140m a year to 2027. On a roll-forward basis using the same methodology, consequent assumptions and contributions paid, the technical provision deficit would be around £450m at 31 December 2024.

Further details on post-retirement benefits are included in note 22.

Decommissioning liabilities
The £1,459m (2023:£1,527m) decommissioning provision is predominantly the estimated pre-tax net present cost of decommissioning gas production facilities at the end of their useful lives, based on 2P reserves, price levels, and technology at the balance sheet date. As at 31 December 2024 the provision balance is £1,139m for Spirit Energy, £302m in relation to the Rough field and £18m in the remainder of the business. The provisions are held gross of tax, with a corresponding deferred tax asset of £605m (2023: £617m).

Further details on decommissioning provisions are included in notes 3 and 21.

Balance sheet
Net assets increased to £4,812m (2023: £4,233m), predominantly driven by the statutory profit the Group generated. This was partially offset by the impact of items reported in equity, including a £480m reduction from the share buyback programme and £219m of dividends paid to shareholders.

Acquisitions, disposals and other investments
On 11 June 2024 the Group invested £25m in convertible loan notes and ordinary shares in Highview Enterprises Limited. The Group also agreed to provide financing to CryoBattery One Limited, a subsidiary of Highview Enterprises Limited, in the form of a £45m senior debt facility of which £3m has been drawn down at 31 December 2024. This entity is developing a new cryogenic energy storage plant. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

On 29 July 2024 the Group acquired ENSEK and its innovative customer management platform, Ignition for £91m. The acquisition completed on 20 September 2024. The acquisition will deliver strong returns aligned with the Group's capital allocation framework and investment thresholds and will enhance the Group's ability to offer innovative propositions to its customers as the energy system evolves.

Further details on assets purchased, acquisitions and disposals are included in notes 4(e) and 12.

Events after the balance sheet date
Details of events after the balance sheet date are described in note 27.

Risks and capital management
The nature of the Group's principal risks and uncertainties are broadly unchanged from those set out in the 2023 Annual Report.

There is heightened risk in our UK retail energy supply and insurance business units arising from ongoing regulatory scrutiny across our markets. Cost of living challenges continue to affect our customers' ability to pay their bill; and with fuel poverty increasing, bad debt levels remain high.

Market risk has remained stable, with further reductions of volatility in the EU wholesale power and gas markets, which in turn has led to a stabilisation of the credit environment. The Group's liquidity position continues to improve, with the extension of £5bn committed credit facilities and maintenance of the $3bn US Commercial Paper programme, and with the liability management and refinancing of the hybrid bond in 2024 to strengthen the balance sheet.

External trends influencing our risk landscape include the speed of the energy transition and technological innovation, as well as the impact of geopolitical tensions, and the evolving cyber threat landscape. Centrica's response includes the enhancement of our digital services capability through acquiring ENSEK, investment in customer data and service to accelerate our adaption to evolving customer needs, investment in supply chain resilience and supplier risk management, and Strategic Workforce Planning to ensure fulfilment of our future human capital needs. Our technology teams also continue to build security capabilities and improvements in controls to detect and respond to increasingly sophisticated cyber-attacks.

Management remains focused on mitigating operational and asset integrity risks through robust controls and fostering a safety-first culture through a proactive risk management culture.

Details of how the Group has managed financial risks such as liquidity and credit risk are set out in note S3. Details of the Group's capital management processes are provided under sources of finance in note 25.

Accounting policies
The Group's accounting policies and specific accounting measures, including changes of accounting presentation, selected key sources of estimation uncertainty and critical accounting judgements, are explained in notes 1, 2 and 3.

Russell O'Brien, Group Chief Financial Officer
19 February 2025

Our view on taxation

The Group takes its obligations to pay and collect the correct amount of tax very seriously.

Responsibility for tax governance and strategy lies with the Group Chief Financial Officer, overseen by the Board and the Audit and Risk Committee.

Our approach

Wherever we do business in the world, we take great care to ensure we fully comply with all our obligations to pay or collect taxes and to meet local reporting requirements.

We are committed to providing disclosures and information necessary to assist understanding beyond that required by law and regulation.

We do not tolerate tax evasion or fraud by our employees or other parties associated with Centrica. If we become aware of any such wrongdoing, we take appropriate action.

Our cross-border pricing reflects the underlying commercial reality of our business.

We ensure that income and costs, including costs of financing operations, are appropriately recognised on a fair and sustainable basis across all countries where the Group has a business presence.

We understand that this is not an exact science and we engage openly with tax authorities to explain our approach.

In the UK we maintain a transparent and constructive relationship with His Majesty's Revenue & Customs (HMRC). This includes regular, open dialogue on issues of significance to HMRC and Centrica. Our relationship with fiscal authorities in other countries where we do business is conducted on the same principles.

We carefully manage the tax risks and costs inherent in every commercial transaction, in the same way as any other cost.

We do not enter into artificial arrangements in order to avoid taxation nor to defeat the stated purpose of tax legislation.

We seek to actively engage in consultation with governments on tax policy where we believe we are in a position as a Group to provide valuable commercial insight.

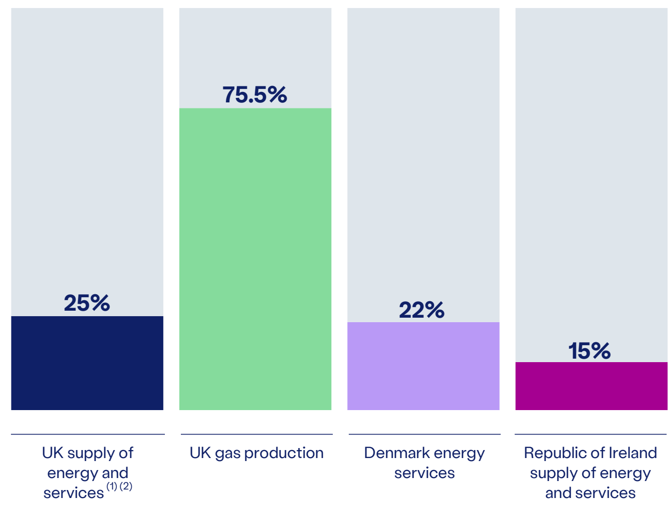
The Group's tax charge, taxes paid and the UK tax charge

The Group's businesses are subject to corporate income tax rates as set out in the statutory tax rates on profits table.

The overall tax charge is dependent on the mix of profits and the tax rate to which those profits are subject.

Statutory tax rates on profits

Group activities



(1) From 1 January 2023, revenues from our Nuclear and solar business are subject to Electricity Generator Levy (EGL) at 45% on wholesale revenues sold at an average price in excess of £75/MWh, exceeding an annual threshold of £10 million. The EGL is accounted for as an expense and is included in cost of sales.
(2) With effect from 1 November 2024 the rate of Energy Profits Levy increased from 35% to 38%. Combined with ring fence corporation tax of 30% and Supplementary Charge of 10% this gives an average rate for the year of 75.5%
(3) The statutory rate of tax in the Republic of Ireland is 12.5% combined with a top up tax of 2.5% tax payable to ensure the minimum corporation tax payable is 15%

Tax charge compared to cash tax paid

	2024 Current tax charge/(credit)	2024 Cash tax paid/ (received)
UK (including Petroleum Revenue Tax)(i)	458	492
Denmark(i)	28	121
Singapore	1	19
Republic of Ireland(i)	29	4
Rest of world	1	–
	517	**636**
Electricity generator levy(ii)	80	80
Total tax paid		**716**

Corporation tax is paid in instalments, generally based on estimates; one-off items and fluctuations in mark to market positions may cause divergence between the charge for the year and the tax paid.

(i) The UK and Denmark tax payments include amounts of £130m and £80m relating to 2023, Similarly the Republic Of Ireland payments includes a receipt of £11m relating to 2022.
(ii) Additional electricity generator levy of £86m is included in our share of the results of joint venture and associates operating profits making a total charge of £166m.

Further information on the tax charge is set out in note 9.

Our Group tax strategy, a more detailed explanation of the way the Group's tax liability is calculated and the timing of cash payments, is provided on our website at **centrica.com/responsibletax**

Business review

Retail

In Retail, customer service metrics continue to improve aligned to our focus on operational excellence, including lower complaints and improving NPS across our businesses. Total Retail adjusted operating profit decreased to £427m (2023: £799m) with improved results for both British Gas Services & Solutions and Bord Gáis Energy, and a strong underlying result in British Gas Energy, with no repeat of the one-off prior period cost recoveries during 2023.

British Gas Services & Solutions

Year ended 31 December	2024	2023	Change
Operational			
Services & Solutions customers ('000) (closing) [(i)]	**2,899**	2,950	(2%)
On-demand jobs ('000) [(ii)]	**304**	218	39%
Boiler installs ('000)	**81**	95	(15%)
Services complaints per customer (%) [(iii)]	**5.3%**	6.0%	(12%)
Services Engineer NPS [(iv)]	**73**	71	2pt
Financial			
Adjusted EBITDA (£m)	**110**	101	9%
Adjusted operating profit (£m)	**67**	47	43%
Adjusted operating profit margin (%)	**4.3%**	2.9%	48%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Services & Solutions customers are defined as single households having a contract or an on-demand job with British Gas Services & Solutions.

(ii) On-demand jobs are defined as Services & Repair one-off on-demand repairs, home improvements and maintenance.

(iii) Total complaints, where we identify material distress, inconvenience or financial loss, as a percentage of average customers over the year.

(iv) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following a gas engineer visit.

Operational Performance

In British Gas Services & Solutions we have continued to embed strong operational performance, driving improvements in customer satisfaction and strengthening our platform for growth.

Reschedule rates remain low at 4% (2023: 3%), helping to underpin improvements in customer satisfaction, with engineer NPS of 73 rising 2pt and complaints per customer falling by 12% to 5.3%. This has given us the confidence to launch innovative customer offers, such as our nationwide Service Promise, offering a same day engineer repair visit for contract and on-demand customers who contact us by 11am.

Customer numbers were 2% lower in 2024, and remain a key focus area, although the rate of decline has improved versus historical trends, with annualised Services contract customer retention of 86%, up from 82% at the end of 2023. We are making good progress growing in the on-demand market, which represents a substantial opportunity, with jobs increasing by 39% year-on-year to 304,000.

Despite maintaining market share, boiler installs fell in what is currently a challenging market reflecting continuing cost of living pressures for households.

Financial Performance

Adjusted operating profit was £67m (2023: £47m), reflecting our focus on increasing customer value, despite slightly lower customer numbers, with strong operational efficiency and cost control, alongside growth in on-demand and Smart jobs. This was partially offset by lower boiler installations and continued investment in Net Zero. Depreciation and impairments were £11m lower in 2024, with extensions to the lives of vehicles in Q4 2023 and impairments in 2023 (2024: £nil, 2023: £9m).

British Gas Energy

Year ended 31 December	2024	2023	Change
Operational			
Residential energy customers ('000) (closing) [(i)]	**7,460**	7,529	(1%)
Small business customer sites ('000) (closing)	**557**	552	1%
Residential energy complaints per customer (%) [(ii)]	**10.1%**	13.3%	(24%)
Residential energy touchpoint NPS [(iii)]	**29**	17	12pt
Financial			
Cost per residential energy customer (excl. bad debt) (£)	**95**	91	4%
Adjusted EBITDA (£m)	**339**	808	(58%)
Adjusted operating profit (£m)	**297**	751	(60%)
Adjusted operating profit margin (%)	**2.5%**	4.2%	(40%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Residential energy customers are defined as single households buying energy from British Gas.

(ii) Total complaints, measured as an expression of dissatisfaction in line with submissions made to Ofgem, as a percentage of average customers over the year.

(iii) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas Energy following contact.

Operational Performance

In British Gas Energy, we continue to invest in strengthening our operational foundations to drive innovation, retention and better customer outcomes in order to underpin long-term profitability in a changing competitor landscape.

Customer migration to our new, more flexible, Ignition platform is now largely complete. This has helped contribute to materially higher levels of customer satisfaction. NPS of 29 was a near-record, 12 points higher compared to 2023 and more than double the level two years ago, and coupled with a 24% reduction in complaints per customer to 10.1%. We will complete our customer migration to the new platform in 2025. Complaints per 100,000 customers were lower than Ovo, Octopus and EDF for the latest six month period[(iv)].

Residential energy customer numbers declined slightly in 2024. While price competition has started to increase, customers are also focused on service quality and product innovation. These are areas in which we are investing, including our brand perception. Having been recognised earlier in the year for "Best Overall Improvement" in the Uswitch Energy Awards, growing external recognition, backed by delivery, will be crucial in driving improved customer acquisitions and retention moving forward.

(iv) Latest Ofgem data: Complaints received by large suppliers per 100,000 customer accounts. As at 19 February 2025.

Financial Performance

Reflecting our investment in customer service, innovation and brand, annualised cost per residential energy customer (excluding bad debt) increased to £95 from £91 in 2023. Within this, dual running costs from system migration reduced by £2 to £9.

Adjusted operating profit was £297m (2023: £751m). This reflects a non-repeat of the cost recoveries seen in 2023 of approximately £500m, which was largely associated with unanticipated Standard Variable Tariff demand in 2022, decreased procurement optimisation opportunities due to lower commodity prices and associated volatility, and lower unit margins. This was partially offset by a lower bad debt charge of £352m (2023: £541m), with bad debt as a percentage of customer revenue falling to 2.3% (2023: 3.1%) and 6.1% (2023: 8.0%) for residential and small business respectively, supported by a more stable macroeconomic environment alongside lower prices, and internal initiatives focusing on bad debt.

The Meter Asset Provider (MAP) business, currently included within the British Gas Energy segment, was break-even for the year, as the business continues to build scale, with a portfolio of smart meters under management of around 450,000 by the end of 2024. Included within Group adjusted operating profit is a consolidation adjustment of £(19)m (2023: nil) relating to work carried out by British Gas Services & Solutions on behalf of the MAP.

Bord Gáis Energy

Year ended 31 December	2024	2023	Change
Operational			
Customers ('000) (closing)	**514**	503	2%
Complaints per customer (%) (i)	**0.9%**	1.7%	(47%)
Journey NPS (ii)	**36**	18	18pt
Financial			
Adjusted EBITDA (£m)	**79**	21	276%
Adjusted operating profit (£m)	**63**	1	6,200%
Adjusted operating profit margin (%)	**5.0 %**	0.1%	4,900%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the year.
(ii) Weighted NPS for the main customer interaction channels.

Operational Performance

In Bord Gáis Energy we remain focused on creating value from our integrated model, supporting our customers and investing in the future energy system to help underpin energy security and decarbonisation in Ireland.

Our continued focus on customer service delivery helped to almost halve the number of complaints per customer from 1.7% in 2023 to 0.9%, and to double our NPS customer satisfaction score to 36. Customer numbers grew by 2% in 2024 in a highly competitive market, recovering losses recorded in the second half of 2023.

In November 2024, Bord Gáis Energy announced the acquisition of Swyft Energy, with the acquisition completing in January 2025. Swyft Energy is a leading solar PV installer in Ireland and the acquisition represents an important step in our transition to a green energy business.

Construction continues on our two hydrogen-ready 100MW flexible natural gas peaking plants in Athlone and Dublin, with the projects on-track for commissioning in the second half of 2025. With a total investment of approximately €350m (Centrica share ~80%), these plants will help deliver security of supply while facilitating Ireland's transition to renewable energy.

In January 2025, Bord Gáis Energy secured a 10-year capacity market contract of €56m p.a., to be fulfilled through an Open Cycle Gas Turbine with 334MW of electrical generation capacity. This agile power unit can be brought in and out of service rapidly, complementing intermittent renewable generation and further supporting the energy transition. The technology envisaged will also be able to run on 100% biomethane or, alternatively, operate on a blend of hydrogen from the gas network.

In addition, in Ireland's latest electricity capacity auction, we were awarded a five-year Intermediate Length Contract for our 445MW Combined Cycle Gas Turbine power station at Whitegate from October 2028 of €50m per annum. This will ensure that a reliable efficient plant is available to the market up to 2033, delivering security of supply for the energy transition and underpinning our economic return.

Bord Gáis Energy continues to progress opportunities for decarbonisation, using disruptive innovation, in collaboration with strategic partners. These include hydrogen storage with dCarbon X and ESB, ammonia as a renewable fuel source with Mitsubishi Power Europe and offshore wind with Corio Generation.

Financial Performance

Adjusted operating profit recovered to £63m (2023: £1m), as the Irish energy market moved towards a more normalised operating environment. These conditions allowed us to begin to return supply margins towards more sustainable levels, while allowing us to pass on price reductions to customers in a highly competitive market. In trading and generation, Whitegate delivered strong reliability and availability, helping to mitigate reduced optimisation opportunities as a result of lower market volatility.

Optimisation

In Optimisation, we continue to develop and leverage our international physical positions and world-class capabilities. Adjusted operating profit remained strong at £380m (2023: £878m), although was lower compared to 2023 against a backdrop of lower volatility and prices in commodity markets.

Centrica Business Solutions (CBS)

Year ended 31 December	2024	2023	Change
Operational			
Energy supply total gas and electricity volume (TWh)	**16.1**	20.7	(22%)
Energy supply complaints per site (%) (i)	**2.4%**	3.0%	(20%)
Energy supply Touchpoint NPS (ii)	**37**	25	12pt
Services order intake (£m) (iii)	**231**	225	3%
Net investment (£m) (iv)	**160**	114	40%
Financial			
Adjusted EBITDA (£m)	**97**	141	(31%)
Adjusted operating profit (£m)	**73**	104	(30%)
Adjusted operating profit margin (%)	**2.9%**	3.0%	(3%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of total sites over the year. 2023 restated to reflect the change in methodology to use sites rather than customers.
(ii) Measured independently, through individual questionnaires and the customer's willingness to recommend, on a year-to-date basis. 2023 restated to reflect the change in methodology to using year-to-date data.
(iii) Total lifetime revenue forecasted from customer contracts signed in year.
(iv) Net investment is capital expenditure (including small acquisitions), less inflows from disposals.

Operational Performance

In CBS we continue to focus on strengthening our customer service and propositions in business energy supply, while building a portfolio of flexible, green-focused assets.

We continued our move away from supplying energy to the lower margin, large-scale Commercial and Industrial sector, resulting in total volumes falling 22% year-on-year. However, within this, volumes supplied to medium sized enterprises grew 5% to 12.2TWh (2023: 11.6TWh).

Complaints per site improved significantly in the period, falling by 20% to 2.4% with commodity prices easing and our continued focus on customer service delivery. This also contributed to an improved NPS score of 37, up 12pts.

As expected, Services order intake recovered in the second half of 2024, with full year Services order intake growing 3% compared to 2023, and the highest since 2021, with a strong near-term pipeline of work.

CBS net investment was £160m (2023: £114m) as we continue to deploy capital for value into a range of solar, battery and gas-peaking investments. We now have around 480MW of assets in detailed planning or delivery in the UK and Continental Europe, with total operational capacity of 194MW. Also included within net investment is a £28m investment in Highview Power, as part of a £70m phased investment programme, and the associated Liquid Air Energy Storage project at Carrington, as part of our strategic partnership focused on commercialising new long duration energy storage technology.

Financial Performance

Adjusted operating profit decreased to £73m (2023: £104m), reflecting no repeat of strong commodity procurement performance seen in 2023 in more volatile markets partially offset by additional margin from SME customer growth. Within this, business energy supply operating profit was £108m (2023: £159m), while Services and Assets posted a slightly improved operating loss of £35m (2023: £55m loss).

Centrica Energy

Year ended 31 December	2024	2023	Change
Operational			
Renewable and flexible capacity under management (GW) (i)	**16.7**	16.3	2%
Financial			
Adjusted EBITDA (£m)	**346**	822	(58%)
Adjusted operating profit (£m)	**307**	774	(60%)
Adjusted operating profit margin (%)	**5.0%**	10.0%	(50%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.

(i) Including assets that have signed contracts but are not yet operational.

Operational Performance

Centrica Energy is our world-class asset-backed trading and logistics business. We continue to build our diverse portfolio of physical contracted positions, while leveraging our differentiated risk management and optimisation capabilities to add further value across the Group.

Renewable and flexible capacity under management was 16.7GW, increasing by 2% year-on-year, driven by the addition of assets in the Baltics and Italy, where we have signed new wind and solar assets, partially offset by short-term contracts rolling off elsewhere.

We have also stepped up the hedging profile of our Sabine Pass LNG offtake to protect against future declines in gas prices and create a base margin around which we can optimise. This includes new long-term natural gas deals, such as our agreement with Coterra, which is linked to European gas prices such as TTF and NBP and commences in 2028, and Petrobras. As a result, we are now almost 100% hedged until the end of 2026, with over 50% through to the end of the decade.

Financial Performance

Centrica Energy delivered a resilient 2024 performance in a more normalised operating environment. Adjusted operating profit was £307m (2023: £774m), slightly above the midpoint of the medium-term operating profit range, but lower than 2023 reflecting reduced market volatility which impacted our gas and power trading and route-to-market businesses. LNG profitability remained broadly flat, benefitting from tailwinds from previous years and the in-built flexibility and optionality in the portfolio. We also saw benefit in 2024 from the timing of costs when compared with previous years, and a small £1m profit from our Sole Pit legacy gas contract (2023: £35m loss) driven by optimisation of the contract in the second half of 2024. At current forward prices we expect a loss of around £3m through to September 2025, when the contracts ends.

Infrastructure

Our Infrastructure businesses consist of our 20% investment in the UK's existing nuclear fleet, our 69% ownership in Spirit Energy, and Centrica Energy Storage+, the operator of the UK's largest gas storage facility, Rough. Total Infrastructure adjusted operating profit fell to £789m (2023: £1,083m).

Nuclear

Year ended 31 December	2024	2023	Change
Operational			
Nuclear power generated (TWh)	**7.5**	7.5	nm
Financial			
Nuclear achieved power price (£/MWh)	**132**	176	(25%)
Nuclear dividend received	**355**	220	61%
Adjusted EBITDA (£m) (i)	**610**	742	(18%)
Adjusted operating profit (£m)	**353**	536	(34%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Includes Centrica's share of associate EBITDA of £513m (2023: £415m).

Operational Performance

Centrica's share of Nuclear generation volumes were in-line with 2023 despite extended outages in the first half of 2024 across Heysham 1 and Hartlepool, due to good reliability across the second half, and fewer planned outages across the portfolio.

Financial Performance

Nuclear adjusted operating profit was £353m (2023: £536m), driven predominantly by lower achieved prices net of associated impacts from the Electricity Generator Levy and tax. Dividends of £355m (2023: £220m) were received in the year.

Total Electricity Generator Levy included for the year was £166m (2023: £326m), of which £80m (2023: £285m) is included in the Group's cost of sales due to our nuclear hedging activity outside of the associate, with a further £86m (2023: £41m) included in the Group's associate result.

Details of our forward hedging positions for 2025 and 2026 are outlined below:

	2025	2026
Volume hedged (TWh)	5.5	1.8
Average hedged price (£/MWh)	89	76
Production volume (i) (TWh)	~7.0 to 8.0	

(i) 2025 forecasted production volumes.

Spirit Energy

Year ended 31 December	2024	2023	Change
Operational			
Gas production volumes (mmth)	**747**	832	(10%)
Liquids production volumes (mmboe)	**1.0**	1.0	nm
Total production volumes (mmboe)	**13.3**	14.8	(10%)
Financial			
Average achieved gas sales prices (p/therm)	**132**	101	31%
Average achieved liquid sales prices (£/boe)	**58**	50	16%
Lifting and other cash production costs (£/boe) (i)	**25.3**	25.1	1%
Gas and liquids realisations (£m) (ii)	**1,045**	900	16%
Unit DDA rate (£/boe)	**20.4**	17.4	17%
Adjusted EBITDA (£m)	**707**	506	40%
Adjusted operating profit (£m)	**434**	235	85%

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Lifting and other cash production costs are total operating costs and cost of sales excluding depreciation and amortisation, dry hole costs, exploration costs and profit on disposal.
(ii) Realisations are total revenues from sales of gas and liquids including hedging and are net of Spirit national transmission system (NTS) costs.

Operational Performance

Total volumes from Spirit Energy were down 10% due to natural decline in existing fields and production outages at Morecambe which have subsequently been resolved, partially offset by good performance at Greater Markham Area.

Financial Performance

Adjusted operating profit was £434m (2023: £235m), with higher achieved prices, underpinned by our hedging strategy, more than offsetting lower production volumes. The unit DDA rate was higher due to production mix, with a greater proportion of production coming from assets with a higher fixed asset base.

Details of our forward hedging positions for 2025 and 2026 are outlined below:

	2025	2026
Volume hedged (mmths)	513	273
Average hedged price (p/th)	111	89
Production volume (i) (mmths)	~695 to 720	

(i) 2025 forecasted production volumes.

Centrica Energy Storage+

Year ended 31 December	2024	2023	Change
Operational			
Availability (i)	**95%**	93%	2%
Total volume in reservoir (bcf) (ii)	**40.7**	48.2	(16%)
Financial			
Adjusted EBITDA (£m)	**17**	322	(95%)
Adjusted operating profit (£m)	**2**	312	(99%)

All 2024 metrics and 2023 comparators are for the 12 months ended 31 December unless otherwise stated.
(i) Measured as a percentage of demand.
(ii) Includes 14bcf (2023: 15bcf) of indigenous gas.

Operational Performance

Centrica Energy Storage+ delivered high operational reliability from the Rough assets throughout the year. Rough accounts for approximately half of the UK's gas storage capacity, and we retain a third-party use exemption until at least 2030.

Centrica Energy Storage+ is expected to be loss making in 2025 (£50m-£100m). We need a regulatory support mechanism to unlock the £2bn investment to upgrade and redevelop the Rough assets to increase capacity and, ultimately, convert it into a hydrogen-ready storage facility. Constructive discussions with the UK Government are ongoing.

Financial Performance

Centrica Energy Storage+ adjusted operating profit was £2m (2023: £312m), including a second half loss mainly reflecting lower seasonal gas price spreads and reduced volatility.

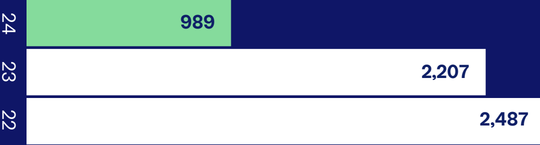
Key performance indicators

Our key performance indicators (KPIs) help the Board and executive management team assess performance against our refreshed strategy laid out in July 2023.

Financial

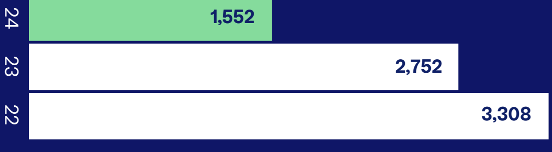
Group free cash flow from continuing operations (£m)

Free cash flow from continuing operations is the Group's primary measure of cash flow. It reflects the cash generation of the business after taking into account the need to continue to invest.



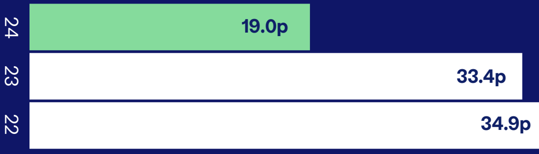
Group adjusted operating profit from continuing operations (£m)

Group adjusted operating profit from continuing operations is one of our fundamental financial measures.



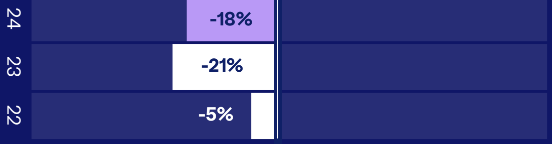
Group adjusted basic earnings per share from continuing operations (EPS)

EPS is a standard measure of corporate profitability. Adjusted EPS is used to measure the Group's underlying performance against its strategic financial framework.



Total greenhouse gas (GHG) emissions – 50% reduction by 2032 and net zero by 2040 (Base year 2019)[1]

Achieving net zero is essential to the future of our business and our planet, which is why we have a green-focused investment strategy. This has contributed to our emissions falling by 18% against our base year. Although emissions rose from 2023 due to security of supply driving increased gas-fired power generation alongside gas production and storage, reductions remain on track with our goal.



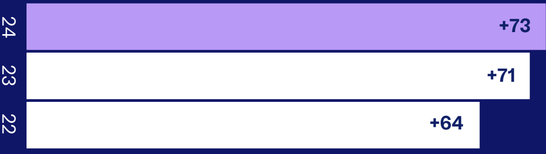
(1) Following an update to our Climate Transition Plan (see page 73), we accelerated our net zero goal which was previously focused on achieving a 40% reduction in emissions by the end of 2034 and net zero by 2045. The goal measures Scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary. Comprises emissions from all operated assets and activities including the shipping of Liquefied Natural Gas alongside the Spirit Energy assets in the UK and the Netherlands. Non-operated nuclear emissions are excluded. Target is normalised to reflect acquisitions and divestments in line with changes in Group structure against a 2019 base year of 2,120,446mtCO_2e. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by 2040.

Read more about our strategy on pages 14 to 25 and our financial performance on pages 26 to 37

Non-financial

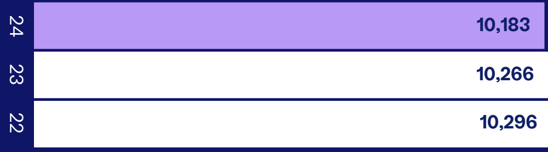
British Gas Services & Solutions – Services Engineer Net Promoter Score (NPS)[1]

Providing a great service is fundamental to our ability to attract and retain customers. Having embedded strong operational performance, reschedule rates remain low which is helping to underpin improvements in customer satisfaction. Consequently, NPS improved by 2 points.



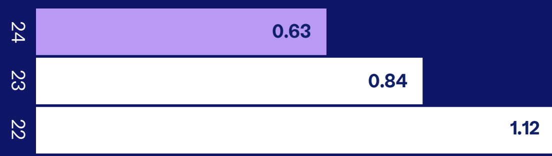
Total customers (m)[2]

Strong customer retention provides a solid platform for growth. Marked improvements in customer satisfaction is helping us achieve better customer retention. Our focus is now on growing our customer base which remained broadly flat over the year, having decreased slightly by 1%.



Total recordable injury frequency rate (TRIFR)

Keeping colleagues and customers safe is core to any responsible business. We focus on preventative measures and process review, to ensure we continuously improve performance. As a result, our TRIFR per 200,000 hours reduced by 25%. Most incidents related to slips, trips and musculoskeletal injuries.



Colleague engagement[3]

Having an engaged and motivated team, is intrinsic to our success. Through continued focus on creating a more inclusive and supportive place to work whilst connecting colleagues with our strategy and new Purpose, engagement improved by 0.4 points. We have now reached top quartile performance for our sector for the first time.

(1) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following a gas engineer visit. For wider business unit NPS, see pages 33 to 35.
(2) Includes British Gas Energy, British Gas Services & Solutions and Bord Gáis Energy households, as well as business customer sites in British Gas Energy and Centrica Business Solutions. For business unit customer numbers, see pages 33 to 35.
(3) Engagement is based on an average score out of 10 and measures how colleagues feel about the Company.

Read more about our non-financial performance on pages 58 to 77 and 289 to 291.

Our Principal Risks and uncertainties

We manage risks to support our Group strategy.

Centrica's Group risk management framework and internal control environment are core elements of the Group's governance model and are designed to ensure that risks are understood and managed in line with our strategic objectives and stakeholder expectations.

Oversight of risk management is embedded at all levels of the organisation, with the Board maintaining overall accountability for the Principal Risks and uncertainties facing the Group. The Group's Principal Risks are those which could potentially impact delivery of Centrica's strategic objectives, as determined through our planning process, over the medium to long term. An ERM transformation programme to review and refresh our risk framework was initiated during the year. The refreshed framework includes the setting of risk appetite, regular risk assessments against risk appetite, and monitoring of the internal controls' compliance and effectiveness.

Our risk framework

The Board has overall responsibility for ensuring that a sound approach to risk management and internal control is maintained across Centrica. The Board sets the tone and drives the appropriate risk culture through the Centrica Leadership Team and through the Board's delegated committees. They set the Group's risk appetite, review significant breaches and approve all risk related disclosures in the Annual Report and Accounts.

The Board reviews risk as part of its strategy review process, and during the year conduct a robust assessment of the Company's Principal Risks, in conjunction with the Audit and Risk Committee, informed by a programme of strategic risk workshops. The process included evaluating the likelihood and potential impact of identified risks, the effectiveness of existing controls and agreeing additional risk mitigation measures where necessary.

The Board has put in place policies for identifying, evaluating and managing the risks faced by the Group, with responsibility for the oversight of day-to-day risk management delegated to the Centrica Leadership Team. The annual risk management process is summarised in the diagram below.

In our viability assessment, the potential impact of 'severe but plausible' risks are considered and linkages to the Group Principal Risks noted, as described on pages 52 to 53.

Risk appetite

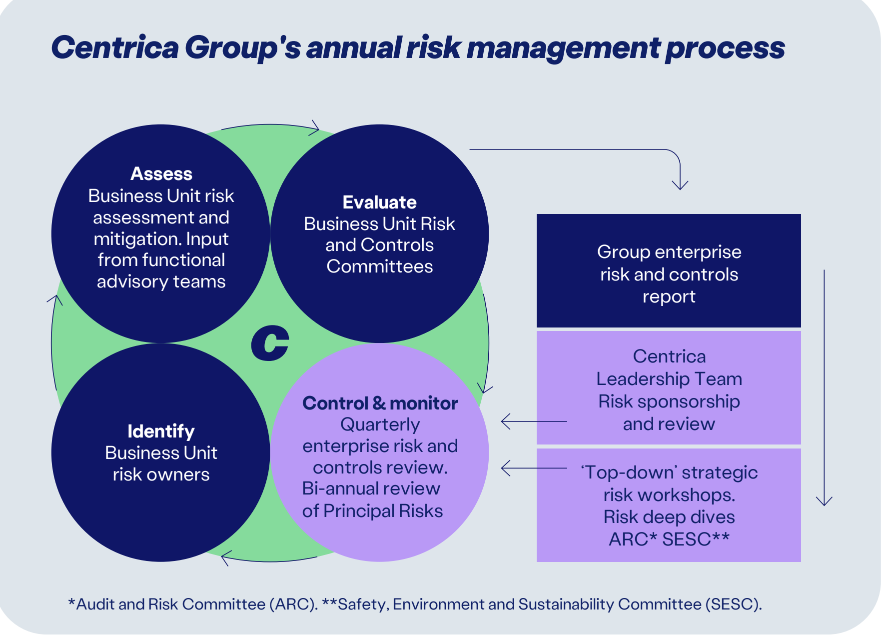
The Board is responsible for aligning the Group's appetite for risk taking with our long-term objectives, considering our principal and emerging risk landscape and the delivery of sustainable value for our stakeholders. We operate in a complex and dynamic environment characterised by geopolitical uncertainties, a complex cyber threat landscape, regulatory changes and rapid technological advancements.

Our risk appetite reflects a balanced approach to pursuing opportunities while managing potential adverse impacts. This is underpinned by our commitment to maintaining a resilient, safe and sustainable business, operating in compliance with relevant laws and regulations.

Risks are identified and assessed at a Group and Business Unit (BU) level, with risk scores (taking into consideration impact, probability and timescale of the event occurring) compared to risk appetite to review the adequacy of existing mitigating actions and controls, with further action taken to control and monitor risks as required.

Internal controls

Our internal control framework aims to provide reasonable assurance as to the accuracy, reliability and integrity of the financial information and non-financial disclosures in our Annual Report and Accounts. It further ensures the Group's compliance with applicable laws, regulations and internal policies, as well as the effectiveness of internal processes. Further information is included in the Governance section: Audit and Risk Committee on pages 100 to 111.



The control environment is subject to regular monitoring and review such that control weaknesses and new or emerging risks are identified early, and remediated or actively managed, to reduce the likelihood of any significant deficiencies arising.

Risk landscape and emerging matters

The Group's approach to emerging risks forms part of the overall risk management framework, incorporating sector insights, macroeconomic trends, regulatory developments, and input from key stakeholders. Emerging risks are considered as part of strategic-decision making, key emerging risk areas shaping our risk landscape are highlighted below:

Cost of living and fuel poverty

Cost of living challenges and sustained high energy prices continue to affect our customers' ability to pay their bills with high levels of fuel poverty and bad debt persisting. Ofgem announced further price cap rises, applied from 1 January to 31 March 2025 meaning that the price of energy for a typical household using both electricity and gas and paying by Direct Debit has increased by 1.2% to £1,738 per year. This is due to wholesale prices remaining high with geopolitical factors continuing to impact energy markets.

We continue to implement measures to support and work with our customers to prevent or manage their debt, These include but are not limited to implementing the 'You Pay We Pay' scheme where BG Energy match customer payments for a set period of time. Also advising on the help available from the British Gas Energy Trust; and writing to our elderly customers to inform them of available Government support such as pension credits, following changes to the rules for pensioner winter fuel payments.

Energy market

Exposure to commodity prices and their volatility is inherent in business operations. In 2024 European wholesale power and gas market volatility further reduced compared to 2023, falling back in line with levels previously seen prior to the Ukraine crisis. Nevertheless, prices have on average increased over the second half of the year. This increase has been driven by the threat of Russia terminating the remaining gas supplies into Europe via Ukraine by year-end, as well as increased Liquefied Natural Gas (LNG) demand from Asia resulting in cargoes diverting from Europe.

During 2024 the importance of LNG to global market security continued to be felt. We concluded two further strategic LNG deals; in February we announced a deal with Repsol whereby we will purchase one million tonnes of LNG between 2025 and 2027, and in October we announced two deals with Coterra providing a further 100,000 MMbtu/day over 10 years commencing in 2028, which will reduce the market risk in the LNG portfolio. Additionally, in December, we announced the life extension of four operational Advanced Gas-cooled Reactor (AGR) nuclear power stations alongside our partner, EDF. These deals further bolster our position as a key market leader providing ongoing energy security for the UK.

Energy transition and Government intervention

The Government has committed to achieving clean power by 2030 and net zero by 2050. This will require industry and market re-design including a revised approach to Gas and Electricity network planning. The newly formed public body, the National Energy Systems Operator (NESO), will perform a wide range of tasks incorporating connections, system operation, energy spatial planning and wider advice to Government on regulation and market.

In November 2024, NESO advised Government on how to achieve clean power by 2030. It will further publish a series of plans and reports around achieving net zero by 2050 including the Strategic Spatial Energy Plan (SSEP). This will set out a co-ordinated approach for Britain's onshore and offshore energy infrastructure and incorporate the existing Future Energy Pathways report advice on how to meet future energy supply and demand needs.

In the short term, these planning documents directly impact how NESO will decide on the connection of renewables projects with the Grid; with it currently consulting on processes to remove unviable projects from the grid connections queue. NESO's views on the future system will impact our ambitions for future investment such as Rough gas storage, hydrogen and Carbon Capture, Utilisation and Storage (CCUS) at Morecambe. Its views on market design will have considerable influence although the final decisions will lie with Government. We are closely monitoring the risks and opportunities whilst we navigate both the pace and change related to the energy transition to ensure effective resource allocation which aligns to our Purpose and delivering returns to our shareholders.

Centrica has published its refreshed Climate Transition Plan with more ambitious targets to move to a low carbon future, bringing forward our net zero goal from 2045 to 2040 and advanced our interim milestone from reducing our greenhouse gas emissions by 40% by the end of 2034, to 50% by the end of 2032.

Regulatory change

The intensity of regulatory interventions is significant across the Group and especially in our UK retail energy supply and insurance business units. In 2025, Ofgem will run a broad compliance programme consulting on elements of the price cap mechanism including the operational cost allowance review and warm home schemes. There is also a continued focus on customer service standards given the ongoing cost of living challenge. The Financial Conduct Authority and Prudential Regulatory Authority are focusing on operational resilience and third-party management.

Across the Group, our Legal, Regulatory and Compliance teams review the regulatory landscape and work with regulators and trade bodies: to help form future regulatory requirements; build our understanding of stakeholder expectations; and to effectively respond to changing requirements.

Our preparations to ensure readiness under the UK Corporate Governance Code for Centrica's material controls declaration by the Board are underway, with direct Centrica Leadership Team oversight of the programme governing these activities and supervision by the Audit and Risk Committee. The programme is designed to align with our enterprise risk management framework which is one of the key sources of insight and context for the effective surfacing of potential material risk areas and their related material controls. A key element of our approach is to pilot the material controls sign-off process in advance of the actual sign-off date, enabling us to refine and test the controls, identify any gaps, and ensure their effectiveness.

Technology adoption
The rapid pace of technological innovation presents both risks and opportunities for our customers, communities and our business. Increased technology adoption and related increases in the volume of data processing and storage by companies are some of the key factors driving electricity demand. Centrica recognises that understanding and embracing innovative technologies, including Artificial Intelligence (AI), is essential to meeting our customer needs, maintaining our competitive edge, driving innovation and improving operational efficiency. We have a measured but proactive approach to technology adoption, driven by our commitment to operational excellence, safety, legal and regulatory compliance.

Programmes to upgrade technology suites across all business units are in progress. Additionally, we acquired ENSEK and the Ignition platform in 2024 to enhance our digital services capability to offer innovative propositions to our customers. Further, our Group Chief Customer and Data Office is focused on improving how customer data is harmonised and unified across all business units, enabling use cases such as hyper-personalisation, advanced forecasting and AI-enabled customer interactions, all aimed at delivering deeper customer insights and more tailored experiences.

Global supply chain constraints
Evolving geopolitical tensions and the accelerating energy transition are reshaping supply chains and increasing reliance on critical third parties in the energy sector. Regional conflicts, trade restrictions and concentrated sourcing of rare earth elements for new energy technologies and key components create vulnerabilities and heighten competition for resources. These challenges underscore the need for enhanced supply chain resilience and robust risk management.

We recognise that these risks can impact the availability, cost and delivery timelines of critical components and materials. We address these risks through robust due diligence and diversified sourcing strategies, strengthening our insight into and relationships with critical third parties and adapting our processes to mitigate potential disruptions and ensure our operations remain secure and sustainable.

Climate change
We recognise that climate change brings significant opportunities and risks for Centrica. As a leader in the energy sector and energy transition, our Purpose of 'energising a greener, fairer future' lies at the heart of our organisation. Our enhanced climate ambitions published in our updated Climate Transition Plan are incorporated into budgets, business plans and accounting assumptions and we will continue to assess strategic resilience through our Task Force on Climate-related Financial Disclosures climate scenario analysis. To meet the Corporate Sustainability Reporting Directive (CSRD), we have established the CSRD programme enabling us to improve our assessment of our climate related vulnerabilities and developed an Environmental Impact, Risk and Opportunity IRO framework to be integrated into regular review of climate risk scenarios and mitigation strategies.

We also recognise the complex and evolving nature of climate risks, and our forward-looking priorities include regulatory preparedness with a focus on CSRD; enhanced climate reporting and strengthened engagement with our investors and customers, as well as further investment in analytics and reporting capabilities.

Principal Risks

The following Principal Risks have been identified and are actively monitored and managed to support the delivery of our strategic objectives. In reviewing the Group's Principal Risks, consideration is given to the potential risk impact and likelihood, and also how these evolve over time. This in turn informs decisions as to the effectiveness of existing controls and the need for any further mitigations. The risk trend indicates whether the level of risk exposure is considered to have improved, deteriorated or remained stable.

Credit and liquidity risk

Risk trend: Improved

Risk overview

Our exposure to counterparty/customer/third party default or a credit event limiting the availability of financial facilities or unsecured credit lines.

Exposure to events which consume available Group liquidity resources.

Key drivers:

- Hedging commodity price risk exposes Centrica to (i) credit risk, which is the risk of a loss if a counterparty fails to perform on its obligations, or (ii) liquidity risk when trades are executed on exchange or under margining agreements, which can require collateral postings.
- Trending directional price moves which can lead to a build-up of mark to market positions is a key component of credit and liquidity risk.
- Volatile commodity markets can also lead to an increase in cash and working capital requirements for both us and our counterparties, increasing the risk that one of our counterparties fails to perform and the subsequent increased risk of contagion.
- Further information is included in note S3: Financial risk management within the Supplementary Information to the Financial Statements.
- Sustained high energy prices and cost of living challenges impacting our customers' ability to pay for their energy supply.
- High operating costs coupled with the continued effects of high interest rates creates challenges for our UK third-party customers, resulting in an increased likelihood of default.

Mitigations

- Financial risks are regularly measured, monitored and reported against approved risk limits by independent risk functions and overseen by dedicated Risk Committees.
- The Group Credit Risk Policy is reviewed and approved annually to ensure credit risk limits reflect Board risk appetite.
- Credit risk teams actively manage and reduce credit exposures, taking account of liquidity considerations.
- Credit mitigation instruments are negotiated, as needed, including guarantees, letters of credit, credit insurance, and/or tenor and volume restrictions are imposed to avoid exposures building up.
- A liquidity forum including Centrica Energy and Group Treasury monitor liquidity requirements under normal and stressed market conditions, with monthly CFO review and approval of Centrica Energy liquidity limits.
- Risk Capital reporting is distributed to Centrica Leadership Team members monthly and bi-annually to the Board, who, subject to risk appetite, may agree a risk capital reserve against Centrica's net debt headroom.
- Access to diversified sources of committed and uncommitted liquidity.
- Monitoring of forecast versus actual customer debt position, and review of the bad debt provision.
- Additional support processes to help customers to repay their debt.

Developments

Risk context:

- Market prices persist at levels higher than historical averages, albeit lower than 2022 record highs.
- Credit risk exposures have been managed within Group Credit Risk limits and remain broadly stable at an aggregate level.
- The higher interest rate environment adversely affected some smaller sized, highly leveraged counterparties over the past two years. These exposures have been actively monitored and managed through the various credit review forums; with fewer counterparties on a credit watchlist as at year-end.
- During 2024, Centrica has successfully refinanced the £450m hybrid bond with a new £405m hybrid bond and bought back £370m of 2033 senior debt. Both activities have further strengthened the balance sheet
- In Q4, Centrica successfully extended £2.5bn of committed credit facilities with relationship banks by a further year resulting in £1.5bn of facilities with maturity in Q4 2029 and £1bn with a maturity in Q4 2027. In addition, Centrica has access to c£2.6bn of committed letters of credit with relationship banks as well as to a portfolio of uncommitted letters of credit
- Centrica maintains a $3bn US Commercial Paper programme to support short-term liquidity requirements and periodically issues into this market to provide confidence in its ability to access funding.
- The risk to UK third party default is slightly higher than 2023, but lower than the peak seen in the 2020-21 period.
- British Gas Energy continues to build debt management capabilities and processes.

Market risk

Risk trend: Improved

Risk overview

Risk of financial loss, both in terms of short-term profitability and long-term asset valuations, due to trends and volatilities in commodity prices.

Key drivers:

- Commodity exposure arises within the trading businesses, which provide optimisation for Centrica's upstream and downstream power and gas positions. We also have commodity exposures related to proprietary trading and arising from our long-term Liquefied Natural Gas assets.
- Material movements in commodity prices can impact revenue on sale of asset production and impact the long-term valuation of asset portfolios.
- Changes in our customer demand requirements can result in a commodity exposure as we realign our established hedges at market prices.

Mitigations

- Business unit hedging policies and trading/optimisation risk limits are reviewed and approved by the Group Risk Hedging Policy Committee, bi-annually.
- A monthly Downstream Meeting reviews and oversees demand forecasting performance and hedge performance.
- Hedging decisions and risk exposures are agenda items at the monthly Finance Performance Reviews across the Group.
- Market risks are also reviewed regularly in dedicated Risk Committee forums, with daily reporting against risk limits in Centrica Energy and Bord Gáis.

Developments

Risk context:

- Prices and volatilities have reduced year on year.
- The financial impact of outage risk associated with upstream and infrastructure assets remains high due to the higher price environment and the ageing asset infrastructure.

Weather risk

Risk trend: Stable

Risk overview

Unusually warm or cold conditions could lead to unexpected changes in energy demand from our customers, which may reduce our present or future profitability.

Key drivers:

- During warm weather customers consume less energy, reducing revenue, which can be further compounded by selling back hedges at a loss if commodity prices have fallen.
- During cold weather customers consume more energy, and to meet this demand Centrica may need to purchase additional volumes. If wholesale prices have also risen to above residential and business customer price levels, Centrica will lose margin on these incremental volumes as the cost is higher than can be recharged to the customer.

Mitigations

- A dynamic hedging strategy is implemented to manage the exposure to weather risk.
- Options to mitigate extreme weather risk in our downstream businesses are considered ahead of winter seasons.
- The monthly Downstream Energy Margin Meeting reviews weather impact analysis, hedging proposals and performance.

Developments

Risk context:

- Higher European gas storage levels have helped to mitigate the risk of winter supply shocks.
- The risk is skewed to warm weather affecting revenue generation by the downstream business together with potential losses from selling back hedges.

Political, legal, regulatory or ethical intervention/compliance

Risk trend: Stable

Risk overview

Political or regulatory intervention, potential changes or failure to comply with laws and regulations may create a more uncertain operating environment that may lead to greater regulatory scrutiny and inhibits our ability to invest in and allocate resources to markets or activities, impacting our financial stability and reputation.

Key drivers:

- Continuing high level of regulatory scrutiny in the UK retail energy supply and insurance business driven by political focus on the cost of living challenges faced by many consumers.
- Increased focus on ESG requirements and the impact on investor confidence in our approach to sustainability.
- Any material real or perceived failure to follow Our Code would undermine trust in our business.

Mitigations

- Articulation of a clear political and regulatory strategy with key priorities and policy positions.
- Dedicated Corporate Affairs and Regulatory teams which examine upcoming political and regulatory changes and their impact, with reporting to the Centrica Leadership Team.
- Monitoring of wider legal and regulatory developments in all relevant jurisdictions, particularly regarding matters such as human rights, climate and the environment, health and safety, cyber security, AI, tax and prevention of financial crime.
- Continuous dialogue with Ofgem, the Commission for Regulation of Utilities, the FCA, the PRA and consumer groups to influence the regulatory environment.
- Capability in Energy Assurance to support the business with meeting complex regulatory requirements.
- Robust customer experience control frameworks, reviewed by leadership teams.
- The Board sets the tone from the top through Our Code and leadership behaviours with Our Code annual training representing our employees, commitment to doing the right thing and acting with integrity
- The Financial Crime team monitors threats and adequacy of response to anti money laundering and the threat of bribery and corruption.
- A global Speak Up helpline exists to provide a consistent Group-wide approach to reporting unethical behaviour.

Developments

Risk context:

- Keeping pace with the volume, speed of implementation and complexity of political and regulatory change impacting the Group continues to be a focus area.

Retail:

- Ofgem will run a broad Compliance programme in 2025 and will consult on their Consumer confidence work programme which aims to deliver enhanced customer service standards.
- Ofgem will also review the price cap to reset the level of allowance that Ofgem considers appropriate for operating expenditure and levels of consumer debt. There is also the possible introduction of further capped tariffs with a zero standing charge.
- The pace of FCA and PRA policy development is significant, and the FCA Policy for 2025 will focus on operational resilience, oversight of third parties and treatment of vulnerable customers. We have been focusing on all these elements as part of our embedding of the Consumer Duty framework and will seek to establish best practice as further guidance is issued.

Climate change

Risk trend: Stable

Risk overview

The Company may face potentially unfavourable market, regulatory and policy changes driven by climate change, which could affect the ability to execute our strategy effectively.

Key drivers:

- Increased pressure from Government, investors and customers to commit to meaningful carbon reduction targets.
- Execution of the investment strategy will channel capital investment to realise investment opportunities from moving to a low carbon future.
- Timing and execution of British Gas Energy's pivot to decarbonise power, heat and transport products and services.
- Timelines in which Centrica, or its subsidiary businesses, will be legally obligated to comply with UK, EU or international ESG management and reporting requirements.
- Increased focus on 'greenwashing' and greater rigour on how organisations market low carbon products and propositions.

Mitigations

- We have published our refreshed Climate Transition Plan with more ambitious targets for 2040 as part of our approach to moving to a low carbon future.
- Progress against our Climate Transition Plan is incorporated into executive remuneration.
- The SESC, chaired by an independent Non-Executive Director, reviews climate change information and climate-related matters.
- Full compliance in our 2024 Task Force on Climate-related Financial Disclosures reporting is reflected in pages 67 to 77.
- New Business and Net Zero lines of business launch innovative and competitive products and propositions to gain a significant footprint in the growing low carbon market.
- Green Claims Principles have been developed and implemented to manage 'greenwashing' risk across the Group.

Developments

Risk context:

- Continued geopolitical focus on COP29 and on how corporations respond to climate change.
- The UK Government has committed to Clean Energy by 2030.
- The Government has extended the deadlines for both the phase-out of gas boilers and the ban on petrol/diesel vehicles to 2035 and increased the grant for Heat Pump installations by £2.5k to £7.5k.
- The European Corporate Social Responsibility Directive aims to create a sustainable economy for the EU. The reporting requirements are broader in scope, complexity and granularity and require assurance activity.

Customer

Risk trend: Stable

Risk overview

Economic pressures, regulatory changes and high levels of service demand could mean that we are unable to consistently deliver satisfactory customer service, which could result in increased complaints or loss of customers.

Key drivers:

- Frequency of price cap changes and increased customer service demand due to sustained high energy prices impacting a customer's ability to pay.
- Regional engineer capacity constraints in British Gas Services & Solutions with peak demand for services exceeding available engineer resources.
- In our net zero business, failure to ensure successful matching of customer demand with fulfilment capabilities, can negatively impact on customer experience outcomes, resulting in weakening of brand and reduced customer volumes.
- Continued competition in our retail markets, including Bord Gáis Energy where competitive pricing is widespread.

Mitigations

- The Customer Data and Analytics team has been combined into a Chief Customer Office Function which continues to enhance comprehensive data capture across all customers and business units, to connect our customer data and generate insights and improvements along the customer journey.
- Customer Conduct Boards provide data-led monitoring and oversight to minimise poor customer outcomes, customer detriment, complaints and regulatory actions.
- Customer-facing business units focus on reducing complaints and addressing customer pain points using enhanced tools and automation, and performing root cause analysis within a continuous improvement approach.
- British Gas Energy's ongoing investment in customer service capability and care for vulnerable customers.
- British Gas Services & Solutions has built stronger operational resilience, recovery and delivery capacity, enabling the launch of the same day Service Promise.
- Bord Gáis has implemented tactical pricing strategies to compete with new entrants, while developing its value proposition and bundled energy, services and net zero offerings.

Developments

Risk context:

- Continuing high energy prices and cost of living challenges keep demand elevated. Customer journey transformation is increasing customer satisfaction scores and reducing customer contact levels.

People

Risk trend: Stable

Risk overview

The Company faces the risk of failing to attract, develop, engage and retain key talent, which could impact our ability to achieve strategic objectives. Ensuring a healthy, capable, inclusive and resilient workforce is essential for maintaining operational performance and meeting long-term goals, especially amid current economic pressures and labour market challenges.

Key drivers:

- Challenges in attracting and retaining critical skills and capabilities, which are essential to meet our strategic objectives.
- Labour market shortages in key skills and talent, leading to retention challenges in specific business units or geographies.
- Deterioration in employee physical and mental health, and wellbeing, affecting productivity and engagement across the workforce.
- The impact of the cost of living crisis, inflation and geopolitical tensions on employees' mental health and wellbeing, potentially affecting morale and retention.
- Challenges in maintaining a competitive reward strategy.

Mitigations

- High level capability analysis underpinned by a Strategic Workforce planning framework is underway and will support Centrica businesses in making capability investments and inform tailored retention and succession planning.
- Quarterly performance conversations and key metric monitoring, including the quarterly employee engagement score and participation rate, absence, health and wellbeing score, Diversity, Equity and Inclusion score and attrition rates are monitored.
- #MoreThanACareer campaign and a Centrica-wide Brand Champion Programme connecting current and future talent.
- The Shadow Board provides a platform to a group of colleagues to engage with the Centrica Leadership Team, and to support and influence colleague centred decision-making.
- A long-term property strategy review is underway to optimise our workplace and ensure business continuity and collaboration.
- Holistic approach to wellbeing including the Colleague Support Foundation and the employee-led community networks, such as those for working parents, fertility and carers.
- DE&I Action Plans are in place to achieve our 'Open Letter' commitments to enhance diversity at senior levels, improve equity of opportunity and foster continuous inclusive behaviours.
- Regularly monitor and manage the impact on Centrica of the Employment Rights Bill and upcoming employment legislation.
- Established Training and Competence Framework and Academies which build programmes and courses tailored to our future workforce needs deliver stronger operational metrics and better customer experience.
- Regular reviews of Centrica's reward strategy to align with overall goals and values, through internal feedback and external benchmarking.

Developments

Risk context:

- Continue to incorporate external insight from government policy, skills councils and awarding bodies as an input into how we tailor our academies to close strategic capability gaps as well as building net zero skills.

Safety

Risk trend: Improved

Risk overview

The Company faces the risk of occupational, transportation, customer or third-party fatality or injury due to safety hazards associated with its operations. Ensuring a safe environment for employees, contractors and the public is crucial to maintaining operational integrity and protecting the Company's reputation.

Key drivers:

- Operational activities, which may expose employees, customers, or third parties to safety risks.
- Significant safety incidents that could lead to regulatory action, financial penalties, and reputational damage, affecting some or all of Centrica's brands and business units.

Mitigations

- Leadership commitment to driving improvements in Health Safety and Environment (HSE) maturity and achieving continuous improvement in key metrics.
- Regular reviews of HSE frameworks and safety risks to ensure they are reduced to as low as reasonably practicable.
- Governance arrangements and performance monitoring through Centrica Leadership Team meetings, SESC, the HSE Executive Committee, legal entity board meetings and the HSE Director Forum.
- BU HSE Improvement Plans are updated and reported on monthly to the Centrica Leadership Team.
- HSE Management Systems, including policies, standards and procedures, are established as well as investment in targeted training and competency.
- Assurance over our HSE processes and controls is provided through our in-house HSE teams, with support from external subject matter experts where necessary.
- The approach to customer visits is continuously reviewed to ensure that employees and contractors operate in line with Government guidelines and/or industry best practices, maintaining the health and safety of both employees and customers.
- Ongoing engagement with regulatory agencies, such as the Health and Safety Executive and the Department for Energy Security and Net Zero.

Developments

Risk context:

- Management monitors a range of leading and lagging indicators and is committed to fostering a strong safety culture across Centrica.
- As the Group strategy evolves and we repurpose our existing assets, developing new low carbon technologies and assets, the Group will respond to changing HSE risks and implement appropriate HSE frameworks and technologies.

Cyber

Risk trend: Stable

Risk overview

A successful cyber-attack on our systems could present as follows:

- Confidentiality: leakage of customer or Company confidential data by threat actor, third party, staff or system error, either maliciously or by accident.
- Integrity: inaccuracy of Centrica's data due to malicious or inadvertent alteration by internal or external parties, or malicious actors.
- Availability: operational disruption and loss of assets, including data, due to a cyber compromise.
- Any or all of the above which could lead to a regulatory compliance impact or fines, including but not limited to, General Data Protection Regulations (GDPR), Smart Metering obligations (Ofgem), Security of Network and Information Systems Regulations 2018 and enhanced NIS2.

Key drivers:

- Escalating complexity and frequency of cyber threats.
- An increased reliance on digital infrastructure within Centrica.
- Expansion into new geographies and markets increasing cyber regulatory obligations.
- The targeting of supply chains as a mechanism to attack firms by exploiting the trust between known suppliers.
- Reach of regulations beyond the jurisdictional border of the legal entity.

Mitigations

- Monitoring and oversight of cyber security via the Cyber Steering Committee, chaired by the CIO.
- Ongoing threat intelligence gathering, collaboration and information sharing with industry peers and the National Cyber Security Centre.
- The Cyber Security Change Programme and cyber-attack simulations build security capabilities and improvements in controls that increase the difficulty of targeting Centrica and being able to exploit weaknesses without detection.
- The Ransomware Programme continues to improve Centrica's ability to co-ordinate and recover from a ransomware attack, with the Board and senior leadership participating in a ransomware response and recovery exercise.
- Ongoing enhancement of cyber security controls dedicated to protecting operational technology; the control systems used to manage domestic, commercial and industrial processes.
- Training and awareness have been developed and delivered to key groups to equip them with the skills and knowledge to operate in a more digital world.

Developments

Risk context:

- The current geopolitical situation and regional conflicts have increased the use of cyber as a weapon to target energy infrastructure. Our Critical National Infrastructure and the nature of the industry in which we operate makes us a target for state actors and state-sponsored attackers.
- The risk of misuse of AI to create complex attacks is expected to increase rapidly with AI tools becoming cheaper and more accessible. We recognise the opportunity to adopt AI to better improve our cyber defences.
- The volume, sophistication and frequency of ransomware attacks has evolved, with the most catastrophic bringing down IT systems within very short timeframes, and in some circumstances leading to publication of exfiltrated data.
- The increased connectivity of operational technology presents an opportunity for attackers that if exploited could cause major harm and disruption to industrial processes including processes in the energy sector.
- Our strategy to expand to low carbon markets and help our customers toward net zero may increase our regulatory obligations in maintaining our cyber security posture, requiring enhanced governance and external regulatory oversight.

Operational asset integrity

Risk trend: Stable

Risk overview

Impaired structural or asset integrity, resulting from any failure in design, maintenance, inspection or operation, could lead to a major accident (such as loss of containment of flammable/hazardous materials or structural collapse) which may result in multiple fatalities, major damage to the environment, and/or significant operational disruption, in addition to revenue losses and reputational damage.

Key drivers:

- Inadequate investment and operational support for asset inspection, maintenance and development, increasing the risk of safety issues, personnel or environmental harm, unplanned outages, or impaired asset performance, that could result in regulatory implications and affect asset performance and reputation.
- As we expand our asset base, it is critical to ensure standardised, scalable procedures and processes, including technology, people, contractor and assurance management, to minimise asset impairment risks throughout their lifecycle and ensure compliance with relevant regulations.
- Operational issues or early asset closures may prevent adequate returns on our asset investments, leading to suppressed earnings and cash flows.

Mitigations

- Group-wide minimum operational and safety standards are applied to all assets, whether operated or non-operated, and adherence against them is monitored and reported.
- Inspection activity, maintenance and improvement programmes are conducted across the asset base to optimise effectiveness and maximise production levels.
- Centrica's presence on the Board of EDF Energy Nuclear Generation Group Limited allows oversight of the operational performance and strategic decisions related to the Nuclear fleet.
- The Group Annual Plan includes contingencies to cover unexpected outages from assets.
- HSE Management Systems are established to include policies, standards and procedures to protect employees, third parties and the environment.
- The HSE Function works with the business to ensure effective HSE resources and competency operate consistently and effectively across the business.
- Engagement with main regulatory agencies in locations of operation is consistently maintained, such as the Environment Agency, Health and Safety Executive, Department for Energy Security and Net Zero, and North Sea Transition Authority.
- Assurance over our HSE processes and controls provided by our in-house HSE teams supported by external subject matter experts, where needed.
- Continued investment in training to ensure maintenance of safe operating practices.

Developments

Risk context:

- The Whitegate Plant operated with strong availability and reliability in 2024. As the plant ages and we transition to more flexible generation, it will be crucial to carefully manage plant reliability and safety risks.
- The Nuclear fleet has performed well overall in 2024 with strong reliability metrics, although outage downside risks are binary and there was a significant unplanned outage at Heysham 1 and Hartlepool during the first quarter. The operational lifespans of our four Advanced Gas-cooled Reactor nuclear power stations were extended in December 2024. Heysham 1 and Hartlepool received a one-year extension, now set to operate until 2027, while Heysham 2 and Torness were granted two-year extensions, continuing until 2030.
- Spirit Energy continues to focus on safely delivering production from existing late-life assets and de-risking its decommissioning obligations. During 2024 Spirit Energy undertook scheduled shutdowns on their assets to perform maintenance campaigns to support life extension and continued operations.
- Centrica Energy Storage+ continues to invest in the safe and reliable operation of Rough and has committed potential development expenditure to prepare for the redevelopment of Rough for hydrogen-ready storage.

Assessment of viability

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the long-term prospects and viability of the Group over a period of three years to 31 December 2027, considering the business model (as set out in the Strategic Report on pages 14-15), current position in the context of liquidity and credit metrics of the Group, and Principal Risks.

Assessment of prospects

In making this assessment, the Directors have considered the following factors, both in relation to the Group's strategic plan and its current competitive position, and in the longer-term assessment of the Group's prospects.

The Principal Risks facing the Group are set out on pages 43-51, with those believed to cause the most material financial impact forming the focus of this viability assessment, as detailed in the four severe but plausible scenarios considered on the following page.

The Group's Strategic Purpose is to energise a greener, fairer future – because we believe in energy that works for colleagues, customers and communities, today and into the future, as set out on page 11 of this Annual Report and Accounts. Climate change is one of the most important drivers guiding Centrica's prospects today and is a core part of our purpose. As such our enhanced climate ambitions, as published in our updated Climate Transition Plan, are incorporated into budgets and business plans, underpinning the strategic model used in this analysis.

We continuously monitor emerging trends to proactively identify potential risks and opportunities associated with commodity price volatility, prevailing economic climate, competitor activity and Government support for net zero. We put customers' needs at the centre of everything we do and this is the core part of our strategy, as set out in pages 12 and 20 of the Strategic Report.

Assessment period

Consistent with the practice of previous years, the Directors have adopted a three-year time frame for this analysis, covering the period 2025-27, aligning with the Group's financial planning cycle and the period of reasonable visibility in the energy markets. Furthermore, the Group's most significant risks continue to be shorter-term in nature including commodity prices, trading performance, margin cash requirements, weather and asset performance.

Key assumptions

The strategic model used as the basis of the assessment is based on a number of key assumptions including those detailed below:

- There are no material changes to Group operations, including no material acquisitions or disposals beyond the capital framework announced in July 2023 strategy update, assuming capital deployment of £600-800m per annum;
- Centrica have a long-standing relationship bank group and successfully refinanced the committed credit facilities in 2024. As such, the Directors have assumed successful refinancing of appropriate credit facilities as they expire within the viability period and;
- The Group makes payments to the pension scheme in line with the deficit recovery plan.

The Directors have assessed the impact of a stressed high and low commodity price environment on the Company. Based on the modelling, the Directors determined that a high commodity price environment would not have a material impact on Group headroom based on current positions held.

Low price environment	2025	2026	2027
NBP (p/th)	48	42	37
Baseload Power (£/MWh)	39	36	34

In assessing the impact of a significant low commodity price environment, a low case reflecting a 50% reduction to September 2024 forward prices has been adopted as a severe but plausible forecast. We have continued to monitor price changes since this assessment and the comparative uplift in December 2024 forward prices ensures that the low curves used in this assessment remain appropriate.

Assessment process

The Directors recognise the significance of the Group's strong liquidity position and have reviewed analysis to test the resilience of the Group against a volatile external risk environment, ensuring Centrica maintains ample headroom to address reasonably anticipated liquidity needs throughout the Viability Assessment period.

The Group's financing profile is managed through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity. As at 31 December 2024, the Group had total committed credit facilities of £5.0bn of which £1.0bn expire in 2027, £0.5bn expire in 2028 and £3.5bn expire in 2029. Of the £5.0bn committed credit facilities, a total of £3.3bn remained undrawn as at 31 December 2024 in addition to cash and cash equivalents of £6.3bn.

Centrica maintains robust processes to manage and monitor liquidity requirements across the entire organisation, with a focus on trading entities and possible increased margin cash requirements resulting from stressed market conditions, to ensure sufficient headroom is retained. This involves ensuring flexibility in accessing debt capital markets and a range of additional resources as needed, including committed credit facilities, uncommitted letters of credit, commercial paper and various other short-term funding options. Further information on the Group's strong liquidity position, including its indebtedness and available committed facilities, is provided in note 25 of the financial accounts.

The following severe but plausible stress scenarios, combining a number of the Principal Risks detailed on pages 43-51 of the Strategic Report, have been overlaid on the three-year business plan to provide a robust assessment of the Group's exposure in each scenario.

Multi-risk scenarios modelled	Level of severity reviewed	Links to Principal Risks
Scenario 1 Economic Downturn & Adverse Retail Market	A significant low commodity price environment, leading to lower earnings from asset-based businesses and increased margin cash requirements, is exacerbated by warm weather risk and adverse retail market conditions	• Market Risk • Credit & Liquidity Risk • Weather Risk • Customer
Scenario 2 Asset Performance	Significant disruption to the asset-based businesses leading to loss of production and earnings	• Operational Asset Integrity • Safety
Scenario 3 Trading & Hedging Underperformance	Underperformance of trading business coupled with credit risk associated with financial loss due to counterparty default	• Market Risk • Credit Risk
Scenario 4 Cyber Risk	Risk of a cyber-attack and failure to prevent denial of service	• Cyber
***Credit rating downgrade**	Increased collateral requirement arising from a single-notch credit rating downgrade	• Credit & Liquidity Risk

* Whilst our current credit metrics show no cause for concern with regards to a credit metric downgrade, for each risk scenario considered, an additional impact from a single-notch credit rating downgrade has been assumed.

The Directors considered whether any of the scenarios detailed above breached the available headroom in the three-year period. Whilst the most significant impact was realised in the 'Economic Downturn & Adverse Retail Market' scenario, it was concluded that sufficient headroom was available in all four scenarios, in an addition to an extreme risk scenario which considers all risks occurring simultaneously.

Whilst mitigations were not required in any of the above scenarios to ensure the Group remains viable, additional mitigations could be deployed to increase headroom and reduce the risk of credit downgrade, including reductions in capital expenditure and the temporary suspension or reduction of returns of capital to shareholders.

Reverse Stress Testing identified that there are some extreme scenarios that could theoretically result in Centrica entering a position whereby its financial resources were insufficient to meet its liabilities as they fall due. However, given the current financial strength of the Company, the combination of events required to achieve such a scenario is extremely unlikely to occur. We therefore believe that these risks do not represent a 'severe but plausible' threat to the viability of the Company.

Conclusion

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due, over the period to at least 31 December 2027.

Group Chief People Officer's report

2024 has been a remarkable year for Centrica. I'm proud of our colleagues' achievements as we focused on our customers and embraced new opportunities.

Our significant focus on talent, and investment in digital roles is creating a workforce fit for the future.

Jill Shedden MBE, Group Chief People Officer

Our People function has made a significant impact on Centrica this year. We have successfully partnered with the business to drive change, aligning our efforts with our new Purpose of energising a greener, fairer future. Together, we are building a brighter future for Centrica and our colleagues.

10,683
Volunteering days this year

Tier 1 Employer
Ranked by the CCLA Corporate Mental Health Benchmark UK

8.1/10
Engagement score which is top quality for our sector

Empowering business growth through people

This year, we established two new business areas: the Power business, headed by Dave Kirwan, and the Chief Customer Office, led by Gary Booker. These developments are pivotal to our business growth and our People team, who play a crucial role in supporting and driving these transformations.

The Power business will invest in low carbon energy assets to facilitate the energy transition across the UK and Europe. In the coming years, they will enhance the Centrica portfolio by investing in areas and technologies that support the energy transition and deliver strong, sustainable growth. The People team is integral to this journey, ensuring we attract, develop and retain the talent needed to drive innovation and expand our international presence.

The Chief Customer Office (CCO) is central to our transformation, placing customer data and insights at the heart of our operations. We want to consider how we think and act differently to deliver on the ever-changing needs and demands of our customers – both those we have today and the new customers we want to attract in the future. The People team is key in fostering a culture that embraces change and innovation, equipping our teams with the skills and mindset to excel in this dynamic environment.

A key function in the CCO is our new Customer Data & Analytics function, which focuses on maximising our use of data to provide a comprehensive view of each customer, thereby enhancing our customer understanding and experience. We are leveraging the opportunities that AI offers, making Centrica an exciting place for digital talent. The People team is committed to building a workforce that is adept at harnessing these technologies, ensuring we continue to advance in digital innovation.

Advancing in our talent journey

This year, Centrica has focused on a future-oriented talent agenda by implementing our new Talent framework, which enhances our understanding of colleagues' strengths and development areas. This approach ensures we have the right people in critical roles, robust succession plans, and drives intentional career development across the business.

Defining our Purpose

In June 2023, our Centrica Leadership Team recognised an opportunity for Centrica to become a more purpose-led organisation. They embraced the challenge of creating a unifying purpose for the Company. We developed a purpose that truly represents Centrica's people, engaging a wide range of stakeholders and Employee Networks in the process. This new Purpose, energising a greener, fairer future, was officially launched in February 2024 and was received positively by colleagues.

The new Purpose better reflects our future direction, and we've engaged in comprehensive communications to engage our colleagues with it.

Being purpose-led not only aligns our operations with our core values, but also fosters greater colleague engagement and satisfaction. We believe that a purpose-led approach contributes to long-term business success by building trust with customers and stakeholders, and by creating a positive impact on society and the environment.

Elevating apprenticeships: a year of growth and recognition

We have driven a significant rise in our apprenticeship offering across Centrica in 2024. Bringing in apprentices helps nurture fresh talent and ensures our workforce remains dynamic and adaptable. Apprentices bring new perspectives and innovative ideas, enhancing our customer service experience. The Company led the rejuvenation of our traditional engineering apprenticeships with 112 colleagues starting their Gas Engineering Operative apprenticeship and another 100 completing their Dual Fuel Smart Metering apprenticeship.

In July, we hosted a webinar for potential candidates interested in our British Gas Smart Metering Apprenticeship Scheme. This event was part of our ongoing collaboration with Holly Hobbs, an apprenticeship influencer with a substantial and engaged social media following. Holly's three TikTok videos have collectively garnered over 800,000 views, and we observed a significant increase in applications coinciding with the release of her videos. I am proud that this year we have seen a higher number of female applicants than ever before, highlighting the importance of exploring creative ways of attracting talent.

Apprenticeships (3,500 by 2030)

As part of our People & Planet Plan and drive to invest in our people, we have an ambition to upskill 3,500 colleagues through apprenticeships by 2030. This is for our new colleagues and also those currently with us that want to get qualified whilst in their role.

We continue to use apprenticeships as one of the key routes into Customer Service roles, with 54 apprentices beginning their programmes in October and November 2024. We are passionate about upskilling new and existing colleagues within the business, ensuring they have the opportunities to grow and succeed, with a further 48 colleagues undertaking apprenticeships from Level 3 to Level 7 programmes this year. Our increase in apprenticeship offerings is part of our People & Planet Plan to drive and invest in our people. For more information, read our People and Planet section on pages 58 to 65.

Our apprenticeship programmes received external recognition in 2024, being awarded 'The Best Utilities Apprenticeship' by The Apprenticeship Guide. We were also a finalist in the Energy & Utility Skills 'Best Recruitment Campaign/Initiative' for our collaboration with social media influencer Holly Hobbs.

Celebrating early careers

This year marked a record achievement for our Emerging Talent team, particularly within the Graduate and Intern sectors. We were honoured to be ranked 5th among the top 100 student employers by Rate My Placement, standing out as the highest-ranked energy company and receiving top votes for engineering.

102 Interns

joined Centrica in the summer of 2024.

60 Graduates

joined Centrica in October 2024.

Expanding our talent horizons

In 2023, Centrica launched a new talent pathway, integrating eight ex-Forces members into our broader business operations. We are continually exploring innovative methods to attract talent and tap into new recruitment pools. Furthermore, we were delighted to have 12 more ex-Forces members joining us in October.

Our collaboration with Team GB and ParalympicsGB has enabled us to welcome an additional seven colleagues in 2024, ranging from high-performing athletes to Olympians and Paralympians.

Defining our Employee Value Proposition (EVP)

Our aspiration is to become energy's employer of choice and be widely recognised as a great place to work. To make this possible, our EVP needs to be at the heart of everything we do. An EVP is a company's people story; a narrative and messaging framework that brings to life its unique culture, purpose and the reasons why people join and stay there. It gives us a consistent approach towards engaging and empowering current and future colleagues, by amplifying what it means to be, and what you get as, a member of the Centrica family.

Developed in collaboration with colleagues across our businesses, we understand who we truly are and what defines us as Centrica. Our EVP encapsulates these insights and has been instrumental in shaping our new People Story. This commitment has also earned the Danish entity of Centrica Energy, recognition as one of the best workplaces in Europe by the Great Place to Work annual survey.

Our EVP, which launched in November, provides one consistent approach to candidates and colleagues, and demonstrates why they should join the Centrica family.

Celebrating Employee Network successes

I am incredibly proud of our Employee Networks at Centrica. Our 10+ Networks play a vital role in partnering with our organisation to drive change and create a more inclusive workplace where everyone can bring their whole selves to work.

Our Carers Network proudly celebrated its 20th anniversary this year. Since its inception in 2004, the network has grown into a robust community, providing essential support and resources to our colleagues who are carers. We have achieved Carer Confident Level 3 status, the highest-level award from Employers for Carers, thanks to our market-leading Carers Leave policy, which offers planned leave to support our carers. Our Carers Network continues to be a cornerstone of our commitment to supporting diverse talent, advocating for change and making a significant impact both within Centrica and beyond.

Our Diverse-ability Network champions and celebrates the physiological and neurological diversity of our colleagues. This community of colleagues and allies supports one another, raises awareness, and challenges perceptions about disability. In July, as part of our Energy Services partnership, the Diverse-ability Network collaborated with ParalympicsGB to host an event featuring 16-time Paralympic medallist Tanni Grey-Thompson, in celebration of Disability Pride Month.

Our Fertility Network provides crucial support for colleagues facing fertility challenges. They have played a key role in reviewing our Healthcare Plan and policies to ensure comprehensive wellbeing support is available to all colleagues throughout their journey. The network was honoured to receive the Outstanding Wellness Network of the Year award at the Diversity Network Awards in July 2024.

Commitment to Real Living Wage

At Centrica, we are dedicated to ensuring our colleagues have earnings that meet their everyday needs. As a Real Living Wage employer, we ensure our wages meet the standards outlined by the Living Wage Foundation. This year, our customer-facing colleague group has received an average pay deal of 8.1%. Similarly, our Field population received a pay deal of at least 5%, dependent on role, for 2024.

Improving colleague benefits

Centrica is excited to announce the launch of three new benefits in 2025, as part of our ongoing commitment to enhancing rewards and support for our colleagues. We are dedicated to continually improving our offerings to ensure they are in line with our strategy and values, and colleagues feel valued and empowered.

These three new benefits align with our goals to support diversity targets and promote fair and equitable treatment for all employees, reinforcing our commitment to an inclusive and fair workplace.

We've announced:

- Improving our paternity leave from two weeks to eight weeks fully paid;
- Removal of a pension probation period of two years that applied to some groups; and
- Re-introduction of a Sharesave scheme.

We're also excited to announce that our market-leading fertility programme has led to the birth of two beautiful babies this year! Their parents were part of our supportive programme, and we couldn't be happier for them.

Sharing in the Company's success

In 2024, we granted another Global Profit Share award to all colleagues, based on our 2023 profits. Additionally, our 2022 profit share will mature in April 2025, benefitting nearly 14,000 colleagues. As of February 2025, the original award of £379 is now worth £627. This increase in value enables us to share in our success with colleagues.

Valuing our Voices

The Shadow Board, now in its fourth year, is a Centrica Leadership Team initiative. Comprising 10 members from diverse backgrounds and various levels across the Group, the Shadow Board brings a wealth of knowledge and experience. It provides a platform to influence decision-making, challenge senior leaders and embed DE&I into our practices. This year, a key enhancement is that each Shadow Board member now sponsors one of our Employee Networks, fostering closer connections with network activities. The Shadow Board also met with the Centrica Board this year to offer diverse perspectives, contributing to the Board's considerations with a broader range of viewpoints. Read more about the engagement and outcomes on page 98.

The Centrica Women's Network is dedicated to empowering women to reach their highest potential and realise their ambitions. Through initiatives like our Mentoring scheme, public speaking practice sessions, enhancing visibility and engagement, discussions on women's health and wellbeing, and advocating for positive policy changes, we have supported nearly 1,700 colleagues this year. These efforts culminated in the November Centrica Women's Network Awards, which honoured and celebrated both women's achievements and the support of allies."

Sue Gregory-Phillips, Co-Chair of the Centrica Women's Network

Collaboration was at the forefront for the VOICE Network this year. The highlight being the collaborative event with the Centrica Women's Network in May, as part of Mental Health Awareness Week. One of our Network's key pillars is 'Educating our Colleagues', so we held an event with the author, spoken word artist and educator, Jaspreet Kaur. The conversation mainly focused on mental health, gender and race equality. We were extremely pleased by the responses we received from colleagues and look forward to collaborating with other Employee Networks in the future."

Abdul Kamara, Co-Chair of the VOICE Network (Centrica's Ethnicity Employee Network)

2024 has been an amazing year for the + Network and for our colleague networks in general. I am most proud that this year we delivered Centrica's largest pride offering ever, visiting five of our sites across the UK. We also marched in Edinburgh Pride where we sponsored their sexual health and wellness space providing resources, information and guidance to our queer customers and allies. I am also really proud that the network's community has been focusing on intersectionality and leveraging our collective strength to drive meaningful change!"

Steven Waggott, Co-Chair of the + Network (Centrica's LGBTQ+ Employee Network)

People and Planet

Supporting communities, our planet and each other.

Our People & Planet Plan was introduced in 2021 and consists of five Group-wide goals that accelerate action on issues that matter deeply to our business and society – from achieving net zero and creating the diverse and inclusive team we need to get there, to making a big difference in our local communities.

During 2024, we made meaningful progress against most of our goals but are behind on others. This is partly because transformation takes time and partly because recent years required us to refocus efforts on helping customers and communities through the energy crisis.

With the plans we have in place alongside our proactive approach to stakeholder engagement, we are confident that we will achieve our goals in the coming years. In doing so, we will help progress our Purpose to energise a greener, fairer future and contribute positively to the United Nations Sustainable Development Goals (SDGs).

Read more about our non-financial performance on pages 289 to 291 and at **centrica.com/performanceandreports**

I'm incredibly proud of all we've achieved through our People & Planet Plan and beyond. Not only have we done more than any other energy supplier to help people through the energy crisis, but we're accelerating our pathway to net zero with our updated Climate Transition Plan. The road ahead will undoubtedly have its challenges, but I'm excited to be building a fairer future as we create a greener one.

Chris O'Shea, Group Chief Executive

Our People & Planet Plan

Supporting communities, our planet and each other

People

Supporting every colleague to be themselves to better serve our customers and communities.

We want to:

- Create an engaged team that reflects the full diversity of the communities we serve by 2030[(1)]
- Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (2,000 apprentices by the end of 2025)

Planet

Supporting every customer to live more sustainably.

We want to:

- Help our customers be net zero by 2050 (28% greenhouse gas intensity reduction by the end of 2030)
- Be a net zero business by 2040 (50% greenhouse gas reduction by the end of 2032)

- Inspire colleagues to give 100,000 days to build inclusive communities by 2030 (35,000 days by the end of 2025)

Doing business responsibly

Underpinned by strong foundations to ensure we act fairly and ethically – from customer service to human rights

(1) All company and senior leaders to reflect latest 2021 Census data for working populations. This means 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service by 2030 (40% women, 16% ethnically diverse, 10% disability, 3% LGBTQ+ and 3% ex-service by the end of 2025).

People

Supporting every colleague to be themselves to better serve our customers and communities.

Goal 1

By 2030, we want to:
Create an engaged team that reflects the full diversity of the communities we serve, with all company and senior leaders to be 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service[(1)]

2024

Progress against goals:
On track | Behind

	All company[(2)]	Senior leaders[(2)]
Women	31%	34%
– Excluding Field engineers	41%	31%
Ethnically diverse	16%	10%
Disability	6%	5%
LGBTQ+	4%	2%
Ex-service	2%	2%

(1) Aligns with latest 2021 Census data for working populations. We aim to be 40% women, 16% ethnically diverse, 10% disability, 3% LGBTQ+ and 3% ex-service by the end of 2025.
(2) Beyond gender, data is based on voluntary disclosure of 94% ethnic diversity, 51% disability, 59% LGBTQ+ and 4% ex-service. All company relates to everyone who works for Centrica. Senior leaders include colleagues above general management and spans senior leaders, the Centrica Leadership Team and the Board.

To deliver a greener, fairer future, we need a diverse mix of people, perspectives and skills, coupled with a culture where every colleague feels valued and able to achieve their full potential. This allows for different thoughts and ideas to come together and drive the energy transition forward in a way that leaves no one behind.

Towards this in 2021, our leadership team shared an open letter with colleagues that set out our plan for attracting, promoting and retaining more diverse talent. Since then, we have made steady progress with improvements across our goals of up to 6% since 2021 and 3% during 2024 (see page 289).

With better recruitment and retention practices providing an initial boost to many of our diversity goals in the early years, our progress continues to improve as we shift focus towards initiatives that build a more inclusive culture. We recognise that cultural change does, however, take time and we will need time to deliver systemic change across our business, sector, and society.

Boosting the representation of women in engineering is a particular challenge and focus area for us, given our large Field engineering team reflects the existing male-dominated market. This impacts our overall gender performance which would otherwise be on track. Meanwhile, growing disability representation and senior ethnic diversity are also areas for improvement.

We took decisive action in 2024 to grow a more inclusive team. This included:

- Further embedding tailored Diversity, Equity and Inclusion (DE&I) Action Plans and dashboards for each business, with progress reviewed quarterly to drive improvement and accountability;
- Launching new and improved campaigns like #EveryColleagueCounts and #ThisIsMe, to help every colleague feel valued, included and able to share who they are so that we can better support them and more accurately track progress towards our goals;

Wider gender breakdown[(3)]

	2024		2023	
	Women	**Men**	Women	Men
Board	**45% (5)**	**55% (6)**	42% (5)	58% (7)
Senior executives and direct reports	**32% (23)**	**68% (49)**	34% (27)	66% (52)
Senior leaders	**34% (149)**	**66% (289)**	32% (136)	68% (287)
All company	**31% (6,425)**	**69% (14,613)**	30% (6,221)	70% (14,398)

(3) Relates to everyone who works for Centrica. Total headcount differs from elsewhere in the report as Spirit Energy are not included above. See page 91 for more on Board diversity.

- Enabling opportunities for everyone to succeed by rolling-out training for all managers to empower themselves and their teams, providing targeted talent development programmes for colleagues from under-represented groups, and continuing to embed succession planning as well as diverse shortlists for senior leaders;
- Inspiring more women into engineering through our award-winning apprenticeship programme (see Goal 2) whilst cultivating a more supportive environment through education to improve workplace behaviour and strengthening mentoring alongside networking opportunities; and
- Launching a Great Minds programme that is helping to normalise and support neurodiverse colleagues through enhanced education and tools.

Through these activities and more (see pages 54 to 57), we've received external recognition. This includes earning a place in The Times Top 50 Employers for Gender Equality for the third year running.

In 2024, we'll continue to embed our DE&I Action Plans and grow inclusion and disclosure, with a particular focus on improving the representation of colleagues who are women, have a disability or are ethnically diverse.

I'm so pleased to now be a fully qualified engineer, which gives me a solid trade and security for my family. I love that British Gas actively target women to become engineers and I do whatever I can to help more women see it's a career they can do too."

Faye Lackey, Smart Energy Engineer

To provide the best service for our customers and achieve net zero, we need to create thousands of high-quality jobs. As a next step, we've committed to hire an apprentice every day this decade across a variety of roles – from engineering to customer service. This presents a significant opportunity to tap into the talent of under-represented groups to create a future that is greener and more inclusive.

In 2024, we welcomed 339 apprentices to our team. Cumulatively since 2021, this tallies to 1,537 apprentices. Despite having doubled our annual apprenticeship intake this year, our decision to slow recruitment and refocus efforts on providing operational stability during the energy crisis in 2023, means that we remain slightly behind where we had hoped to be.

2024 did, however, enable us to make positive progress in getting back on track with our goal whilst bringing more diverse talent into our business. Our progress against our ambition for women to make up 50% of our Field engineering apprentices, increased from 14% to 19% during 2023-24. This is much higher than the national gas engineer average of 0.3% women. We also continued to make steady progress via our Ex-Forces Pathway Programme. Against our rolling ambition of hiring 500 veterans, reservists, spouses and partners, we have now onboarded 389 people since it launched in 2022.

Thanks to our partnership with Team GB and ParalympicsGB, we have now extended the Pathway programme to include athletes.

In 2025, we look forward to onboarding more diverse talent. We will do this by continuing to break down stereotypes and promote greater inclusion through recruitment, marketing and volunteering campaigns for engineers and wider roles, as well as build a more inclusive team (see Goal 1).

We channel the passion of our people to create inclusive communities, because this is the foundation for a more sustainable future. Volunteering not only strengthens connections with local communities but enhances skills and engagement, driving meaningful impact for everyone.

Since the goal was set, volunteering has become a big part of our culture with over a quarter of colleagues now being an active volunteer. This has helped volunteering go from strength-to-strength with colleagues donating 10,683, days during 2024 which is 37% more than the previous year. With cumulative progress reaching 31,639 days since 2019, we are firmly on track with our goal to give 100,000 days to local communities by the end of 2030.

One of the ways this has been achieved is through The Big Difference, our local community initiative that inspires colleagues to get involved in local causes they care deeply about – whether running energy support sessions at Post Office Pop-Ups for those struggling with their energy bills, or inspiring the next generation to make greener choices via

our Get Set for Positive Energy schools programme via partnership with Team GB and ParalympicsGB.

There is a big step up needed to reach our 2030 goal. We will maintain momentum by continuing to expand volunteering opportunities and embed annual targets in team plans.

Alongside volunteering, we support communities with donations and fundraising in three key areas:

- Helping people with their energy today;
- Building a more sustainable energy future for tomorrow; and
- Making a big difference in our local communities every day.

Towards these causes, we invested nearly £602m in community contributions during 2024[1]. A substantial part of this spend goes towards helping customers and communities who struggle to pay their energy bills. With fuel poverty on the rise as energy and living costs have increased in recent years, support like this has never been more important.

That is why during the peak of the energy crisis in 2022-23, we voluntarily created our £140m energy support package. This has enabled us to continue to be there for the growing number of people who have needed a helping hand during 2024. The package of support is mainly distributed via British Gas for residential and business customers through initiatives like 'You Pay: We Pay' (see page 17), alongside dedicated charity partners like the British Gas Energy Trust in the UK as well as St. Vincent de Paul and the Money Advice and Budgeting Service in Ireland. Collaboration with charities like these, is key to ensuring support is provided in the heart of communities and reaches those with the greatest social need.

Our voluntary energy support package is on top of the hundreds of millions of pounds we spend on wider industry initiatives each year. These include initiatives to help people with their energy costs and emissions such as the Warm Home Discount and Energy Company Obligation (ECO).

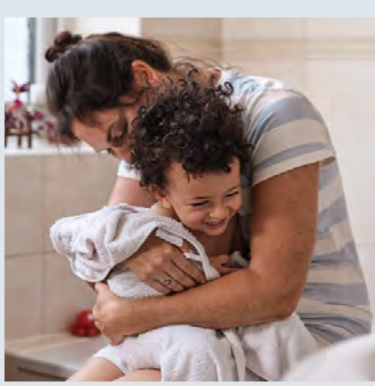
We continue to engage with Ofgem on the ongoing investigation regarding the installation of prepayment meters under warrant.

Read more about our consumer and community support on pages 4 to 5

Some of the ways we made a difference during 2024

20 years

The British Gas Energy Trust marked its 20th year – during this time, the Trust has helped over 700,000 people facing fuel poverty by providing energy advice and grants directly and via the funding of more than 40 organisations like Citizens Advice and Scope, to ensure support for those who need it most.



£140m

Our energy support package for customers and communities, continues to be the largest voluntary support package ever provided by an energy company in the UK and Ireland, comprising of around £134m in the UK and €8m in Ireland.

9

New community organisations helped on their journey to net zero through our Energy for Tomorrow social impact fund, which has an annual budget of up to £600,000 and has supported 44 initiatives to date.

~800

Good causes supported via The Big Difference, our £2m local community fund which has helped a range of organisations – from hospices and food banks, to schools and conservation projects.

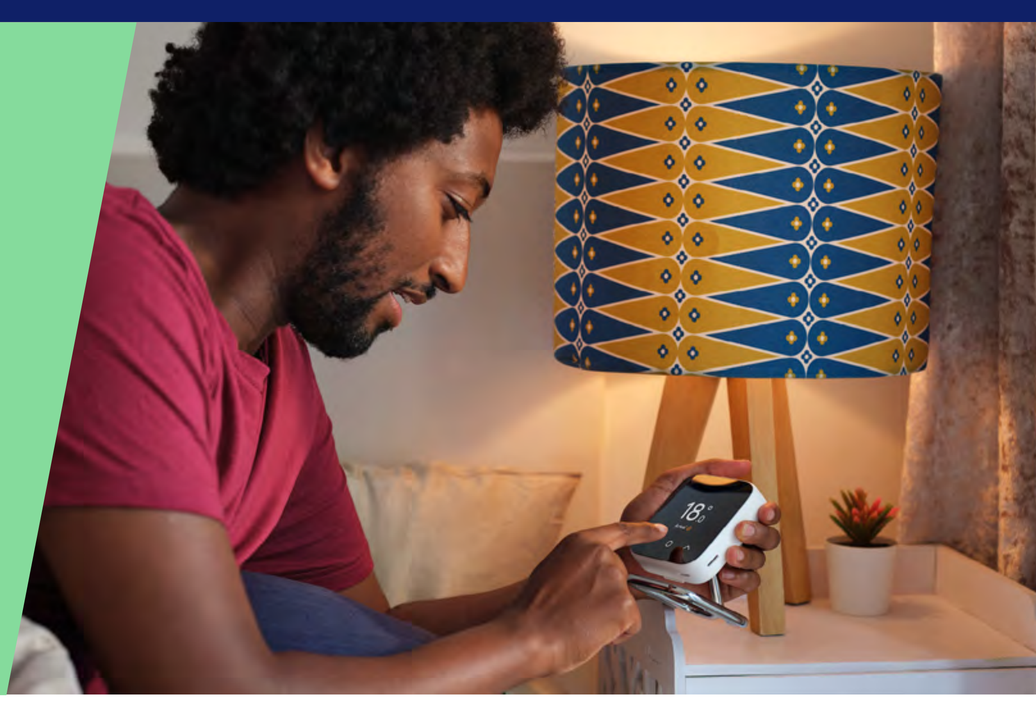
>€550,000

Donated as part of Bord Gáis Energy's €4.4m partnership with Focus Ireland, enabling more than 8,500 families at risk of or experiencing homelessness to be helped since 2015.

(1) Comprises £596.8m in mandatory and £1.4m in voluntary contributions to support vulnerable customers and communities which includes the Warm Home Discount and ECO amongst others, alongside £3.6m in charitable donations. See more on page 291.

Planet

Supporting every customer to live more sustainably.



Goal 4

By 2050, we want to:

Help our customers be net zero (28% greenhouse gas intensity reduction by the end of 2030)[1]

2024

Progress against goals:
On track Behind

Reduction	6%†

† Included in DNV's independent limited assurance report. See page289 or centrica.com/assurance for more.

(1) Net zero goal measures the greenhouse gas (GHG) intensity of our customers' energy use including electricity and gas with a 2019 base year of 182gCO_2e/kWh. Target is normalised to reflect acquisitions and divestments in line with changes in Group customer base. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century.

The biggest thing we can do to tackle climate change, is to help our customers transition to lower carbon and sustainable energy use. This is because around 90% of our total GHG emissions (Scope 1, 2 and 3), arise from the gas and electricity used by customers (Scope 3).

During 2024, our energy, services and solutions helped reduce the GHG intensity of our customers' energy use by 6% against the 2019 base year.

Savings achieved since 2019 were predominantly driven by our renewable and low carbon energy tariffs alongside energy efficiency and optimisation solutions like heat pumps and our Hive smart thermostats. Performance was down on the 9% reduction achieved last year[2]. This was largely as a result of the zero carbon content of our reported electricity fuel mix having dropped from 80% to 77%, although it remains much higher than the UK national average of 56%. We are slightly behind our goal glidepath but remain on track to achieve our mid and long-term net zero goals.

Customers were helped to decarbonise their power, heat and transport in many ways during the year. For example, we:

- Enabled a route-to-market for 16.7GW of renewable and flexible capacity under management – of this, around 80% is renewable and is enough to power 31m electric vehicles (EVs) on the road;
- Evolved market-leading capability to make low carbon technology more affordable and accessible having added solar to the range of solutions that can be optimised via the Hive home energy management system, whilst providing price and performance guarantees for heat pumps and EV charging. These initiatives support greater adoption, demonstrated by our cumulative sales reaching more than 6,000 heat pumps across the able to pay market and via ECO, alongside over 46,000 charging points sold; and
- Empowered more customers to cut carbon and cost by shifting energy use away from peak demand to reduce pressure on the grid – we now have almost 800,000 customers benefitting from the PeakSave in the UK.

I'm mindful of the energy I use and the effect this has on the planet. This is a great way to reduce usage and save money at the same time. I feel I am doing my bit for the environment."

A customer signed up to PeakSave

450k homes

Equivalent annual emissions saved from our energy, services and solutions 2019-24.

(2) Restated due to availability of improved data.

To support our green and standard tariffs, we continued to purchase and trade energy certificates including Renewable Energy Guarantees of Origin and Nuclear Declarations. Whilst recent studies have highlighted the possibility that certificates do not sufficiently encourage the development of renewable or zero carbon power generation that is needed for net zero, we believe certificates have been crucial in developing and marketing new renewable and low carbon energy tariffs. After consulting with various stakeholders and evaluating their feedback, we have decided to maintain the purchase of certificates. We have developed an internal framework to ensure quality and value for customers. We will keep stakeholders up-to-date on any changes to our approach.

In the meantime as set out in our Climate Transition Plan (see page 73), we will continue to help customers reduce their emissions through energy efficiency and optimisation services alongside low carbon technologies and cleaner energy.

Goal 5

By 2040, we want to:

Be a net zero business (50% GHG reduction by the end of 2032)[(1)]

2024

Progress against goals:
On track | Behind

Reduction	18%

(1) Net zero goal measures Scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary. Comprises emissions from all operated assets and activities including the shipping of Liquefied Natural Gas (LNG) alongside the retained Spirit Energy assets in the UK and the Netherlands. Non-operated nuclear emissions are excluded. Target is normalised to reflect acquisitions and divestments in line with changes in Group structure against a 2019 base year of 2,120,446mtCO_2e. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by 2040.

Since we launched this goal in 2021, our transition plans for major assets have progressed significantly as we work on strategies to decarbonise or repurpose them. Following publication of our updated Climate Transition Plan at the start of 2025, we have bought forward our net zero target from 2045 to 2040 – a whole decade ahead of the widely accepted point at which net zero must be achieved. To help us get there, we have likewise advanced our interim milestone to reduce our GHG emissions by 40% by the end of 2034, to 50% by the end of 2032.

Towards this in 2024, we achieved an 18% reduction in emissions against our 2019 base year, which is broadly on track with our goal. This was, however, down on the 21% reduction achieved in 2023 due to security of supply driving an increase in gas-fired power generation at our Whitegate power station and rapid-response peaking plants, alongside increased activity across our gas production and storage assets. Meanwhile, sustainable savings were secured via the gradual roll-out of our EV road fleet and across our property portfolio where lower occupancy was driven by FlexFirst. FlexFirst is our flexible approach to working which enables colleagues to choose when they want to work from home or come into the office.

Although we are currently on track with our glidepath for net zero, our journey there will not be a linear one. This is because as a leading supplier of energy in the UK and Ireland, we have a responsibility to ensure consumers have the energy they need. So as we invested in renewable and low carbon capacity during 2024, we also continued to invest in additional LNG and gas supplies, including the construction at two new 100MW peaking gas-fired power plants in Ireland alongside a 40MW peaking plant in Wales – all of which are expected to come online in 2025. Whilst these investments play a pivotal role in securing an affordable supply of energy to safeguard from geopolitical shocks and increased intermittency as more renewables come online, they mean that our own emissions will likely rise from 2025 before coming back down again from 2029.

With general consensus being that gas will be essential during the energy transition until at least the mid-2030s, our action is in line with what is needed, although it does make our pathway to net zero more complex in the short term. All of our gas peaking plants are, however, capable of running with hydrogen when it is available.

Alongside these activities, we will continue to drive emissions out of our wider business and identify opportunities wherever possible to support the adoption of lower carbon energy for customers via our Climate Transition Plan – from supplying renewable and zero carbon power in the UK and Ireland by 2030, to exploring the role Rough could play in becoming the world's leading hydrogen storage facility as we aim for net zero gas storage operations by 2035 (see page 73).

~70%

Our gross GHG emissions reduction over the last decade[(2)] – achieved by gradually pivoting away from a carbon intensive asset portfolio, to become an integrated energy company focused on investing in low carbon and transition infrastructure alongside services and solutions that energise a greener, fairer future.

>50%

Total investment in green activities planned between 2023-28 via our green-focused investment strategy – a big step up from less than 5% back in 2019.

-5 years

Accelerated our plan to be a net zero business by five years – we now expect to achieve net zero by the end of 2040 instead of 2045.

(2) Represents our gross reductions. This differs from our net zero goal which is normalised for acquisitions and divestments against the base year.

Our foundations

Our People & Planet Plan is underpinned by strong foundations to ensure we act fairly and ethically.

Customers

We have made meaningful progress in providing a stronger customer service. Continued investment in engineer training and contact centre roles alongside customer service systems, resulted in better customer outcomes compared to 2023. In British Gas Services & Solutions, improved reschedule rates helped contribute to Services Engineer Net Performance Score (NPS) rising by 2 points to +73 and complaints per customer falling by 12% to 5.3%. In British Gas Energy, the majority of residential customers have now been migrated to the new service platform, contributing to Residential energy Touchpoint NPS improving by 12 points to +29. Residential complaints per customer also reduced by 24% to 10.1%. Meanwhile in Bord Gáis Energy, continued focus on customer service has helped to almost halve the number of complaints per customer to 0.9% and double Journey NPS to +36. Reduced commodity prices and continued focus on delivering high levels of customer service in Centrica Business Solutions, additionally meant that energy supply complaints per site improved by 20% to 2.4%. This positively influenced our Energy Supply Touchpoint NPS, which rose 12 points to +37.

See more on pages 33 to 35

In recognition that energy bills remained a real worry for customers, we prioritised ongoing support during 2024. This included launching 'You Pay: We Pay' initiative which commits us to match energy payments from struggling customers, with funding from our £140m energy support package created during 2022-23.

See more on page 61

Colleagues

We want colleagues to feel safe, engaged and rewarded. Towards this in 2024, we experienced zero fatalities among our workforce whilst our total recordable injury frequency rate continued to improve by 25% to 0.63 per 200,000 hours worked (see page 39). We did, however, have one Tier 1 process safety event following a hydrocarbon release at Spirit Energy's Seven Seas well which thankfully resulted in no serious injuries. In 2025, we will continue to focus on keeping safety front-of-mind by reinforcing a strong safety culture, with a particular focus on preventing unplanned hydrocarbon releases and contractor management, as well as gas, electrical and road safety. Alongside physical health, we provide leading mental health and wellbeing support for colleagues. We ran all-employee campaigns that talked about the importance of mental health and wellbeing whilst encouraging proactive use of our support suite – from a company-funded benefit

healthcare plan for all and a wellbeing app, to our 120-strong network of mental health first aiders and a generous Colleague Support Foundation which provides money advice and grants to anyone struggling with the cost of living crisis. The Foundation has so far distributed around £150,000 to colleagues since it launched mid-2023. For the third year running, the investor group CCLA, ranked us as a UK leader for our approach and disclosure on mental health.

Focus was also maintained on fair reward practices – whether that's paying at least the Real Living Wage in the UK and upholding equal pay (see page 57), or working to reduce pay gaps. Our UK gender pay gap remains largely driven by more men working in higher paid jobs like engineering, and more women working in valued but lower paid roles like customer service. Our median gender pay gap improved by 1% to 13% during 2023-24. Likewise, our ethnicity pay gap which we publish voluntarily and is due to similar factors as the gender pay gap, improved by 4% to 7% median. We remain committed to reducing our pay gaps over time as we work to transform our business, sector and society (see pages 59 to 60).

Inclusive and proactive action like this, is important to colleague engagement. By the end of 2024, our engagement score improved by 0.4 points to 8.1 out of 10. Our goal was to achieve top quartile performance for our sector in 2024, and we achieved this. Gains were driven by our recognition and investment in colleagues as we seek to provide an inclusive and fulfilling place to work, alongside galvanising a stronger belief in our strategy and new Purpose.

With engagement being fundamental to our productivity and success, we want to maintain our current high engagement levels in 2025 by continuing to connect colleagues with our strategy and Purpose whilst creating an inspiring and inclusive workplace that empowers us all to go further and faster.

Communities and ethics

Our Code and Values set out the standards we expect for anyone who works for us or with us. Together, they enable us to operate with integrity and in a mutually beneficial way with our communities.

At the core of Our Code, is our commitment to uphold and protect human rights. Consequently, we take action to ensure colleagues and workers in our supply chain are safeguarded through activities like risk-based training and ongoing due diligence, alongside monitoring of supplier selection and renewal. If suppliers receive a high risk rating relating to the country where they operate or the products/services provided, we consider appropriate action which may involve conducting a third-party audit to better understand the level of risk. Where concerns are identified, we work with suppliers to raise standards. If suppliers cannot or will not improve, we may end the relationship and report any abuse. In 2024, we continued to ramp-up our audit programme by conducting 27 on-the-ground site inspections alongside remote worker surveys. The audits spanned workwear as well as the manufacturing of solar panels, battery systems, smart meters and wider electrical products across Cambodia, China, Greece, India, Morocco, Poland, Serbia, Turkey and the UK. Whilst we have not identified any specific instances of modern slavery, 191 improvement opportunities were agreed with suppliers to raise standards across labour as well as health and safety practices. The majority of actions have been completed with the remainder set to finalise during 2025. As part of our due diligence and monitoring across supplier selection and contract renewal, we also ensured compliance with sanctions on Russia.

Clear guidance on bribery and corruption is provided via Our Code. We prohibit any improper payments, including facilitation payments regardless of value or jurisdiction, and exchange gifts and hospitality responsibly by declaring them on a register. Anti-bribery training is also provided for higher risk roles and our Financial Crime team run third-party risk management screening. A register is used to record and manage potential or actual conflicts of interest.

During 2024, 99% of colleagues completed annual training on Our Code and confirmed they would uphold its principles. If anyone suspects Our Code is being contravened, a confidential 24/7 Speak Up phone and online helpline is provided. In 2024, 315 reports were received via Speak Up alongside 215 grievances raised directly with HR. This resulted in 2.33 reports of concern per 100 colleagues which is higher than the external benchmark of 1.57, demonstrating that colleagues feel safe to speak up. As with 2023, reports mainly related to interpersonal relations. Each report is investigated, with periodic monitoring by the Board and its Committees, including at the Audit and Risk Committee three times a year.

Read more about our Modern Slavery Statement at **centrica.com/modernslavery**

Environment

Beyond climate change, monitoring and managing our wider environmental impact is important. In 2024, our water consumption increased by 6% to 357,260m^3, due mainly to increased operation of Whitegate power station. Meanwhile, waste increased by 10% to 16,651 tonnes. This was largely due to the repurposing of our site at Brigg as we progress our plans for net zero (see page 71).

Non-Financial and Sustainability Information Statement

In line with the Non-Financial Reporting Directive and Companies Act 2006, we have set out where the relevant information we need to report against can be located.

This includes an explanation of the relevant Group policies which relate to the stated matters below, together with an overall summary of their effectiveness, including specific examples of how the policies are implemented alongside due diligence processes conducted and associated outcomes.

Reporting requirement	*Section*
Business model	**Business overview and Our strategic value drivers –** Pages 14 to 15 and 18 to 25
Reporting requirement and policy position Our Code sets out our position on key issues by providing a high-level summary of key policies that form the foundation for how we do business. Read more at **centrica.com/ourcode**	**Due diligence and outcome**
Colleagues Our policy states that we work collaboratively to create a workplace that has a respectful and inclusive culture whilst offering fair reward and recognition. We're also committed to working safely and provide proactive support to ensure colleagues' health and wellbeing.	• Chair's statement – Page 5 • Group Chief Executive's statement – Pages 8 and 10 • Our stakeholders – Page 12 • Our Principal Risks and uncertainties: Political, legal, regulatory or ethical intervention/compliance. People, Safety, Cyber and Operational asset integrity – Pages 45 and 48 to 51 • Group Chief People Officer's report – Pages 54 to 57 • People and Planet – Pages 59 to 61 and 64 to 65 • Key performance indicators (KPIs) – Pages 39, 59 to 61, 64 to 65 and 289 to 291
Environmental matters This policy sets out that we endeavour to understand, manage and reduce our environmental impact. Towards this, we will play our part in the transition to net zero.	• Chair's statement – Page 6 • Group Chief Executive's statement – Page 9 • Our stakeholders – Pages 12 to 13 • Business overview, Market trends and Our strategic value drivers – Pages 14 to 19, 21 and 23 to 25 • Business review – Pages 33 to 37 • Our Principal Risks and uncertainties: Energy market, Energy transition and Government intervention, Weather, Political, legal, regulatory or ethical intervention/compliance, Climate change, Customer, People and Operational asset integrity – Pages 41 to 42, 44 to 48 and 51 • People and Planet including TCFD – Pages 62 to 63, 65 and 67 to 77 • KPIs – Pages 33 to 38, 62 to 63, 65, 75 to 76, 289 and 291
Social matters Our policy states that we will treat all of our customers fairly. As part of this, we strive to provide services and solutions that meet their needs as well as care for customers who need extra support. We also want to make a big difference by helping to create more inclusive and sustainable communities. We partner with community and charity organisations on key issues and inspire colleagues to volunteer and fundraise.	• Chair's statement – Pages 4 to 5 • Group Chief Executive's statement – Pages 9 and 10 • Our stakeholders – Pages 12 to 13 • Business overview, Market trends and Our strategic value drivers – Pages 14 to 25 • Business review – Pages 33 to 35 • Our Principal Risks and uncertainties: Cost of living and fuel poverty, Technology adoption, Political, legal, regulatory or ethical intervention/compliance, Customer and Cyber – Pages 41 to 42, 45, 47 and 50 • People and Planet – Pages 60 to 65 • KPIs – Pages 33 to 35, 39, 60 to 65 and 289 to 291
Human rights Our commitment to human rights ensures that wherever we work in the world, we respect and uphold the fundamental human rights and freedoms of everyone who works for us or with us.	• Our stakeholders – Page 13 • Our Principal Risks and uncertainties: Political, legal, regulatory or ethical intervention/compliance and Safety – Pages 45 and 49 • People and Planet – Page 65 • KPIs – Pages 65 and 291
Anti-bribery and corruption Our policy commits us to working with integrity, within the laws and regulations of all the countries in which we operate and in accordance with recognised international standards. This includes not offering or accepting bribes or other corrupt practices. We will not tolerate any form of bribery or corruption from suppliers or others.	• Our Principal Risks and uncertainties: Political, legal, regulatory or ethical intervention/compliance – Page 45 • People and Planet – Page 65 • Based on materiality, KPIs specific to anti-bribery and corruption are not reported externally

Task Force on Climate-related Financial Disclosures

As an energy, services and solutions company, we have a pivotal role in helping our customers, communities and our business get to net zero.

It is therefore important that we robustly manage and report on the impacts, risks, opportunities and plans related to climate change across our business (see our Business overview on pages 14 to 15). That is why since 2020, we have structured our reporting around the recommendations set out in the Task Force on Climate-related Financial Disclosures (TCFD) (see page 77). We have achieved full compliance with TCFD since it was introduced as a reporting requirement in 2022 and every year thereafter, we have endeavoured to improve our disclosure against the reporting requirements. This ensures we stay aligned with evolving best practice and stakeholder expectations. We believe increased transparency via the TCFD drives greater insight and action, which is essential to advance net zero.

Governance

With our Purpose and strategy focused on energising a greener, fairer future, climate change is a key issue for the Board. From the top to the bottom of our business, governance is embedded across the full breadth of our activities with the Board supported in its duty to oversee climate-related matters via a series of Board-level and executive-level committees (see diagram on page 68). In 2024, climate matters were reviewed by the Board and its Committees at a number of meetings including at all three meetings of the Safety, Environment and Sustainability Committee (SESC) as well as via the Board Strategy and Shape Process.

The Board's effectiveness in overseeing climate change matters and undertaking regular related engagement with stakeholders like investors, government and regulators, is dependent on having the collective capability needed. To assess capability, the Board has 'climate change and sustainability' as one of the criteria used in the Skills Matrix, spanning climate science, climate risk and mitigation, alongside evolving stakeholder expectations.

Following a review in 2024, 60% of the Board were identified as having these competencies, which enables us to effectively govern climate matters (see pages 85 to 89). We will aim to build on the collective expertise of the Board in this area as the energy transition progresses. To nurture capability during the year, net zero was a core theme for the Board training programme. They underwent deep-dive sessions run by internal and external experts on issues including stakeholder expectations on climate change and emerging Environment, Social and Governance (ESG) regulation, as well as Centrica's refreshed Climate Transition Plan. Regular updates from management on progress against climate targets alongside related risks and opportunities tabled at Committee meetings, also helped to upskill the Board, SESC and wider Centrica Leadership Team.

Effectiveness in tackling climate change and furthering our journey to net zero, is incorporated in our remuneration scheme for Executive Directors and wider colleagues (see pages 116 to 147). Climate change targets and Climate Ambitions are one of 14 key performance indicators included, with a combined weight of 37.5% in determining awards.

Remuneration is managed via two schemes:

- The Annual Incentive Plan (AIP) which has targets and weightings allocated annually by the Remuneration Committee; and
- The Restricted Share Plan (RSP) which has a three-year vesting period and a two-year holding period, with the Committee making decisions on targets and performance subject to a performance underpin. This ensures consideration of matters such as sanctions, fines and/or a major incident alongside the overall progress achieved against in scope KPIs. The first vesting period is due at the end of 2024.

Listing rule compliance

We have complied with the requirements of UKLR 6.6.6R, by including climate-related financial disclosures that are consistent with the four TCFD pillars and the 11 recommended disclosures that are set out on page 77.

Our climate-related financial disclosures additionally comply with the requirements of the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Our approach to governance and disclosure is strongly influenced by the materiality of ESG matters which includes climate change. To understand what's important and what's not, we assess the impact of these issues on our stakeholders and our business. This involves undertaking research, engagement and applying our TCFD financial materiality thresholds. Through identification of our material issues in this way together with associated laws and regulations, management teams can ensure the necessary processes are in place to effectively measure, manage, mitigate and disclose. We know stakeholder expectations and the regulatory landscape continuously evolves, so we remain agile and adjust our approach accordingly.

A diagram of our climate governance

The Board

Has ultimate responsibility for climate change and delegates authority to its Committees

- Sets strategy for People and Planet matters
- Reviews strategic and financial planning to ensure integration of climate considerations in the transition to net zero
- Oversees progress against climate targets and ambitions whilst ensuring related risks and opportunities are effectively managed
- Approves annual reporting

- Chaired by Scott Wheway until Kevin O'Byrne took on the responsibility in mid-December 2024, with attendance including the Group Chief Executive who has overall accountability for climate change and regularly attends Committee meetings and chairs the Centrica Leadership Team meetings

Read more on pages 80 to 99

Challenge **Report**

Board Committees

Provide challenge and reviews updates from senior leaders, with outputs shared with the Board

Safety, Environment and Sustainability Committee (SESC)
- Meets three times a year and is primarily responsible for supporting the Board in overseeing climate change
- Assesses and approves proposals relating to net zero whilst monitoring progress on net zero targets, ambitions, risks and opportunities
- Reviews annual reporting and associated requirements like TCFD and CSRD
- Monitors stakeholder views including those on climate change
- Chaired by Heidi Mottram, Independent Non-Executive Director

Audit and Risk Committee (ARC)
- Meets quarterly
- Reviews mitigations related to Principal Risks, including those related to climate change
- Oversees and informs Group audits, financial statements and non-financial disclosures
- Chaired by Nathan Bostock, Independent Non-Executive Director

Remuneration Committee
- Meets four times a year
- Ensures Executive Directors are appropriately rewarded, with progress against the Climate Transition Plan considered as part of remuneration arrangements
- Chaired by Carol Arrowsmith, Independent Non-Executive Director

Nominations Committee
- Typically meets three times a year
- Ensures the Board and its Committees, have the appropriate balance of skills, knowledge and experience including on climate change, to effectively lead the Company
- Chaired by Kevin O'Byrne, Chair of the Company

Read more on pages 100 to 147

Challenge **Report**

Centrica Leadership Team (CLT)

Ensure ongoing oversight and challenge on climate strategy

As frequently as needed at the 11 meetings held each year which are chaired by the Group Chief Executive, the CLT monitors, assesses and informs progress and plans relating to net zero targets and ambitions as well as Principal Risks and opportunities.

At meetings of the Centrica Investment Committee, a sub-committee of the CLT, investment opportunities are reviewed with regard to the impact they may have on delivering net zero.

Challenge **Report**

Sub-groups

Support leadership on integrating climate change into strategy

TCFD working group
Ongoing engagement led by Group Environment alongside Strategy, Risk, Finance and Reward, to fulfil mandated reporting requirements and embed climate strategy Group-wide[(1)]

Group Enterprise Risk and Controls Review
Chaired by the Group Chief Risk Officer with business unit Managing Directors and Chief Financial Officers in attendance, they review Priority Risks and opportunities alongside controls quarterly

Read more on pages 40 to 53

Challenge **Report**

Business units

Follow and provide feedback on climate strategy

Managers and teams
Operationalise climate change considerations in line with Group strategy

Risk owners
Identify, assess and mitigate climate risks and opportunities

(1) Group Head of Environment develops and socialises climate change strategy and progress, whilst co-ordinating and influencing related activities. Director of Group Corporate Business Strategy embeds climate change into our strategic planning and investment frameworks. Group Programme Director for Enterprise Risk Management (ERM) integrates climate risk and opportunities into the ERM Framework. The Head of Accounting, Reporting and Tax supports the business to understand the financial impacts of net zero. The Director of Reward and Benefits integrates ESG targets into remuneration frameworks.

Strategy

In line with best practice, we usually conduct a full update on our scenario analysis every three years, unless there has been a material change to our business. As no material changes arose during 2024, our 2022 assessment remains fit for purpose for another year until the assessment is re-run in 2025. We did, however, make some updates to the assessment in both 2023 and 2024, which are accordingly outlined in our disclosure.

In our existing assessment, we tested our strategic resilience to climate change using ten independent climate scenarios. The scenarios are most relevant to national climate targets, as well as our business and the key markets in which we operate across the UK and Ireland.

As a next step, we used our in-house scenario analysis model to assess the various plausible pathways relating to global warming ranging from between 1.5°C to 4°C[1], together with the potential positive and negative impact of each on our key areas of business which takes into account the technological dependencies of each scenario, together with our organisational dependencies and our ability to adjust operations to meet demand. Our model then projects impact on our services, solutions and assets based on the relevant external scenario, whilst maintaining our market share and unit margin at a consistent level. This allows for calculation of the potential growth or shrinkage of gross margin (GM) at a Group and business level out to 2050 - the widely accepted date at which the world should meet net zero.

Acknowledging the passage of time since our first publication, we updated our short, medium and long-term time horizon intervals in 2024. We rolled forward our short and medium time horizon intervals by one year to 2029 and 2039, whilst keeping 2050 static. These time horizons align better with our latest strategic business plan, our updated Climate Transition Plan and our associated net zero targets, whilst also encompassing the expected lifetime of the vast majority of our assets and the materialisation of key potential transitional risks and opportunities.

As we continue to shift our reported timeframes further out whilst keeping our base year static, our analysis naturally shows a greater impact as the scenarios accelerate towards achieving net zero by 2050. For example, as time progresses we see a more material opportunity for the growth of renewable energy, with solar and battery markets expected to be more established by 2029 in a 1.5°C world.

We do, however, recognise that scenarios extending this far out into the future are subject to significant uncertainties and carry material dependencies, which should be considered when reviewing insights. Other critical assumptions such as policy and technology pathways, remain aligned with the independent scenarios used for the analysis.

Scenarios used:

- **Transitional impacts –** Assessed using four different scenarios from the National Grid Future Energy Scenarios, where assumptions on energy demand, production and use cases are adjusted out to 2050. This enables more detailed modelling of potential impacts in the UK and Ireland at the individual product and commodity level, based on the level of demand for different types of fuel like hydrogen adoption or the scale-up of different types of technologies like EVs. We adapt the scenarios for the context in Ireland to reflect key differences like off-grid consumers making up a bigger proportion of customers.
- **Physical impacts –** Assessed using three different scenarios based on the Intergovernmental Panel on Climate Change Representative Concentration Pathways. The scenarios allow physical climate attributes to be modelled, such as temperature and sea level rise as well as flooding and extreme weather, across differing average temperature rises resulting from varying radiative forces.
- **Asset impairment –** Assessed using the International Energy Agency Net Zero Emissions scenario and Aurora Net Zero Mixed & High Renewable Energy Share scenarios, which model 1.5°C pathways to net zero for the energy sector. This allows us to model the potential impact on global and regional demand for different energy sources in response to different drivers, including carbon pricing. In turn, this affects commodity prices and the potential implications for the valuation of gas and power assets.

Net financial benefit

Our modelling suggests an overall net financial benefit for Centrica across all climate scenarios assessed.

The outcome of our scenario analysis (see page 72), revealed that across the various scenarios, we are well-placed to mitigate the risks and seize the opportunities presented by climate change. For example, if global temperature increase is limited to 1.5°C, we project a net positive financial impact ranging from 5% to over 10% compared to our GM. And should temperature rise be limited to 2°C, our analysis reveals a net financial gain of more than 10% against our GM.

This is attributed to our unique position as an integrated energy company, with leading roles at every stage of the energy value chain. As part of this, our business model has been designed for resilience, enabling us to adapt to the evolving demands of the energy transition regardless of the pace of change. However, in any given scenario, the potential for risks to manifest is subject to uncertainty, as are the opportunities and our ability to pivot and capitalise on them.

Looking at our findings, we can identify which parts of our business are potentially exposed to which types of risks and opportunities. These risks and opportunities typically span those that are transitional or physical. The potential transitional risks and opportunities facing our business include those relating to policy and regulatory changes. These risks and opportunities vary in impact, ranging from 'low' to 'high' in significance over the longer term.

(1) Climate scenario global warming measured out to 2100.

The key transitional risks for British Gas and Bord Gáis Energy relate to the gradual phase-out of natural gas in heating. Although gas remains an essential transition fuel until the mid-term, its phase-out could stimulate a shift in the range of energy, services and solutions offered to customers. In the short term, however, the most recent external scenarios suggest a more gradual phase-out than previously imagined, which limits risk.

We are confident that we will be able to pursue the opportunities created by the energy transition. This is because we believe we have the necessary systems and capabilities needed to transition from the trading and sale of gas and electricity today, to the trading and sale of electricity and hydrogen tomorrow.

Towards this, we have already enhanced our strategic resilience by structurally altering our business model to establish leading market positions in low carbon solutions. This includes launching an internal business unit in 2023 called New Business and Net Zero, which is dedicated to delivering low carbon offerings to residential customers that will drive carbon reductions and cost savings like heat pump price and performance guarantees, alongside flexible time-of-use tariffs (see page 62). In 2024 we also launched a new internal business unit called Centrica Power, to develop a comprehensive power strategy that will support the energy transition through its heightened focus on building a portfolio of flexible and low carbon power solutions. Previously managed within other business units, this new structure allows for greater focus and funding to capitalise on the significant opportunities within the power sector which our scenario analysis highlights. Meanwhile, Centrica Business Solutions was created several years ago to specialise in providing bespoke net zero action plans for large-scale energy users and encouraging their adoption of low carbon solutions, whilst offering some fossil-based solutions at the same time.

We have also started to evolve the skills of our market-leading engineering team. Although our engineers are largely focused on installing gas heating solutions today, they can be upskilled to deliver new services and solutions via our award-winning network of training academies which have capacity to train over 500 people a day. And by 2030, it's our ambition to have 3,000 engineers in the UK and Ireland equipped with green skills. This will enable us to meet the expected rise in demand for low carbon services and solutions whilst maintaining existing needs as the transition deepens.

Most of our modelled opportunities are in areas where we have a strong market presence and relatively mature technologies, such as EVs, heat pumps, solar and battery storage. We are continuously evolving to ensure we can capitalise on these opportunities.

Clean hydrogen for heating is the only high-impact opportunity we have identified that relies on emerging technology, and may consequently be harder to harness. We have therefore taken proactive action to invest in hydrogen research and development opportunities – from securing a 5% minority stake in HiiROC and working with them to blend hydrogen at our Brigg energy park in a first-of-its kind trial in the UK, to exploring the transformation of Rough storage facility to become the biggest hydrogen store in the world whilst enabling fuel switching to hydrogen at our Easington Terminal.

Our scenario analysis also reviewed physical risks. These spanned risks relating to extreme weather such as increased wave height or chronic physical risks like those associated with longer-term shifts in climate patterns, which can lead to sea level rise or sustained heatwaves. Across both types of risk, focus centred on our energy assets in Centrica Business Solutions, Centrica Energy Storage+ and Spirit Energy. This is because the type of activities undertaken at assets, are generally more vulnerable to physical risks. In 2024, we refreshed our sea level analysis to reflect changes in the UK Met Office scenarios. We found minimal changes in the output which showed that due to the substantial height of our platforms, the risk remains minimal, even in the more extreme scenarios. No new sites or assets were added to our portfolio in 2024 so the analysis from prior year remained valid.

Overall, our analysis showed that our exposure to physical acute risks are 'low' in significance in both the near and longer term. Similar to 2023, our only potential 'medium' risk arose from a physical chronic risk, in which a rise in mean temperature with an extreme >4°C warming future by 2050, reduced energy demand for heating. This risk would, however, be partially offset by an increase in cooling demand. In doing so, many of the transitional risks are countered to provide a natural hedge for the Group.

Risk of asset impairment was refreshed in 2024 with analysis based on average price forecasts aligned with a 1.5°C scenario. Our most exposed assets were our gas production fields as well as our investment in nuclear. The impact on the value of our gas assets was relatively 'low' due to both existing impairment headroom and because the majority of fields are expected to have produced most of their reserves within the next five years. Our nuclear investment would be further impaired by around £97m given baseload power price scenarios slightly exceed net zero price forecasts (see note 7 to the financial statements). More detail on how the Directors considered the impact of climate risk and opportunities on the wider financial reporting judgements and estimates, are in note 3 to the financial statements.

We additionally see our supply chain risk as 'low' and effectively managed through ongoing dialogue with suppliers, defined hedging strategies and collaboration with counterparties. In 2023, we ran a targeted engagement campaign to better understand our supply chain risk exposure[1]. We found that the majority of our strategic and critical suppliers who responded, assessed their risk with many having resilience plans and utilising sophisticated scenario analysis.

As the energy transition progresses, all modelled scenarios involve significant disruption to our markets. We will therefore need to adapt to changes as they occur. Our assessment of the capital expenditure required to manage potential risks and opportunities, remains in line with our current plans and balance sheet.

Through the process, numerous opportunities for capital investment into new and existing assets and technologies have been identified. Through our green-focused investment strategy for instance, we aim to build investment to £600-800m per year between 2023-28, with over 50% of capital expenditure going into green projects. This is a big

(1) We surveyed our strategic and critical suppliers, who are long-term providers of essential goods and services, as well as some core suppliers. We received a 30% response rate. Of those who responded, 80% assessed their risk exposure with 60% using scenario analysis. One company reported a risk of disruption due to climate risk.

step up from less than 5% investment back in 2019, which reflects our commitment to move at pace in aligning our business model to net zero.

Action like this is critical to help meet our net zero targets and climate ambitions, including exploring longer-term optionality at assets for hydrogen storage and carbon capture and storage.

Our assessment of how climate-related issues may affect our business, is fully integrated into our annual strategic and financial planning process at a business unit and Group level. This process underpins how we are transitioning the Company towards a lower carbon future and helps shape critical decisions on energy, services and solutions. For example, growth plans for key opportunities are identified, with metrics and targets to determine whether performance is on track.

Furthermore, to deliver on our green finance climate ambition and ensure our investments are aligned with our long-term emissions reduction targets, we have developed and implemented a net zero guardrail for investment decisions. The Group Head of Environment is a member of the Centrica Investment Committee, and ahead of any financial investment decision, the Group Environment team reviews each proposal for potential impact. Where needed, investment propositions are escalated for a further net zero assessment which includes reviewing potential GHG emissions, the contribution of the investment towards system-wide decarbonisation, and categorisation as a 'green' investment according to our company framework.

An internal carbon price is also used to guide commercial decisions that support our Climate Transition Plan (see page 73).

Read more about our financial planning process in our CDP disclosure at **centrica.com/cdp24** and our Climate Transition Plan at **centrica.com/climatetransition**

Examples of how we progressed opportunities for a greener, fairer future during 2024

X2

Construction of a hydrogen-ready gas peaking plant got underway at Brigg energy park which will double capacity with fast response power assets totalling 100MW – capable of meeting the demand of 200,000 homes when supply from renewable generation is low. A 50MW battery store was also commissioned and is now generating revenue. Our longer-term ambition is for Brigg to become a commercial-scale hydrogen production site using HiiROC technology.

Swyft Energy

Kick-started the acquisition of leading solar PV provider to empower Bord Gáis Energy to deliver their target of 10,000 solar installations over the next five years across residential, commercial and agricultural sectors – this will enable customers to cut their electricity bills by 50-70% on average.

82MW

Delivered two battery energy storage solution projects in Belgium and commenced construction of two more in Sweden. These investments totalling 82MW alongside others, provide grid flexibility and ancillary services across the electricity market– deals like this strengthen our position as a leading provider of flexible energy solutions across Europe.

£2bn

Reviewed our position on Rough and we stand ready to invest up to £2bn to convert it into the world's largest storage facility subject to securing the necessary regulatory framework – we believe Rough is key to a sustainable energy transition and has potential to reduce energy costs by an additional £1 bn per year by 2050.

Summary of our most material risks and opportunities[1]

Impact on gross margin (GM)

0-5% (low) | 5-10% (medium) | >10% (high)

Climate-related trend and category	Potential impact	Scenario	Potential GM impact in the year 2029	2039	2050	Strategic response and resilience
Transition away from fossil fuelled heating (TCFD category: Transition – Policy, Markets and Technology)	**Risk:** Reduced GM from the sale and servicing of natural gas residential boilers and commercial combined heat and power (CHP) units	>2° C	low	low	medium	• Strategic aim to grow market share in heating installation and remain the market leader in heating solutions in the UK and Ireland • Installation of hydrogen-ready boilers and CHP
		1.5° C	low	high	high	
Growth in low carbon heating market (TCFD category: Transition – Policy, Markets and Technology)	**Opportunity:** Increased sales and servicing of electric and hydrogen fuelled heating systems, alongside associated opportunities in fabric upgrade including insulation	>2° C	low	medium	medium	• Heat pump business is ring-fenced within the New Business and Net Zero division, targeting 20,000 sales per year by 2030 with plans for further expansion • Insulation and retrofit opportunities pursued including via ECO
		1.5° C	medium	high	high	
Transition away from natural gas and energy efficiency (TCFD category: Transition – Policy, Markets and Technology)	**Risk:** Reduced GM from the sale of natural gas and energy efficiency	>2° C	low	low	high	• Strategic aim to grow customer numbers in UK and Ireland energy supply • Launch of innovative tariffs and add-ons to facilitate the transition
		1.5° C	medium	high	high	
Growth in low carbon heating market (TCFD category: Transition – Policy, Markets and Technology)	**Opportunity:** Increased sales of electricity and green or low carbon hydrogen	>2° C	medium	medium	high	• Systems and capabilities in place to pivot towards trading and selling hydrogen • Partnering in hydrogen production and use trials to grow capability and adoption
		1.5° C	medium	high	high	
Growth of EV transport market (TCFD category: Transition – Markets)	**Opportunity:** Access to new and growing value pools related to EV charging installations, operation and maintenance (O&M) alongside energy supply	>2° C	low	high	high	• EV charger sales and installations are a key component of the Hive business • Ambition to connect 5m Hive devices with solutions including EV charging by 2030
		1.5° C	low	high	high	
Growth in demand for renewable energy (TCFD category: Transition – Energy Source)	**Opportunity:** Strong growth in solar and battery markets driven by decarbonisation	>2° C	low	low	low	• Strategy to invest £600-800m per annum out to 2028, with a pipeline of renewable and flexible assets • Introducing services for 'behind the meter' solutions, including solar and battery systems • Power division created to focus on growing the generation business • Value derived from install, O&M and asset ownership
		1.5° C	low	medium	medium	
Rising mean temperatures (TCFD category: Physical Chronic)	**Risk:** Reduced sales of natural gas and electricity for heat	>2° C	low	low	medium	• Strategic aim to grow customer numbers in UK and Ireland energy supply • Heat pump business launched with material growth plans – can also provide cooling
		1.5° C	low	low	low	
Overall net impact for the Group	**Opportunity**	>2° C	high	high	high	• Analysis suggests an overall net financial benefit for the Group across all scenarios, based on our strategic plans, portfolio and capabilities
		1.5° C	medium	high	medium	

(1) Our financial scenario analysis is conducted every three years unless there is a material change to the business or external scenarios. Materiality above is therefore based on 2021 Group GM due to our last full scenario analysis taking place in 2022 (see page 69). A well-below and well-above 2°C scenario for global warming has been used to best demonstrate the spectrum of proactive and inactive progress on climate change in our key markets, and the impact this may have on our business. In the analysis which spans over 95% of the Group, this table includes our most material risks and opportunities together with the inclusion of our most material physical risk because whilst less material than all other key risks in the long term, we believe it's important to transparently show the net impact of physical risk on GM. All listed 'opportunities' result in a positive impact on GM whilst all listed 'risks' correlate to a negative impact on GM. The table concludes by showing an overall positive net financial benefit for the Group across all climate scenarios and time periods assessed.

Our updated Climate Transition Plan 2024

Three years on from publishing our first Climate Transition Plan, we have now updated it to go further and faster than ever before.

In line with best practice, we provide an update on our Climate Transition Plan every three years. In our latest Plan, we have strengthened our net zero commitments and provided greater transparency around the steps we intend to take to advance the energy transition. Accordingly, our net zero targets are now underpinned by a new suite of climate ambitions to reduce risk and seize opportunities, with the ultimate aim of driving meaningful progress towards net zero in the next ten years. From 2025 onwards, these ambitions will replace our old set of ambitions that were introduced in 2021 (see page 76).

To help our customers be net zero by 2050 and achieve a 28% GHG intensity reduction in customer energy use by 2030, the following ambitions have been created:

- 5m devices connected to the Hive platform by 2030;
- 20,000 heat pumps sold per annum by 2030;
- 80% of electricity customers in the UK to have access to smart services;[1]
- 33% of customers engaged in green or flexible energy in the UK by 2030;
- 100% renewable and zero carbon power supply in the UK and Ireland by 2030; and
- 3,000 engineers to have green skills in the UK and Ireland by 2030

We will also focus on our enhanced target to be a net zero business by 2040 with a 50% reduction in GHG emissions by 2032[2]. This will be driven by the following ambitions:

- Net zero baseload power generation by 2034-39;
- Net zero gas production by 2035;
- Net zero gas storage by 2035;
- Net zero LNG shipping by 2035;
- Zero emissions vehicle fleet by 2030; and
- Green investment increase to over 50% from 2023-28

As we work towards achieving net zero for our customers and our business, we will also be a key enabler of a net zero energy system. From energy storage systems and optimisation, to power purchase agreements and gas storage facilities, our activities will positively contribute to national and international efforts to get to net zero.

There are key dependencies we rely on to achieve our ambitions including positive policy development as well as the development and take up of new and existing technologies. We must therefore engage government, partners, customers and others, to ensure they play their part as we play ours to get to net zero. And for the transition to be a success, we cannot leave anyone behind. We will therefore champion the needs of customers and ensure support for those who struggle with their energy bills, create thousands of high-quality inclusive green jobs, back sustainable initiatives in communities and work towards a low carbon supply chain.

Our updated Plan will be put forward for a shareholder advisory vote at the AGM in 2025. We hope to maintain or grow the advisory approval rate achieved for our first Plan which secured 79.96% at the AGM in 2022. We will engage investors, shareholders and others on our Plan before and after the vote, to ensure we maintain an open dialogue on the considerations needed for net zero.

Read more about our plan in detail at **centrica.com/climatetransition**

(1) Working electricity smart meter.
(2) In our first Climate Transition Plan published in 2021, our net zero goal was focused on achieving net zero by 2045 and securing a 40% reduction in GHG emissions by the end of 2034.

Risk management

Transition and physical climate risks alongside all wider risks, continue to be predominantly managed via our ERM Framework. This ensures consistency in identification and controls management.

The Framework uses a time horizon of 0–5 years to assess Principal Risks whilst Emerging Risks are considered as inputs to the ERM and strategic planning process. With this approach, climate change was made a Principal Risk in 2021 and remains as a Principal Risk in 2024.

The risk process starts with our wider strategic planning process. The Group Strategy and Environment team run the climate scenario analysis to identify and assess risks and opportunities across a range of plausible future scenarios. Regular risk meetings with the Group Enterprise Risk team ensures full consideration of potential financial impacts across time horizons and integration with the ERM Framework, the Group Principal Risks and business unit risk registers.

Climate change risks alongside other business unit risks are then considered at the quarterly Group Enterprise Risk and Controls Review. The most material Principal Risks, which includes Climate change alongside other risks that may impact our ability to deliver on our Climate Transition Plan such as Weather and Operational asset integrity, are subsequently reported to the CLT before going to the Board's ARC (see page 40).

This is supported by more detailed reports on climate change strategy, progress, risk and opportunities presented to the SESC. The Board Strategy Review and Shape Process, further examines the external landscape and strategic plans which includes risk relating to market, competition, technology and policy – all of which are influenced by climate change. With this context, the Board is able to review the robustness of the business' strategic proposals and transition plans.

Read more about Risk on pages on 40 to 53

Metrics and targets

We have a robust track record in adopting best practice GHG emissions reporting, as well as setting and achieving climate-related targets.

Having fully considered the TCFD recommendations on metrics and targets, we report those that are most relevant and material to our business and its stakeholders. This involves effectively managing and mitigating our impact through our metrics, targets and ambitions which are explained in turn below.

Our metrics principally relate to our energy consumption and global GHG Scope 1, 2 and 3 emissions (see emissions table on page 75). The majority of these metrics have undergone limited external assurance every year since 2012. During 2023-24, our emissions and carbon intensity of revenue rose. This was mainly as a result of security of supply driving an increase in gas production, generation and storage, alongside a reduction in revenue which was impacted by lower commodity prices, lower volatility and lower seasonal gas price spreads (see more on pages 62 to 63).

Our targets in our People & Planet Plan focus on being a net zero business by 2040 and helping our customers be net zero by 2050. With our Company targets aligned to the Paris Agreement and based on science, they play an important role in actively contributing to UK and European targets to achieve net zero by 2050. Our business target is far ahead of a well below 2°C pathway initially and accelerates to exceed the 1.5°C net zero target year that falls in 2043. Meanwhile our customer target in the short term is broadly consistent with a well-below 2°C glidepath as well as 1.5°C in the long term.

We have needed to reflect the slower than expected pace of heating decarbonisation within the trajectory of our near term customer target. We are, however, ready to accelerate plans in the future should the situation change. In the meantime, we are providing market-leading price and performance guarantees for heat pumps to advance heat decarbonisation (see page 62) whilst collaborating with government on positive policy development. Whilst the delayed growth of the heat pump market does not impact our scenario analysis, our Climate Transition Plan takes account of the rate of take-up and remains on track to achieve net zero customer emissions by 2050.

We are unable to progress our validation by the Science Based Target initiative (SBTi). This is due to the continued delay relating to the Oil and Gas guidance, which the SBTi believe, will apply to us.

Although we expect to have hard-to-remove residual emissions in the 2040s, we believe they will be significantly less than 10% of our emissions. We will use our in-house carbon trading team to engage high-quality carbon removal projects like tree planting, which enables us to achieve net zero in a credible way. Our targets receive limited external assurance on a rotational basis every three years. In 2024 we were on track with both our customer and business targets (see pages 62 to 63).

Our ambitions set out in our Climate Transition Plan, help respond to key risks and opportunities in order to progress our People & Planet Plan net zero targets. The ambitions are incorporated into budgets, business plans and accounting assumptions, which enables strategic progress.

As part of our updated Climate Transition Plan 2024, we now have a new set of ambitions that we will use to measure our progress from 2025 onwards (see page 73). They will replace our original ambitions from our first Climate Transition Plan published in 2021 (see page 76). Although we have not reached the final year of their timeframe, we feel that the time is appropriate for a reset given the launch of our updated Climate Transition Plan. We have published our performance against these ambitions for one final time as part of our 2024 annual reporting.

Good progress has been made against the majority of the ambitions but we are behind on others. For example, we have had to extend our EV van fleet roll-out from 2025 to 2030 due to deployment issues as not all engineers have driveways to easily charge their car – a factor further complicated by the slower than anticipated rate at which wider public charging infrastructure is growing. In doing so, this gives us the time to invest in systems, processes and working practices to manage these EV charging challenges and achieve our ambition. As a result of the pace of heat decarbonisation and heat pump adoption, we have also subsequently updated our ambition for 20,000 heat pumps to be sold per year from 2025 to 2030 and are taking action to improve take-up (see left). See more

about our progress set out in our Climate Transition Dashboard (see page 76), the performance of which is embedded into remuneration arrangements (see page 67).

To reduce our emissions and progress towards net zero, we use an internal carbon price. This helps guide commercial decisions in line with our Climate Transition Plan. In 2024 our internal carbon price ranged from £74.8tCO_2e to £141.0/tCO_2e.

The carbon price is time-sensitive and rises over time to incentivise future decisions and predict long-term impact of regulation on our business.

Our internal carbon price in 2024 was utilised for hedging to support fuel mix decarbonisation as well as determine the price point for bidding in the energy market auction for potential future generation assets and power purchase agreements.

Although the metrics, targets and ambitions set out on pages 62 to 63 and 75 to 76, relate to our most material climate-related risks and opportunities, we also measure and track a wider number of less material environmental metrics such as water and waste (see pages 65 and 291).

Our metrics, targets and ambitions evolve in line with best practice and the changing energy landscape.

Our energy use and GHG emissions	**2024**	2023
Total GHG emissions (Scope 1 and 2)[1]	**1,733,882tCO_2e[2] †**	1,685,840tCO_2e[3] [4]
Scope 1 GHG emissions	**1,726,177tCO_2e[5] †**	1,678,457tCO_2e[4] [6]
Scope 2 GHG emissions	**7,706tCO_2e[7] †**	7,383tCO_2e[4] [8]
Scope 3 GHG emissions[9]	**21,860,510tCO_2e**	21,180,922tCO_2e
Total GHG intensity by revenue[10]	**87tCO_2e/£m[11]**	64tCO_2e/£m[12]
Total energy use	**7,925,163,679kWh[13] †**	7,437,652,380kWh[14]

Read more about our performance on pages 62 to 63. Reporting practices for environmental metrics are drawn from the WRI/WBCSD Greenhouse Gas Protocol and Defra's Environmental Reporting Guidelines. Reporting is additionally based on operator boundary which is the more commonly used approach for reporting environmental matters, and includes all emissions from our shipping activities relating to LNG alongside the retained Spirit Energy assets in the UK and Netherlands. Non-operated nuclear emissions are excluded.

† Included in DNV's independent limited assurance report. See page 289 or centrica.com/assurance for more.
(1) Comprises Scope 1 and Scope 2 emissions as defined by the Greenhouse Gas Protocol.
(2) Comprises UK 578,677tCO_2e and non-UK 1,55,205tCO_2e.
(3) Comprises UK 547,555tCO_2e and non-UK 1,138,285tCO_2e.
(4) Restated due to availability of improved data.
(5) Comprises UK 572,939tCO_2e and non-UK 1,153,238tCO_2e.
(6) Comprises UK 542,244tCO_2e and non-UK 1,136,213tCO_2e.
(7) Market-based, comprises UK 5,738tCO_2e and non-UK 1,967tCO_2e. Sum of constituent parts does not align with total due to rounding. Location-based is 17,361tCO_2e.
(8) Market-based, comprises UK 5,312tCO_2e and non-UK 2,071tCO_2e. Location-based is 17,041tCO_2e.
(9) Includes emissions from the following Scope 3 categories defined by the Greenhouse Gas Protocol: purchased goods and services, capital goods, fuel and energy related activities, waste generated in operations, business travel, employee commuting, upstream and downstream transportation and distribution, use of sold product and investments. All emissions are calculated in line with the methodologies set out by the Greenhouse Gas Protocol's technical guidance, apart from working from home emissions which are based on methodology set out in EcoAct's homeworking emissions whitepaper. Other categories spanning upstream leased assets, processing of sold products, end-of-life treatment of sold product, downstream leased assets and franchises, are not included because they are not relevant to our business.
(10) Carbon intensity of revenue is employed as our intensity measure because it is the most meaningful intensity measure for our diverse business and is the most widely used and understood measure for climate-related stakeholders such as CDP. Based on statutory revenue.
(11) Comprises UK 36tCO_2e/£m and non-UK 315tCO_2e/£m.
(12) Comprises UK 25tCO_2e/£m and non-UK 267tCO_2e/£m.
(13) Comprises UK & Offshore 1,812,987,689kWh and non-UK energy use 6,112,175,991kWh. Sum of constituent parts does not align with total due to rounding.
(14) Comprises UK & Offshore 1,654,616,311kWh and non-UK energy use 5,783,036,069kWh.

Our climate transition dashboard – progress against our outgoing Climate Transition Plan 2021[(1)]

Includes our net zero targets, supported by our climate transition ambitions

Progress against targets and emissions:
On track Behind

Targets and ambitions	*2024 Progress*	*2023 Progress*
Customer GHG emissions – 28% intensity reduction by 2030 and net zero by 2050 (from 2019)	**6% reduction†** (on track)	**9% reduction[(2)]** (on track)
Hive smart thermostats – 2.5m customers by 2025 (units to date)	2.8m (on track)	2.4m (on track)
Smart meters – 6m additional installed by 2030 (from 2020)	3.5m (on track)	3.0m (on track)
EV charging points – 100,000 in year by 2025 (annual units)	9.1k (behind)	7.0k (behind)
Heat pumps – 20,000 in year by 2025 (annual units)	3.2k (behind)	3.0k (behind)
Centrica GHG emissions – 50% reduction by 2032 and net zero by 2040 (from 2019)	**18% reduction** (on track)	**21% reduction** (on track)
Low carbon and transition assets – 800MW installed by 2025 (from 2020)[(3)]	195MW (on track)	132MW (on track)
Zero emission vehicle fleet (total to date) – 100% EV van roll-out by 2030	32% (on track)	29% (behind)
Zero emission vehicle fleet (total to date) – 100% EV car roll-out by 2025	83% (on track)	74% (on track)
Property – 50% reduction in UK emissions by 2030 (from 2019)	67% (on track)	65% (on track)
Capex – grow capital allocated to green activities from less than 5% to over 50% from 2023-28[(4)]	37% (on track)	31% (on track)

† Included in DNV's independent limited assurance report. See page 289 or centrica.com/assurance for more.
(1) We are expected to publish an update to our Climate Transition Plan every three years in line with best practice. The above ambitions from part of our first Climate Transition Plan published in 2021, and will now be retired and replaced by our new set of ambitions which form part of our updated Climate Transition Plan that was developed during 2024 and which we will report progress against from 2025 (see more on pages 73 to 74). We have, however, updated our net zero target to align with our updated net zero target for our business for consistency, which advances on our previous commitment set in 2021 and focused on being a net zero business by 2045 with a 40% GHG reduction by 2034. In last year's Annual Report, we also stated that we would extend the EV van fleet roll-out from 2025 to 2030, as well as our green investment commitment from 2025 to 2028 and report it cumulatively in order to align with the introduction of our new green-focused investment strategy. The glidepath trajectory for climate ambitions is not linear as they were modelled around the expectation that demand would increasingly grow, resulting in accelerated delivery against the target as we near the target date.
(2) Restated due to availability of improved data.
(3) A mixed portfolio of solar, battery and gas-fired peaking assets, all enabling the grid to decarbonise.
(4) Categorisation is based on our company assessment framework, which is built on the foundations of the EU Taxonomy for sustainable activities. Judgements are made using the most reliable information present, without fully evidencing the alignment criteria.

Read more about our wider data and trends in our data centre at **centrica.com/datacentre**

Task Force on Climate-related Financial Disclosures

The table below sets out the 11 TCFD recommendations and where the related information can be found.

Read more about each of these areas in our Climate Transition Plan at **centrica.com/climatetransition**

Recommendation	Recommended disclosure	Pages
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	• Pages 6, 9, 67 to 68 and 80 to 98
	b) Describe management's role in assessing and managing climate-related risks and opportunities	• Pages 67 to 68, 73 to 75, 96 to 97, 100 to 104 and 114 to 115
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	• Pages 69 to 73, 176 to 181 and 192 to 196
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	• Pages 69 to 73, 176 to 181 and 192 to 196 • CDP 2024 submission centrica.com/CDP24
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• Pages 69 to 73
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks	• Pages 40 to 42, 68 and 74
	b) Describe the organisation's processes for managing climate-related risks	• Pages 40 to 42, 44 to 48 and 51
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	• Pages 40 to 42, 44 to 48, 51, 68 and 74
Metrics and targets	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	• Pages 74 to 76 • Data centre at centrica.com/datacentre
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	• Pages 69 to 75
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Pages 62 to 63 and 73 to 76

The Strategic Report has been approved by the Board and signed on its behalf by:

Raj Roy
Group General Counsel
& Company Secretary
19 February 2025

Governance

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Directors' and Corporate Governance Report

Dear Shareholders

I am pleased to present the 2024 Directors' and Corporate Governance Report. In this report, we will update you on where the Board has focused its time during the year and relevant outcomes, with the strategic focus continuing to be on delivering long-term sustainable value and positive outcomes for our customers, shareholders, colleagues and society.

We have provided signposts for you to refer to our website or other pages of this Annual Report and Accounts for more information on particular topics.

Governance focus

The Board recognises the essential role that good governance plays in the effective delivery of our strategy and the ongoing development and sustainability of the Group.

In anticipation of the UK Corporate Governance Code 2024 (2024 Code) taking effect from 1 January 2025, the Board reviewed the changes that would be relevant for Centrica to meet the requirements under the 2024 Code. We are working towards meeting the new requirements, with particular work at the Audit and Risk Committee towards meeting the new requirements of Provision 29 for the 2026 financial year.

We remain committed to maintaining the highest standards of transparency, accountability and integrity in the way we operate as a Board and as a Company.

The Board

Our Board is composed of talented and dedicated individuals to enable us to achieve our objectives. The Nominations Committee keeps the balance of skills, experience and knowledge of our Board under review. You can find more information on the Directors and their appointments in the biographies on pages 86 to 89 and the Nominations Committee report on pages 112 to 113.

Diversity, equity and inclusion (DE&I) continue to be key priorities for the Board given the benefits for the success of the organisation. The Board's DE&I Policy was a key consideration in our approach to Board appointments, ensuring that our selection process reflects our commitment to fostering a diverse and inclusive leadership team. As at 31 December 2024, we are in line with the Board diversity targets encapsulated in the UK Listings Rules with (i) over 40% female representation on the Board, (ii) at least one senior position on the Board held by a woman and (iii) at least one Director on the Board from a minority ethnic background. Numerical data on the ethnic background and gender identity of Board members and senior leadership are on page 91.

The Board's Diversity Policy complies with Disclosure Guidance and Transparency Rule 7.2.8A, encompassing the FTSE Women Leaders Review and the Parker Review requirements. For more detailed information on the Board's Diversity Policy, please visit centrica.com.

Centrica is dedicated to fostering an inclusive environment where all individuals, regardless of their background, can succeed. We are actively working to ensure that our workforce, including senior leadership, mirrors the diversity of the communities we serve. Our Company has implemented policies aimed at enhancing DE&I at every level. We have made progress in recruiting, promoting and developing employees from diverse backgrounds, and we are committed to continuing these efforts.

Board evaluation

An evaluation of the Board and its Committees is carried out annually and externally facilitated every three years in accordance with the UK Corporate Governance Code guidance for a periodic independent board review. In 2024, the Board underwent its triennial external evaluation process facilitated by Ffion Hague of Independent Board Evaluation (IBE), an experienced, accredited independent reviewer specialising in Board performance evaluations, to assess the performance, composition, diversity and effectiveness of the Board and its Committees.

The report from IBE concluded that, overall, the Board has the necessary mix of skills, knowledge and experience, and was performing effectively and the Committees were effective in supporting the Board to deliver its objectives with significant progress since the last review in 2021, and included recommendations for continuous improvement.

The evaluation process began in May 2024 with a detailed brief provided by the Chair, the Group Chief Executive, and the Group General Counsel & Company Secretary. IBE had previously conducted a review in 2021 consequently building on that previous work to offer a comprehensive assessment. The evaluation approach was meticulous, involving an hour and a half interviews with each Board member, stakeholder input from the Centrica Leadership Team and advisors, questionnaires, a review of Board papers, and observation of Board and Committee meetings in July. Feedback was compiled and a report prepared, which was discussed with the Chair and the full Board in November. Performance feedback was provided to Committee chairs and discussed the Board's feedback for the Chair with the Senior Independent Director. The Chair also received individual performance feedback for Directors to aid in their annual reviews.

The independent evaluation focused on a broad range of topics and generated a tailored report which was considered and discussed by all the Directors. The 2024 findings highlighted the need to focus on the use of time, review Board objectives, and create more opportunities for reflection. It also emphasised the importance of aligning the skills matrix with evolving priorities to inform succession planning including at the senior executive level, and maintaining Board visibility to set the tone from the top. The Board will incorporate these findings into their programme by revising objectives to align with the Group strategy, establishing a review cadence for strategy and performance oversight, and enhancing succession planning at both Board and executive levels. Additionally, they will review Committee meeting attendance to improve effectiveness, enhance ways of working including Board paper content, and improve overall Board effectiveness by optimising individual contributions for better collective performance. These topics, in addition to the strategic and operational priorities already discussed in other sections of this Annual Report and Accounts, will be amongst the key priorities for the Board in the year ahead and have been integrated into the Board's objectives for 2025.

In response to feedback from the 2023 evaluation which we reported in the 2023 Annual Report and Accounts, the Board reviewed its training requirements and evolved the 2024 and 2025 work programmes. Succession planning remained a key focus throughout 2024 (read more in the Nominations Committee report on pages 112 to 113). Additionally, the Board incorporated opportunities to meet with senior management into its programme, such as meeting with the Centrica Energy Leadership Team during a site visit to Aalborg, Denmark (read more on the site visit on pages 92 and 98 to 99).

Organisational culture

Centrica's values of Care, Delivery, Agility, Courage and Collaboration form the core of our organisational culture. Our Values are supported by Our Code that sets out our fundamental standards for engagement and collaboration. Our Code guides our decision-making and reflects our commitment to integrity. All Centrica colleagues, including the Board, carry out mandatory Our Code training on induction and on an annual basis. Read more at centrica.com/ourcode.

The Group Chief Executive regularly updates the Board on issues related to employee engagement, with the quarterly 'Our Voice' survey offering the Board crucial insights into the Company's culture. This is supplemented with feedback from a variety of other sources, including dedicated colleague engagement meetings. I and my fellow Directors find these meetings to be valuable, and we appreciate the opportunity to engage directly with colleagues in this way. You can find more information on the survey and other workforce engagement practices on pages 9, 12, 92, 98 and 99. The Board maintains a focus on cultivating the Company's culture, emphasising colleague development and digital enablement for Centrica's future readiness.

Stakeholder engagement

Engaging with our stakeholders is crucial to our success. We are committed to open and transparent communication and will continue to seek feedback to better understand and address the needs and views of stakeholders.

Stakeholder views are gathered through an extensive network of strategic engagements to help grow the business and deliver improvements for our customers, colleagues and society over the long term.

During 2024, representatives from the Board met with major shareholders from time to time in order to obtain their perspectives on a range of matters, including the Company's performance, strategy and ESG matters.

The Board maintains collective responsibility for engaging with employees regularly throughout the year, recognising the insights and benefits gained by all Board members from regular interactions with a diverse range of colleagues.

Read more on pages 12 to 13, 94 to 97 and 98 to 99.

Challenges and opportunities

While there are challenges, there are also numerous opportunities for growth. We are confident in our ability to navigate these challenges and capitalise on opportunities to deliver long-term value. We have maintained a strong focus on advancing the Company's energy transition journey. Our progress to date is outlined in our Climate Transition Plan which can be found at centrica.com/sustainability and in earlier sections of this Annual Report and Accounts.

Closing

The Board is committed to maintaining its focus on high standards of corporate governance as it did in 2024, and ensuring that we give priority to the areas that require our attention such as focusing on delivering against strategy for our customers and our stakeholders, succession planning and ultimately creating long-term sustainable value for members of the Company.

I am grateful for the support of my fellow Board members, our colleagues, customers and other stakeholders who have assisted the Company in delivering against its objectives.

Thank you for your trust in Centrica. I look forward to providing an update at our Annual General Meeting in May.

Kevin O'Byrne
Chair
19 February 2025

2018 UK Corporate Governance Code compliance

The Board is committed to high standards of corporate governance and supports the revisions to the UK Corporate Governance Code 2024 as published by the Financial Reporting Council (FRC) on 22 January 2024 and which take effect from 2025. Centrica is pleased to confirm that throughout the year ended 31 December 2024, the Company complied with all relevant provisions of the 2018 UK Corporate Governance Code (UK Code). Our application of the UK Code is set out below.

The UK Code and associated guidance are available on the Financial Reporting Council's website at frc.org.uk. The index on page 148 sets out where to find each of the required disclosures in respect of Listing Rule 6.6.4 and Disclosure Guidance and Transparency Rules 4.1.5R and 7.2.1.

Section 1	Board Leadership and Company Purpose
Principles A, B, C, D, E	The Corporate Governance statement (CG Statement) on pages 80 to 151 gives information on the Group's compliance with the principles relating to the Board's Leadership and Company Purpose. More detailed information on: • The Group's statement of purpose can be found on page 11; • The Group's strategy, resources and the indicators it uses to measure performance can be found on pages 16 to 25 and 38 to 39 respectively; • The Group's engagement with stakeholders and the Group's Section 172(1) Statement is set out on pages 12 to 13; 94 to 97 and 98 to 99; and • The Group's approach to workforce matters can be found in the Chief People Officer's report and in 'Our people' within our People and Planet section on pages 54 to 57 and 58 to 61. The Group's framework of controls is contained in the Audit and Risk Committee report on pages 100 to 104 of the CG Statement and in the Principal Risk and Viability Disclosure section on pages 40 to 53.
Section 2	**Division of Responsibilities**
Principles F, G, H, I	The CG Statement describes the structure and operation of the Board on pages 83 to 84. In the CG Statement, we describe on pages 80 to 81 the process the Company conducts to evaluate the Board, to ensure that it continues to operate effectively, that individual Director's contributions are appropriate and that the oversight of the Chair promotes a culture of openness and constructive yet challenging debate. The policies and standards which support the Board's effective and efficient functioning can be found on our website at centrica.com/board.
Section 3	**Composition, Succession and Evaluation**
Principles J, K, L	Details of the skills and experience of the existing Board Directors can be found in the Board biographies on pages 86 to 89. Information on the Board's appointment process and approach to succession planning is contained in the Nominations Committee report on pages 112 to 113. Information on the Board evaluation process can be found on pages 80 to 81.
Section 4	**Audit, Risk and Internal Control**
Principles M, N, O	Information on the policies and procedures the Group has in place to monitor the effectiveness of the Group's Internal and External Audit functions, and the integrity of the Group's financial statements, is contained in the Audit and Risk Committee report on pages 100 to 104 of the CG Statement, along with an overview of the procedures in place to manage risk and oversee the internal control framework. Further information on the Group's approach to risk management is contained in the Principal Risk and Viability Disclosure section of the Strategic Review on pages 40 to 53. The Board believes the 2024 Annual Report to be a fair, balanced and understandable assessment of the Company's position and prospects. A description of the Audit and Risk Committee's work to enable the Board to reach this conclusion is contained in the Audit and Risk Committee report on page 102.
Section 5	**Remuneration**
Principles P, Q, R	The Directors' Remuneration Report section of the CG Statement describes the Group's approach to Directors' remuneration, including the procedure for developing policy and the Remuneration Committee's discretion for authorising remuneration outcomes. Details of linkage between the Directors' Remuneration Policy and long-term strategy are contained on page 139.

Governance framework

The Board is responsible for leading the Group in an efficient manner, establishing the Group's Purpose, values and strategy, which drive the Group's culture, and for ensuring long-term sustainable value creation for stakeholders.

In order to enable the Board to focus on its priorities, a number of its oversight responsibilities have been delegated to four principal Committees. These responsibilities are set out in the terms of reference for each Committee. The Board regularly reviews the remit, authority, composition and terms of reference of each Committee.

The governance framework to enable this is set out below.

There are certain key responsibilities that the Board does not delegate, and which are reserved for its consideration. The matters reserved exclusively for the Board include: the development of strategy; the acquisition and divestment policy; the approval of major capital expenditure; the Group's capital structure; the approval of financial reports; and oversight and independent assurance of policies and procedures. The full schedule of matters reserved for the Board is available on the Governance page of our website at centrica.com.

Board

The Board focuses on corporate governance, developing strategy and major policies, reviewing management performance, approving financial reports and providing entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. It is also responsible for setting the Company's culture, values and the behaviours it wishes to promote in conducting its business. The Board's role and responsibilities are reviewed against the UK Code to ensure that it is meeting all of its obligations. In performing its duties, the Board has regard to the interests of the Group's key stakeholders and the potential impact of the decisions it makes on the environment and wider society.

Informing

Reporting

Board Committees

The Board oversees the Group's operations through a unitary Board and four principal Committees.

Audit and Risk Committee

Supports the Board in fulfilling its responsibilities in reviewing the effectiveness of the Company's financial reporting, internal controls, and risk management, while also overseeing the effectiveness of the internal and external audit functions.

Nominations Committee

Ensures there is a formal and appropriate procedure for the appointment of new Directors to the Board, while also reviewing the size, composition, tenure, and skills of the Board as well as oversight of ongoing board education and evaluation.

Remuneration Committee

Determines and makes recommendations to the Board on the Company's framework and policy for the remuneration of the Chair, Executive Directors, and other senior executives, considering pay across the Group and stakeholder views.

Safety, Environment and Sustainability Committee

Supports the Board in fulfilling its responsibilities in reviewing health and safety risks and focus on Environmental, Social and Governance (ESG) matters relevant to Centrica including climate, responsible business practices and corporate reputation.

The terms of reference for these Committees can be found on our website, centrica.com, and attendance at meetings of each of these Committees in 2024 can be found on page 92. Further information on the work of these Committees can be found in later sections of this Annual Report and Accounts (pages 100 to 147).

Informing

Reporting

Centrica Leadership Team (CLT)

The CLT is led by the Group Chief Executive and members include the Group Chief Financial Officer, Group General Counsel & Company Secretary, Chief People Officer and Business Unit Managing Directors. The CLT is responsible for ensuring the delivery of the Group's strategy, business plans and financial performance.

Informing

Reporting

Disclosure Committee

The Disclosure Committee, a committee of the Board, is responsible for overseeing the timely and accurate disclosure of sensitive information and maintaining procedures and controls to enable compliance with legal and regulatory disclosure obligations. Meetings of the Disclosure Committee are convened as and when necessary and membership of the Committee comprises the Group Chief Executive, Group Chief Financial Officer and the Group General Counsel & Company Secretary.

Board of Directors

Division of responsibilities

The Board comprises of a Non-Executive Chair (independent on appointment), two Executive Directors (Group Chief Executive and Group Chief Financial Officer), and eight Independent Non-Executive Directors[1]. There is a clear division of responsibilities between the Chair and the Group Chief Executive, reflected in the schedule of matters reserved for the Board.

(1) As at 31 December 2024.

Director effectiveness

The Board considers that each of the Directors contributes effectively to the work and deliberations of the Board.

- Reasons for the re-election of each of our Directors at the forthcoming AGM can be found within the Centrica plc Notice of Annual General Meeting 2025 which will be made available on our website centrica.com/agm25
- Biographies can be found on the following pages and at centrica.com/board
- Read more about the Board evaluation on pages 80 to 81

Non-Executive Directors

Chair

The Chair is responsible for the leadership of the Board. In doing so, the Chair is responsible for promoting high ethical standards, ensuring the effective contribution of all Directors and, with support from the Group General Counsel & Company Secretary, ensuring best practice in corporate governance and the timely distribution of accurate and clear information to Directors to facilitate decision-making.

Senior Independent Director (SID)

The Senior Independent Director acts as a sounding board for the Chair and serves as a trusted intermediary for the other Directors, as well as shareholders, as required.

Independent Non-Executive Directors

The Independent Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and overall decision-making process, providing constructive challenge, and monitoring the Executive Directors' delivery of the strategy within the Board's risk and governance structure. All of the Non-Executive Directors are considered to be independent.

Executive Directors

Group Chief Executive

The Group Chief Executive is responsible for the executive leadership and day-to-day management of the Company to ensure the delivery of the strategy agreed by the Board.

Group Chief Financial Officer

The Group Chief Financial Officer is responsible for providing strategic financial leadership to the Company and for the day-to-day management of the finance and risk management functions.

Group General Counsel & Company Secretary

The Group General Counsel & Company Secretary advises the Chair and Board on governance, together with updates on regulatory and compliance matters; supports the Board agenda with clear information flow; and acts as a link between the Board and its Committees, and between Independent Non-Executive Directors and senior management.

Board appointments

Although no new Board appointments were made during the year, the report of the Nominations Committee on pages 112 to 113 describes work done by the Committee in relation to Board appointments. All Directors are subject to annual nomination for re-election. The Board sets out in the Notice of Annual General Meeting the specific reasons why each Director's skills and continued contribution are valuable to the Company's long-term sustainable success.

The Company's Articles of Association, available on our website, provide how Directors are appointed, retire and are replaced.

Directors' induction

The Board has processes in place for Director induction. The induction programme is led by the Chair and supported by the Group General Counsel & Company Secretary and the Secretariat. Directors are asked to provide input to ensure that in addition to a general programme, their induction is structured, in relation to both content and delivery, to meet the individual Director's needs. The tailored inductions provide the information, training and support required to optimise their effectiveness in role.

The induction programme includes a combination of sessions with both internal functions and external advisors with the opportunity for periodic subsequent review of progress with the Chair. Briefings provide opportunities for Directors to meet with senior leaders and to participate in site visits, where relevant, to better understand the different businesses and working environments.

Induction programmes for Philippe Boisseau, Jo Harlow and Sue Whalley began in the last quarter of 2023 and continued into 2024. Each induction programme included individual meetings with the Chair, Group General Counsel & Company Secretary, Directors, Business Unit MDs, and senior leaders, held at various business locations; training; and site visits, as well as meetings with external advisors.

Directors' independence and conflicts

All our Non-Executive Directors are considered to be independent against the criteria in the UK Corporate Governance Code 2018, and free from any business interest which could materially interfere with the exercise of their independent judgement. In addition, the Board is satisfied that each Non-Executive Director is able to dedicate the necessary amount of time to the Company's affairs.

The Non-Executive Directors' Letters of Appointment state that they must inform the Company of any other businesses, directorships, appointments, advisory roles, or other relevant commitments (including any relevant changes, and a broad indication of the time involved). Directors also confirm that they will inform the Board of any subsequent changes to their circumstances which may affect the time they can commit to their duties. The agreement of the Chair must be obtained before accepting additional commitments that might affect the time Non-Executive Directors are able to devote to their appointment.

In accordance with the Companies Act 2006 and the Company's Articles of Association, Directors are required to report actual or potential conflicts of interest to the Board for consideration and, if required, authorisation. If such conflicts exist, Directors recuse themselves from consideration of the relevant subject matter. The Company maintains a schedule of authorised conflicts of interest which is regularly reviewed by the Board.

Training and development for Directors

In addition to providing relevant training on appointment, it is important to ensure that Directors' skills and knowledge are refreshed and updated regularly, given the dynamic business and regulatory environment in which the Company operates. The Chair, supported by the Nominations Committee and Group General Counsel & Company Secretary, is responsible for the ongoing development of all Directors. There is a programme of training each year for the Board as a whole and the Chair discusses any individual training and development needs with each Director, such as formal and informal briefings, meetings with management and visits to the Group's operations.

During 2024, the Directors received several focused sessions to enhance their understanding of the different businesses, their key priorities, opportunities and challenges as well as externalities that may impact delivery of strategy. Some of the specific areas covered during the year included digital, data and AI, customers and brand, cyber risk, sustainability, and geopolitical risk. In addition, the Directors have full access to the advice and services of the Group General Counsel & Company Secretary, who is responsible for advising the Board on corporate governance matters. If necessary, Directors are able to seek independent professional advice at the Company's expense in respect of their duties.

Biographies

Kevin O'Byrne
Chair

Kevin joined the Board on 13 May 2019. Prior to his appointment as Chair on 16 December 2024, he was Senior Independent Director from 1 June 2022. When he assumed the Chair role, succeeding Scott Wheway, he became Chair of the Nominations Committee and stood down as a member of the Audit and Risk Committee.

Relevant skills and experience

Kevin brings extensive board, retail, commercial and finance experience, having occupied senior roles in a number of leading UK and international retailers. Kevin possesses current and pertinent experience in financial matters.

Previous experience

Kevin was chief financial officer of J Sainsbury plc from January 2017 to March 2023. Prior to that, he was chief executive officer of Poundland Group plc, and previously held executive roles at Kingfisher plc, including divisional director UK, China and Turkey, chief executive officer of B&Q UK & Ireland and group finance director. Prior to that he was finance director of Dixons Retail plc. From 2008 to 2017 he was a non-executive director and chairman of the audit committee of Land Securities Group PLC where he was also senior independent director from 2012 to 2016. Kevin was chair of Centrica plc's Audit and Risk Committee from 2019 to 2023.

External appointments

Non-executive director of International Flavors & Fragrances Inc, and Chair-elect (to be effective from 1 May 2025) (NYSE listed).

Chris O'Shea
Group Chief Executive

Chris joined Centrica in September 2018 as Group Chief Financial Officer and was appointed as Group Chief Executive on 17 March 2020. Chris is also Chair of the Disclosure Committee and was appointed Chair of Spirit Energy (joint venture) on 2 February 2022.

Relevant skills and experience

Chris has wide-ranging experience across the entire energy value chain together with recognised experience in transforming business and financial performance. He has considerable knowledge of working in highly regulated industries and in complex, multinational organisations, not only in the energy sector but also in technology-led engineering and services industries.

Previous experience

Prior to joining Centrica, Chris was group chief financial officer of UK listed Smiths Group plc and Vesuvius plc, and a non-executive director of Foseco India Ltd, (NSE listed). From 2006 to 2012 Chris held various senior finance roles with BG Group plc, including chief financial officer of Africa Middle East & Asia and Europe & Central Asia, prior to which he held a number of senior roles with Shell, (living and working in the UK, the US and Nigeria), and with Ernst & Young.

Chris studied Accounting and Finance at the University of Glasgow and is a Chartered Accountant. He also holds an MBA from the Fuqua School of Business at Duke University and is a Fellow of the Energy Institute.

External appointments

Non-executive Director of ITT Inc.

Russell O'Brien
Group Chief Financial Officer

Russell joined the Centrica plc Board on 1 March 2023 and is also on the Board of Spirit Energy (joint venture).

Relevant skills and experience

Russell has broad experience from across the energy value chain having spent more than 25 years with Shell plc. He developed his financial management experience through work in various business models from Retail through to upstream development. Russell has extensive knowledge of financial management, capital markets, commercial finance, and mergers and acquisitions activities.

Previous experience

Prior to joining Centrica, Russell worked for Shell plc from 1995 to 2021. From 2006 to 2009 Russell was financial controller for Shell's upstream operations in the Americas. Russell was then CFO for Shell's global retail business from 2009 to 2013. Following this, he was CFO for Shell's Integrated Gas division. In 2015 he was appointed group treasurer. During his time as treasurer Russell was also a board member of Shell Trading and chairman of Shell Asset Management Co. Russell has lived and worked in the USA, Singapore, the Netherlands and the UK. He was a board and advisory council member of the FICC Market Standards Board from 2015 to 2021. Russell is a Fellow of the Chartered Institute of Management Accountants and the Association of Corporate Treasurers. Russell studied Economics and Management and graduated from St. Andrews University in 1995.

External appointments

None.

Jo Harlow
Senior Independent Non-Executive Director

Jo joined the Board on 1 December 2023 and became Senior Independent Non-Executive Director on 16 December 2024.

Relevant skills and experience

Jo has more than 25 years' experience working in various senior roles, predominantly in the branded and technology sectors.

Previous experience

Prior to her non-executive career, Jo held the position of corporate vice president of the phones business unit at Microsoft. She previously spent 11 years at Nokia Corporation in a number of senior management roles, including executive vice president of smart devices. Jo was also non-executive director at InterContinental Hotels Group PLC from 2014 to 2023 (including as remuneration committee chair from 2017 to 2023) and was a non-executive director of Ceconomy AG from 2017 to 2021.

Jo attended Duke University in North Carolina and has a BSc in Psychology.

External appointments

Non-executive director and chair of remuneration committee at J Sainsbury plc. Senior independent director and remuneration committee chair at Halma plc, and non-executive director at Chapter Zero Ltd.

Carol Arrowsmith
Independent Non-Executive Director

Carol joined the Board on 11 June 2020 and is Chair of the Remuneration Committee.

Relevant skills and experience

Carol brings extensive advisory experience, especially of advising boards on executive remuneration across a range of sectors, and is a Fellow of the Chartered Institute of Personnel and Development.

Previous experience

Carol is a former deputy chair and senior partner of Deloitte LLP. She was a member of the Advisory Group for Spencer Stuart, Global Partner of Arthur Andersen, managing director of New Bridge Street Consultants and non-executive director of Compass Group PLC and Vivo Energy plc. She was also a Director and Trustee of Northern Ballet Limited.

External appointments

Member of INSEAD's Corporate Governance Board Council.

Philippe Boisseau
Independent Non-Executive Director

Philippe joined the Board on 1 September 2023.

Relevant skills and experience

Philippe brings broad experience of the energy industry, particularly of energy assets, energy infrastructure, energy trading and the renewable energy transition.

Previous experience

Philippe was the chief executive officer of CEPSA (Compañía Española de Petróleos SA), the Spanish multinational oil and gas, chemicals and renewable energy business, from 2019 to 2021. Before joining CEPSA, he worked at TotalEnergies SA for over two decades. During his tenure there, Philippe held president and senior executive roles across various business divisions and was instrumental in establishing and leading Total's New Energies division from 2007 to 2016. Philippe was a senior advisor to Carlyle International Energy Partners between 2017 and 2019 and was a board member at I-Pulse Inc. from 2017 to 2021.

Philippe graduated from Ecole Polytechnique and has an MSc in Theoretical Physics.

External appointments

Non-executive Director of Sibanye-Stillwater Limited, Beamen BV and Exolum SA. Senior advisor to OMERS Infrastructure and Ondra Partners.

Committee membership key

Denotes Committee Chair

Chair of the Board

Audit and Risk Committee

Disclosure Committee

Nominations Committee

Remuneration Committee

Safety, Environment and Sustainability Committee

Skills and experience key

Consumer Services

Energy Sector

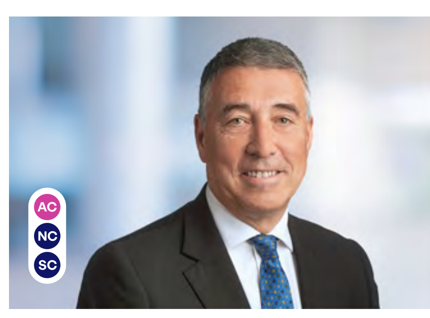
Engineering/Safety

Finance/M&A

Financial Services

Government/Regulatory

Technology



Nathan Bostock
Independent Non-Executive Director

Nathan joined the Board on 9 May 2022 and is Chair of the Audit and Risk Committee.

Relevant skills and experience

Nathan has worked in financial services since the mid-1980s and brings a wealth of financial, commercial, risk and compliance expertise, particularly in large-scale customer-facing businesses. Nathan possesses current and pertinent experience in financial matters. The Board considers that Nathan has recent and relevant financial experience.

Previous experience

Nathan was chief executive officer of Santander UK from 2014 until early 2022, as well as global head of investment platforms of Banco Santander before leaving in late 2023. He joined Santander from the Royal Bank of Scotland plc (RBS), where he was an executive director and group finance director. He previously held the post of group chief risk officer and head of restructuring having joined RBS in 2009. Nathan served on the board of Abbey National plc (now Santander UK) as an executive director and chief financial officer from 2005 until 2009. Prior to this he held a number of senior positions with Abbey National, 2001 to 2004, RBS, 1992 to 2001 and Chase Manhattan Bank, 1985 to 1992.

Nathan is a chartered accountant and holds a BSc (Hons) in Mathematics.

External appointments

Non-Executive Director of Lloyds Banking Group plc, Chair of Lloyds Bank Corporate Markets plc and Senior Adviser to McKinsey.

Chanderpreet (CP) Duggal
Independent Non-Executive Director

CP joined the Board on 16 December 2022.

Relevant skills and experience

CP brings valuable expertise of digital technology and the use of data and analytics in large customer-facing businesses.

Previous experience

CP worked for 20 years at American Express in various senior roles, the last of which was leading the company-wide digital and analytics organisation to enable growth, efficiency, and innovation globally. His experience includes managing digital/mobile channels and technology platforms across the customer lifecycle, applications of AI and Data Science across wide-ranging business applications, operational excellence and managing fraud risk.

In his most recent executive role, CP was the chief digital and analytics officer for Burberry plc and a member of its executive committee. He was responsible for transforming e-commerce and omni-channel strategy globally, accelerating customer relationship management focus and leveraging analytics across the company.

External appointments

Chief Business Officer – WNS Next.

Heidi Mottram
Independent Non-Executive Director

Heidi joined the Board on 1 January 2020 and is Chair of the Safety, Environment and Sustainability Committee.

Relevant skills and experience

Heidi brings considerable relevant strategic and operational experience acquired in her current and previous roles. Her deep understanding of the importance of customer service, delivered in complex, multi-stakeholder environments with a high public profile, is particularly pertinent to the Group at this time, as it focuses on the delivery of its customer-centric strategy.

Previous experience

Heidi began her career with British Rail in the mid-1980s. She held a number of roles in GNER, before joining Midland Mainline in 1999 as operations director. She was managing director of Northern Rail from 2004, and before that she was commercial director of Arriva Trains Northern and operations director of Midland Mainline Limited from 1999 to 2003. Additionally, Heidi was vice-chair of the North East Local Enterprise Partnership and Newcastle University Council and was a member of the board of The Great British Railways Transition Team.

External appointments

Chief executive officer of Northumbrian Water Limited and Northumbrian Water Group Limited.

Rt Hon. Amber Rudd
Independent Non-Executive Director

Amber joined the Board on 10 January 2022.

Relevant skills and experience

Amber brings a wealth of real-world experience in energy, policy and business.

Previous experience

After around 20 years working in business, Amber served as a Member of Parliament between 2010 and 2019. In addition to holding the roles of Home Secretary, Secretary of State for Work and Pensions and Minister for Women and Equalities, Amber served as Secretary of State for Energy and Climate Change from 2015 to 2016, having been Parliamentary Under Secretary of State at the Department of Energy and Climate Change from July 2014 until May 2015. Amber led the UK team to the successful completion of the Paris Climate Change Agreement. This UN sponsored 2015 Conference of the Parties (COP21) achieved a landmark global commitment to reduce national carbon emissions.

External appointments

Non-executive director of Pinwheel, advisor to businesses including Equinor, FGS and Centerview Partners, and a trustee of RUSI.

Sue Whalley
Independent Non-Executive Director

Sue joined the Board on 1 December 2023.

Relevant skills and experience

Sue brings a blend of experience in people and cultural transformation, and strategic, technological, and operational evolution in large, complex organisations, championing the use of innovation to improve customer service.

Previous experience

Prior to joining Associated British Foods plc in 2019, Sue spent 12 years at Royal Mail where she held several executive roles. She was chief executive officer of the UK post and parcels business where she led complex organisation and digital transformation to support e-commerce growth in the logistics and delivery business. Sue has extensive experience working with complex stakeholder landscapes including unions and regulators. She also has experience leading Health and Safety agendas and environmental initiatives within operations. Sue spent nearly 18 years in management consultancy working in a range of industries including retail and utilities.

Sue is a graduate of the University of Cambridge and holds an MBA from Harvard Business School.

External appointments

Chief people and performance officer at Associated British Foods plc.

Raj Roy
Group General Counsel & Company Secretary

Raj was appointed Group General Counsel & Company Secretary on 1 October 2020.

Relevant skills and experience

Raj has overall responsibility for legal, regulatory, ethics, compliance and secretariat activities across the Group, the effective operating of Centrica plc's Board and advising on key issues of corporate governance and compliance. Raj joined Centrica in 2014 as the Legal Director for Residential Energy, before becoming General Counsel for the UK and Ireland region in 2017. He has led legal, regulatory and compliance teams at Centrica in various formations across the UK and Ireland region and the Consumer division.

Previous experience

Prior to joining Centrica, Raj spent nine years at Vodafone, holding a number of senior in-house legal roles in the Group and UK legal functions. Raj started his career in private practice, qualifying as a solicitor at Slaughter and May in London and subsequently working for Freshfields in Brussels.

External appointments

Member of the Board of Energy UK (representing Centrica) and the Board of General Counsel for Diversity and Inclusion (GCD&I).

Committee membership key

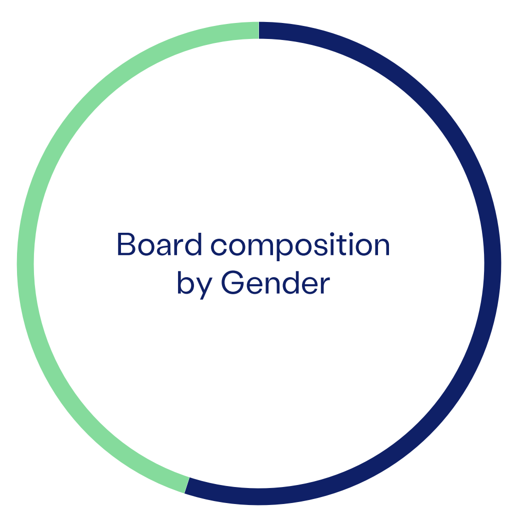
Denotes Committee Chair
Chair of the Board
Audit and Risk Committee
Disclosure Committee
Nominations Committee
Remuneration Committee

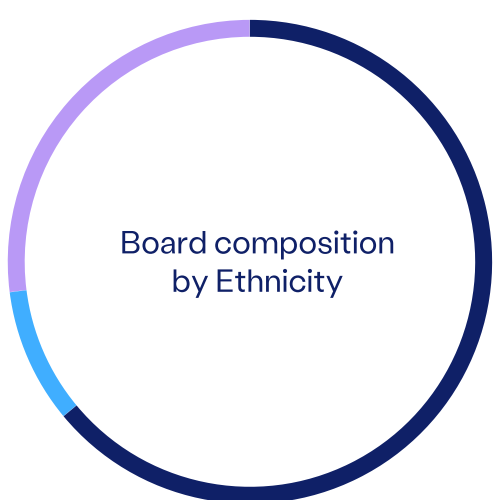
SC Safety, Environment and Sustainability Committee

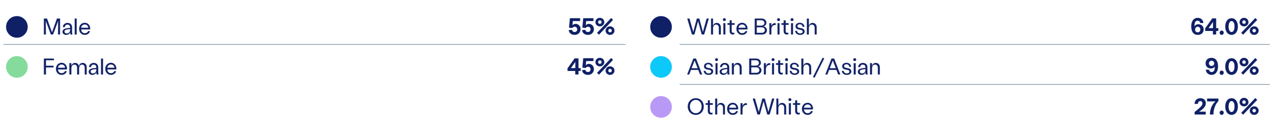
Skills and experience key

Consumer Services
Energy Sector
Engineering/Safety
Finance/M&A
Financial Services
Government/Regulatory
Technology

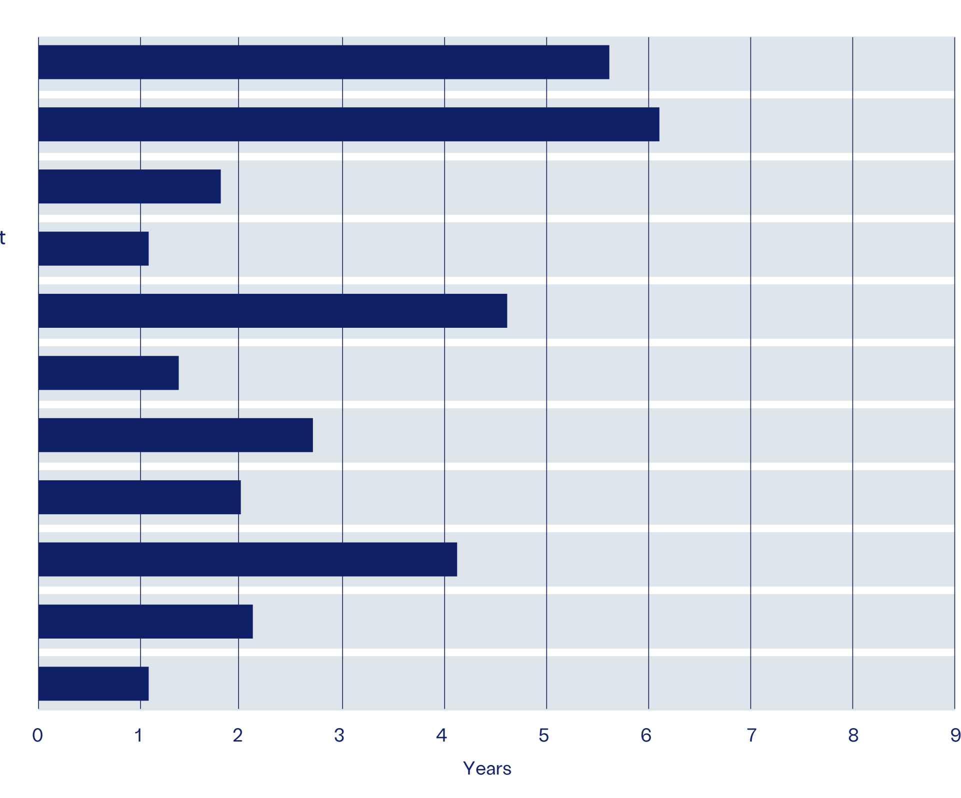
Board composition and skills







Board tenure distribution (as at 31 December 2024)



Board and senior leadership diversity

Sex/gender representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board(1)	Percentage of senior positions on the Board(1)	Number in executive management	Percentage of executive management
Men	6	55%	3	75%	9	69%
Women	5	45%	1	25%	4	31%
Other categories	—	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—	—

(1) There are four senior positions on the Board (Chair, Group Chief Executive, Group Chief Financial Officer and Senior Independent Director).

Ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board(1)	Percentage of senior positions on the Board(1)	Number in executive management	Percentage of executive management
White British or other White	10	91%	4	100%	11	85%
Mixed/Multiple Ethnic Groups	—	—	—	—	—	—
Asian/Asian British	1	9%	—	—	2	15%
Black/African/ Caribbean/Black British	—	—	—	—	—	—
Other ethnic group	—	—	—	—	—	—
Not specified/ prefer not to say	—	—	—	—	—	—

(1) There are four senior positions on the Board (Chair, Group Chief Executive, Group Chief Financial Officer and Senior Independent Director).

Read more about Board diversity on page 80.

Explanatory notes

(1) The Information above is stated as at 31 December 2024.
(2) As at 31 December 2024, we met the Board diversity targets set out in Listing Rule 6.6.6R(10). This included (i) at least 40% female representation on the Board (2024: 42%); (ii) at least one Director being ethnically diverse (2024: 1 person); and (iii) to have at least one senior position held by a woman (met following the appointment of Jo Harlow as SID).
(3) By the end of 2030, it is our goal for our Board, senior executives and senior leaders to be 48% women and 18% ethnically diverse. As part of our commitment to the Parker Review in setting a senior executives ethnic diversity target by 2027, in 2023 we decided to bring our 18% goal forward by three years.
(4) Our Non-Executive Directors self certified their diversity data. The Directors were asked to confirm their gender and ethnic background based on the categories taken from the UKLR 6 Annex 1. The diversity data for the executives and colleagues are collated through our HR management system. We encourage all colleagues to self-report information such as gender, gender identity, ethnicity, age, sexual orientation, disability and military background, whilst also including a 'prefer not to say' option. We continued to run our #ThisIsMe campaign to encourage more people to share who they are, which helps us better understand who is working for us and where we need to target action to improve diversity.

Board activities

Board meetings

The Board is committed to upholding high standards of corporate governance and compliance, recognising their importance for the Company's enduring performance and value generation. These standards underpin the Company's strategic objectives and critical decision-making, crucial for reinforcing its financial foundation and navigating challenging market conditions.

The Board held nine formal meetings in 2024, which primarily occurred face-to-face, and two Board calls which were supplementary meetings called for specific approvals and/or focused discussion. If Directors are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the Chair. The agendas for Board meetings are established at the beginning of the year, and then, subject to changing priorities, are agreed in advance of each meeting by the Chair, Group Chief Executive and Group General Counsel & Company Secretary. The agenda typically consists of regular standing items, such as reports on financial performance, and review of a particular topic or business area.

During the year, the independent Non-Executive Directors, including the Chair, met regularly without management present.

Site visits

The Directors recognise the importance of, and benefits gained by, visiting the Group's operations and endeavour to visit Centrica sites each year. The site visits that the Board undertook in 2024 and the interactions at those visits were intended to provide the Directors with a deeper understanding of operational aspects and to provide opportunities to engage with colleagues directly about their work experiences and other significant issues.

Date of site visit	Location of site visit	Focus of site visit [1]
June 2024	Uddingston Office, Glasgow	Board colleague engagement session to hear from colleagues about their experience of working at Centrica and Scottish Gas.
September 2024	Aalborg, Denmark	The Board met with the Centrica Energy Leadership Team to learn about their operations, performance and strategy. The Board held an open Q&A session with Centrica Energy colleagues in a townhall.

(1) Read more on the Board's engagement with colleagues on pages 98 to 99.

Board and Committee meeting attendance 2024

Name	Role	Board	AC	NC	RC	SC
Kevin O'Byrne [(1)]	Chair and Non-Executive Director	11/11	4/4	4/5		
Chris O'Shea	Group Chief Executive	11/11				
Russell O'Brien	Group Chief Financial Officer	11/11				
Jo Harlow [(2)]	Senior Independent Non-Executive Director	10/11		4/5	5/5	
Carol Arrowsmith	Independent Non-Executive Director	11/11	4/4	5/5	5/5	
Philippe Boisseau	Independent Non-Executive Director	11/11	4/4	5/5		3/3
Nathan Bostock	Independent Non-Executive Director	11/11	4/4	5/5		3/3
CP Duggal	Independent Non-Executive Director	11/11	4/4	5/5	5/5	
Heidi Mottram	Independent Non-Executive Director	11/11		5/5	5/5	3/3
Amber Rudd [(3)]	Independent Non-Executive Director	10/11		5/5	5/5	3/3
Sue Whalley	Independent Non-Executive Director	11/11		5/5	5/5	
Scott Wheway [(4)]	Chair and Non-Executive Director	10/10		5/5		3/3

(1) Kevin O'Byrne did not attend the Nominations Committee meeting in April as he was a potential candidate for Chair succession discussion. Kevin became Chair of the Nominations Committee on 16 December 2024.
(2) Jo Harlow did not attend meetings in June due to existing commitments that had been notified to the Company prior to joining the Board.
(3) Amber Rudd was unable to attend an ad-hoc meeting set up at short notice due to an existing commitment.
(4) Scott Wheway stepped down as Chair and a Non-Executive Director on 15 December 2024.

Board focus during the year

Throughout the year, the Board's activities have included evaluating regular operational and financial reports, setting and monitoring strategy, approving various business and governance matters, and detailed presentations on topics.

Stakeholder key

Customers | Colleagues | Investors | Government and regulators | Suppliers | Communities and NGOs

	Link to stakeholders	Link to Principal Risks and Uncertainties
Strategy and business plan The Board set the delivery of the strategic direction of the Group and oversaw the delivery of that strategy for the benefit of relevant stakeholders. • Regular business updates from the Group Chief Executive and heads of Centrica Group businesses • Group Annual Plan • Energy supply and energy transition investment opportunities • Climate Transition Plan		• Political, Legal, Regulatory or Ethical Intervention and Compliance • Operational Asset Integrity • Climate Change
Performance and risk Financial performance and risks, as well as risk controls and processes are regularly reported to the Board, to the Audit and Risk Committee, and the Safety, Environment and Sustainability Committee. Risks are also brought to the attention of the Board through reports from the Group Chief Executive, Group Chief Financial Officer, heads of business and functional subject matter experts. • 2023 Final Dividend • Group financial performance updates • Results reporting • Business units – deep dives • Health and safety • Risk and controls • Cyber security • ENSEK acquisition		• Cyber • Safety • People
Culture and stakeholders Understanding the views and interests of the Company's diverse community of stakeholders, including customers, is important to the Board. To enable a culture that drives our values, the views and interests of stakeholders are considered in the development, delivery and oversight of the Group's business model and strategy. • Talent and succession planning • Directors' Remuneration Policy • Responsible sourcing • Colleague engagement • Brand and reputation		• People
Political and regulatory environment During the year, the Board considered a range of political and regulatory matters relevant to the Group's activities and strategy. • Regulatory policy developments in our active markets • Modern Slavery Act Statement • UK Corporate Governance Code • Evolving ESG reporting requirements		• Political, Legal, Regulatory or Ethical Intervention and Compliance • Climate Change
Governance The Board receives regular reports from the Group General Counsel & Company Secretary on governance and regulatory matters, as well as regular updates and insights on market trends from the Investor Relations function. During the year, the Board took time to consider or oversee key governance activities. • Annual Report and Accounts • Annual General Meeting • Board evaluation • Board objectives and training		• Political, Legal, Regulatory or Ethical Intervention and Compliance

The Board's duties under Section 172(1)

The Directors are required under Section 172(1) (a)-(f) of the UK Companies Act 2006 to promote the long-term success of the Company for the benefit of its members and to consider the interests of other stakeholders in their decision making.

The diverse set of skills, knowledge and experience (see pages 86 to 89), our Purpose, Values and strategy (see pages 11 and 18 to 25), stakeholder engagement (see pages 12 to 13 and 98 to 99), and Board activities and discussions (see pages 92 to 93) all support the Directors in fulfilling their responsibilities.

Alongside the principal decisions described on these pages, the table below provides examples of other activities which also support the Directors in meeting their obligations under S172(1).

Section 172 factors	Examples of supporting activities	Supporting information
(a) Decision for the long term	• Agreed refreshed purpose and values;	11
	• Strategy meetings discussing strategic priorities;	18 to 25 and 93
	• Regular deep dive reviews of business performance, and aligned risks and control reviews to monitor strategy;	93
	• Agree annual plan, review the allocation of capital and monitor performance;	93
	• Regular review of sustainability performance ambitions;	114 to 115
	• Review risks and opportunities relating to Board reserved matters; and	93
	• Regular board report on activities supporting the directors' Section 172 activities.	93 and 94 to 99
(b) Employee interests	• Engaging with our colleagues through a structured engagement plan;	12 to 13, 81 and 98 to 99
	• Established Shadow Board;	12, 56 and 98 to 99
	• Regular review of the outcomes of the 'Our Voice' survey;	12, 65, 81 and 99
	• Board focus on executive succession planning; and	112 to 113
	• Monitor health and safety performance through the Safety, Environment and Sustainability Committee (SESC).	64 to 65 and 114 to 115
(c) Relationships with suppliers, customers and others	• Introduced new Chief Customer Office to drive improved customer outcomes;	54
	• Regular shareholder engagement, targeted for review of remuneration policy and Climate Transition Plan; and	13, 81 and 95 to 98
	• SESC activities monitor outcomes in relation to multiple stakeholders.	114 to 115
(d) Community and the environment impact	• SESC remit supports activities on community and climate;	114 to 115
	• People and Planet scorecard regularly reviewed;	114 to 115
	• Revised Climate Transition Plan and targets; and	73 to 76
	• Board review of sponsorship and community contribution.	114 to 115
(e) Reputation for high standards of business conduct	• SESC monitors performance against various stakeholder measures;	114 to 115
	• Annual deep dive reputational survey on stakeholder perceptions to inform activities in relation to stakeholder groups;	114 to 115
	• Adoption of 'Our Code' reinforcing conduct expectations; and	65 and 81
	• Review of principal risks impacting the business.	40 to 51
(f) Fairness between shareholders	• Regular engagement, trading updates and publication of information available to investors on our website e.g. Teach-in sessions;	98 to 99
	• The Disclosure Committee protects the integrity of price-sensitive information; and	83
	• Hybrid Annual General Meeting to support broader participation.	98

Principal decisions made by the Board in 2024

In line with our Purpose to energise a greener, fairer future, the Board gives careful consideration to the potential impacts of decisions on stakeholders. Principal decisions made by the Board included those set out below. Refer to the Nominations Committee report on page 113 on the process for the appointment of the Chair.

Examples of decisions made by the Board in 2024	
Remuneration Policy	
Context	Our Remuneration Policy is designed to balance the views and experiences of all our stakeholders, while ensuring we attract and retain high-performing executives capable of leading a complex organisation in a challenging and competitive global business environment.
Stakeholder considerations	As part of developing the new Directors' Remuneration Policy (the Policy), the Company engaged with stakeholders. **Investors:** The Chair of the Remuneration Committee and Company representatives engaged with investors and proxy advisors to understand their views of the proposed Policy. They engaged with shareholders representing nearly 50% of our issued share capital. The Company shared its views on required changes to attract and retain talent and ensure the alignment of remuneration to our business strategy, Purpose and culture. Responses from investors and our independent Remuneration Committee advisor were discussed by the Board at various points during 2024 and used to finalise the Remuneration Policy. **Colleagues:** The Directors recognise that Centrica employees are core to our business performance and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining, developing and motivating talented employees. The Directors consider and assess the implications of the Remuneration Policy changes on employees and the wider workforce with a goal to ensure alignment with our reward principles, Purpose and culture.
Outcome	Stakeholder views were shared with the Board and Remuneration Committee alongside information on the wider workforce remuneration structure, external market practice, corporate governance regulations and institutional guidelines. Changes to our Remuneration Policy demonstrate our commitment to setting and implementing a Policy that is strongly aligned to our strategic objectives and the delivery of long-term value for all stakeholders, while seeking to avoid creating excessive risks in the achievement of short and long-term performance targets. During consultation, shareholders requested clarity on the business performance and executive pay decisions in the context of the wider workforce, as well as competitive market benchmarks, to understand the context and rationale for the proposed changes. Most shareholders that we consulted indicated that they were supportive of the proposed changes. The Remuneration Committee Chair has provided this context and rationale in the Remuneration Committee Chair's letter. Read our Remuneration Policy on pages 138 to 147.

Examples of decisions made by the Board in 2024

Climate Transition Plan

Context	Our Climate Transition Plan transparently explains to stakeholders our Plan for tackling climate change and achieving net zero. The updated Plan (see pages 73 to 77) primarily outlines Centrica's commitment and progress on net zero, the ambitious and tangible steps we intend to take to progress our Plan, as well as the key dependencies and resources our Plan is reliant on. The Plan closely aligns with best practice such as targets aligned to the Paris Agreement and the Transition Plan Taskforce's (TPT) framework. The Climate Transition Plan demonstrates the important role Centrica plays in the energy transition. It was published on 21 January 2025. The Plan was shaped through stakeholder engagement and we continue to engage stakeholders on it in the run-up to the AGM.
Stakeholder considerations	Centrica has engaged with a variety of stakeholders to develop and implement its Climate Transition Plan. Those key stakeholders include: **Investors:** Centrica conducted workshops and meetings with Climate Action 100+ coalition to share details of their decarbonisation strategy and assess as well as evolve in line with investor expectations. **Policymakers and regulators:** Centrica has actively engaged policymakers to advocate for regulatory changes and support mechanisms necessary for achieving net zero. This includes advocating for the use of biomethane for gas peakers, support for hydrogen to power, and the development of hydrogen production and storage infrastructure. **Customers:** Centrica has sought and considered customer expectations and needs, particularly in relation to the adoption of low carbon technologies as well as energy security and affordability. They have provided insights into feasible emissions pathways and the necessary conditions to accelerate progress. **Industry partners:** Centrica has collaborated with various industry partners on projects such as hydrogen production and storage, renewable energy generation and energy efficiency initiatives. These partnerships help to develop innovative solutions and share risks. **Trade associations:** Centrica has engaged with trade associations to advocate for policy reforms and share best practices. This includes memberships in associations focused on heat pumps and hydrogen. **Communities:** Centrica engaged wider communities to ensure a just transition. This includes supporting community initiatives and providing energy efficiency improvements as well as energy bills support to those who need it. This engagement highlights Centrica's comprehensive approach to addressing the expectations and concerns of various stakeholders while advancing its climate transition ambition.

Examples of decisions made by the Board in 2024

Climate Transition Plan continued

Outcome

Following Centrica's engagement with stakeholders, several outcomes were achieved that reflect the Company's commitment to addressing stakeholder concerns and advancing its Climate Transition Plan. Specific examples include:

Energy certificates:
Centrica advocates for a review of the current regime for energy certificates. After engaging with stakeholders and evaluating various options, the decision was made to continue purchasing certificates under the existing system. However, Centrica will develop an internal framework to ensure quality and value for consumers, which might result in future strategic adjustments, including a reduction in certificate use.

Investor expectations:
Through investor engagement, Centrica improved the scope, quality and transparency of its Climate Transition Plan. This engagement led to the announcement of bolder commitments to progress emission reductions including bringing forward Centrica's commitment to be a net zero business to 2040 from 2045 and setting a new suite of Climate Ambitions to drive progress (see pages 73 to 75).

Policy and advocacy:
Centrica's engagement with policymakers resulted in advocacy for regulatory changes to enable the use of biomethane for gas peakers and support for hydrogen to power plants. The Company emphasised the need for Government support in developing hydrogen production and storage infrastructure.

Stakeholder confidence:
By strengthening its Climate Transition Plan, Centrica aimed to build confidence among stakeholders about its role and resilience in the energy transition. This was achieved by presenting Centrica as a credible and resilient player in the energy transition.

Publication and communication plan:
Centrica published the updated Climate Transition Plan in January 2025, supported by a communications plan for a range of stakeholders in advance of the AGM.

These outcomes demonstrate Centrica's comprehensive approach to addressing stakeholder expectations and advancing its climate commitments.

Relations with our stakeholders: shareholders and colleagues

Shareholder engagement

The Board is committed to maintaining open channels of communication with all of the Company's stakeholders. An important part of this is providing a clear explanation of the Company's strategy and objectives, and ensuring feedback is acknowledged, considered and, where appropriate, acted upon.

The Board seeks to ensure open and effective engagement through the Company's regular communications, the Annual General Meeting (AGM) and other investor relations activities.

Meetings, roadshows and conferences

During 2024, the Company undertook an ongoing programme of meetings with investors (in person and virtually). The majority of these meetings were led by the Group Chief Executive and Group Chief Financial Officer. In addition the Chair reaches out and meets with various investors during the course of the year. This year, our Remuneration Committee led an extensive proactive engagement programme with investors in anticipation of the review of our Remuneration Policy (see page 95 for more further details on this engagement).

The Company reports its financial results to shareholders twice a year, with the publication of its annual and half-year results. The Group Chief Executive and Group Chief Financial Officer typically meet with our major institutional shareholders on a regular basis throughout the year, including the scheduled results engagement sessions following the Company's preliminary and interim results. These meetings provide an opportunity for a review of the Company's strategy and performance. The results presentations, webcast and announcements are made available on our website, centrica.com.

In addition, the Company hosts investor teach-in sessions, with focus on providing insights into our businesses. Most recently, in December 2024, this covered Centrica Energy and our new Meter Asset Provider. Senior Management and/or Investor Relations also attend a number of investor conferences throughout the year, giving shareholders further opportunity to meet and receive updates directly from Company representatives. Senior management, the Chair, Senior Independent Director and Remuneration Committee Chair are also available to meet with major shareholders on an ad-hoc basis if requested.

Engagement themes with our institutional shareholders

During the year, engagement themes included:

- Centrica's strategic progress;
- Full year and interim results;
- Dividends and shareholder returns;
- The regulatory and political environment for UK energy;
- UK energy security and the future of the Rough gas storage facility;
- Energy transition investment opportunities;
- Board succession; and
- ESG matters.

General meetings

The Company holds an AGM each year and holds General Meetings as required. At the AGM, the Chair gives his thoughts on governance aspects of the preceding year and the Group Chief Executive reviews the performance of the Group over the last year. In advance of each AGM, we write to our largest shareholders inviting discussion on any questions they might like to raise with the Chairs of the Board, the Audit and Risk Committee and the Remuneration Committee being available to meet shareholders. In addition, the Company engaged with our largest shareholders and key proxy agencies in 2024 on resolutions concerning the Directors' Remuneration Policy and our Climate Transition Plan. Feedback received from this dialogue was welcomed and enhanced discussions on these proposals.

The 2024 AGM was held as a hybrid meeting in Glasgow, giving shareholders the opportunity to participate, including asking questions and voting, in person or virtually via the online Lumi platform. Shareholders were encouraged to exercise their votes by submitting their proxy forms either electronically or by post. We also invited shareholders to submit their questions in advance of the AGM via a dedicated question facility on our website and, where appropriate, the answers were published on our website.

Our 2024 AGM was well supported with votes in favour of the resolutions ranging from 90% to 99% and with 65% of the issued share capital voted.

Information about the 2025 AGM will be provided in the Notice of Meeting and will be available in due course at centrica.com/agm25. Voting on the resolutions will generally be conducted by a poll and the voting results will be announced through the Regulatory News Service of the London Stock Exchange and also made available on the Company's website.

Centrica.com

Our website, centrica.com, contains up-to-date information for shareholders and other interested parties including Annual Report and Accounts, shareholder circulars, share price information, news releases, presentations to the investment community and information on shareholder services.

Colleague engagement

The Board of Directors take collective responsibility for workforce engagement. Ongoing engagement with colleagues and understanding their perspectives enables the Board to make more informed decisions which enable better outcomes for colleagues as well as the Company.

During the year, the Chair and Non-Executive Directors engaged with members of the workforce in various ways. This included breakfast engagement sessions with the Non-Executive Directors, site visits (see page 92) and a meeting with the Shadow Board to better understand their experiences.

Directors met with the heads of our Centrica Colleague Networks where they had the opportunity to listen and ask questions about the achievements, goals and growth of these networks.

Directors also had the opportunity to engage with colleagues in Glasgow from our Retail business units, including British Gas Services & Solutions, British Gas Energy, Hive, Dyno, and New Business and Net Zero, where the Directors heard about their current roles, past experience and their aspirations. It was also an opportunity for colleagues to ask the Board questions. This feedback helped to inform strategic planning, and supported thinking on cultural measures such as seeing the improved NPS scores in 2024 for British Gas (see pages 1 and 33).

In Denmark, the Directors attended a colleague town hall Q&A and joined a number of 'show and tell' sessions, hosted by the Centrica Energy leadership team and colleagues, focusing on the Centrica Energy story, growth, geographic expansion and product diversification resulting in the Directors feeling well informed with a higher level of understanding of the business.

Following discussions with the Shadow Board on workplace strategy, the importance of an inclusive workplace, encouraging colleagues to disclose their information, and our Purpose, the Board noted the significance of promoting continuous conversations and maintaining a focus on DE&I. Consequently, there is now a stronger commitment to engage in braver conversations, actively seek feedback, and address DE&I challenges head-on. This approach ensures that our efforts are sustained and embedded into our culture, rather than being a one-time initiative.

Quarterly engagement surveys, feedback from the Shadow Board, town halls, meetings with members of the Centrica Leadership Team, both individually and together, leader-led listening sessions and colleague-led network sessions provided additional mechanisms to better understand the views of the workforce and to foster a more collegial culture.

Ongoing and holistic engagements like these contributed to the decision-making of the Centrica Leadership Team and informed the Board's view on organisational culture throughout the course of 2024.

Equal opportunities

The Group is committed to equal opportunities. We have an active equal opportunities policy which includes, but is not limited to, recruitment and selection, training, career development, performance reviews, promotion and through to retirement. Our culture supports the creation of an inclusive and safe environment free from discrimination, harassment and victimisation. Our policies ensure everyone receives equal treatment regardless of gender, identity, race, ethnic or national origin, disability, age, marital status, sexual orientation or religion or any other characteristic protected by applicable laws.

We have created channels for colleagues to voice concerns confidentially, including through a Speak Up online and phone-based helpline operated by an independent third party.

These practices help to ensure that decisions relating to employment practices are objective and based upon work criteria and individual merit. See pages 54 to 57 for more information.

Colleagues with disabilities

It is our policy that current and prospective colleagues with a disability have the same right to access and develop their careers as anyone else, which is why we are actively targeting to grow disability representation as part of our People & Planet Plan to ensure we reflect the full diversity of our communities (see pages 59 to 60). Colleagues with a disability receive full and fair consideration when applying for all vacancies and we interview those who meet the minimum criteria required, whilst making all reasonable adjustments during recruitment or during their employment with us. To help everyone reach their full potential, we provide training, career development and promotion opportunities that are open to anyone who works for us alongside tailored programmes that specifically support colleagues with disabilities to achieve the next steps in their career. We also endeavour to retain colleagues in the workforce if they become disabled during employment.

Our Diverse-ability Network celebrates and supports physiological and neurological diversity among colleagues. Over the years, the network has grown from strength-to-strength with around 450 members and a family of networks including the neurodiversity network. They are a vital source of support and education for colleagues, whilst providing us with essential feedback to help us evolve our business in a more inclusive way. As part of our ambition to be a more inclusive business, we support The Valuable 500 initiative to champion disability inclusion across the business and beyond. In addition to this, we are a Level 2 Disability Confident Employer and are members of the Business Disability Forum, which offers support, toolkits and advice to businesses around disability matters. In 2024, we launched our Great Minds programme to help normalise and better support neurodiversity amongst other activities. Details of our efforts to grow disability representation across the Company and at senior leadership level by 2030 can be found in our People & Planet section on pages 59 to 60.

Human rights

We are fully committed to upholding the fundamental human rights and freedoms of everyone who works for us, with us, or lives in the communities where we operate. We uphold the UN Guiding Principles on Business and Human Rights and are signatories of the United Nations Global Compact. As set out in Our Code, we take steps to ensure that we never knowingly cause or contribute to human rights abuses through activities like employment checks and supplier due diligence. We also aim to contribute positively to global efforts to ensure human rights are understood and observed. Further information about our efforts can be found in our People & Planet Plan on page 66, as well as in our Modern Slavery Statement and Our Code available on our website centrica.com.

Audit and Risk Committee

As the Chair of the Audit and Risk Committee (the Committee), I am pleased to present our report for the year ended 31 December 2024, which summarises the Committee's work to ensure the accuracy and completeness of the Group's published financial information and the effectiveness of the Group's risk management and internal controls framework. This has been a year of significant activity and diligent oversight as we have continued to enhance our governance and risk management frameworks.

This report should be read in conjunction with the following sections in the Annual Report and Accounts:

- Principal Risks and Uncertainties, pages 40 to 51;
- Viability Statement, pages 52 to 53; and
- UK Corporate Governance Code (UK Code) application, page 82.

Changes in membership

Following 5 years and 7 months of service on the Audit and Risk Committee (including as Chair of the Committee), Kevin O'Byrne stepped down on 15 December 2024 following his appointment as Chair of the Board. We thank Kevin for his valuable contributions to our discussions.

Committee overview

The Committee has an annual agenda which is linked to the Company's financial calendar. The agenda is flexible, enabling in-depth reviews of topics based on prioritisation in addition to a regularly scheduled programme for the Committee's attention.

The core responsibilities of the Committee are to:

- Monitor and review the adequacy and effectiveness of the Company's internal controls, risk management systems, and financial reporting processes, including key judgements and estimates;
- Ensure Information Systems Security and compliance with legal, regulatory and ethical standards;
- Provide advice and assurance to the Board on whether it has discharged its duties effectively;
- Assess whether the Annual Report and Accounts, when considered as a whole, are fair, balanced and understandable, providing all necessary information for shareholders and stakeholders to evaluate the Company's business model, strategy, position and performance;
- Oversee the Group's Internal Audit function, ensuring its independence, strategic focus, activities, plans and resources are adequate;
- Approve the appointment and, if necessary, dismissal of the Group Head of Internal Audit;
- Meet regularly with the Group Head of Internal Audit, without management present, to discuss remit and findings;
- Manage the relationship with the Company's external auditors on behalf of the Board, including overseeing their appointment, independence, effectiveness and remuneration;
- Conduct a tender for the external audit contract at least every 10 years and make recommendations to the Board;
- Meet regularly with external auditors, without management present, to discuss their remit and findings;
- Oversee arrangements for employees and stakeholders to confidentially raise concerns about possible improprieties, including in financial reporting;
- Ensure these arrangements enable proportionate and independent investigations and appropriate follow-up actions;
- Review the Company's policies, including 'Our Code', and assess annual compliance;
- Monitor the adequacy of procedures for detecting and addressing fraud, financial crime, bribery and regulatory risks;
- Review significant regulatory policy developments, material risks and incidents of non-compliance, receiving quarterly compliance reports;
- Monitor the Group's exposure to market risks, including commodity prices, inflation, interest rates, and currency fluctuations; and
- Oversee the management of counterparty exposures and funding uncertainties.

Main activities during 2024

During the year, the Committee met four times and considered a broad range of topics. Some of the key focus areas for discussion included the following:

- Viability and Going Concern assessments and related disclosures;
- Review of the 2023 financial results, the Annual Report and Accounts, and the 2024 interim financial results, including any relevant communications from Deloitte;
- Accounting judgements, especially those related to Centrica Energy, the reversal of the onerous supply contract provision, the impairment of the Nuclear asset, Nuclear-related life extensions, impairment, price curves methodology, the Electricity Generator Levy and the assessment of the downstream supply bad debt provision;
- Evaluation of the effectiveness of the external audit process and the Internal Audit function;
- Planning and commencement of the external audit tender process, scheduled to reach conclusion in 2025 in relation to the audit of the 2027 accounts and thereafter;
- Continued oversight of the control environment and finance systems maintenance and development particularly regarding the migration of British Gas Energy customers to a new technology platform;
- Review of the Group's pension schemes, including the triennial review and the impact of changes in gilt yields (see note 22);
- Monitoring of sanctions compliance, information systems, cyber security and data security risk management, especially considering geopolitical developments and updating the Board accordingly;
- Updates on legal, regulatory and ethical compliance, with a focus on energy trading, energy supply (including in relation to prepayment meters installed under warrant) and the sale and delivery of FCA-regulated products and services, including the operation of Our Code and the Speak Up helpline;
- Regular updates on the progress of the Enterprise Risk Management and Internal Controls programmes;

- Review of customer ratings and feedback as part of the broader assessment of the control environment, risk management, and service quality;
- Assessment and preparation for upcoming legal and regulatory changes, such as reforms to the UK corporate governance regime and CSRD;
- Regular reports and recommendations from Internal Audit and the external auditors on risk, assurance and controls;
- In-depth reviews of the risks and controls environment across various divisions of the Group; and
- Reviewed the reporting and disclosure related to climate change in the Annual Report & Accounts alongside the Safety, Environment and Sustainability Committee, to ensure it comprehensively outlines the actions taken to effectively address major climate-related concerns.

Risk management and internal controls

Internal Audit

The Committee oversees the Group's Internal Audit function, ensuring its efficiency, independence and alignment with strategic objectives and the revised Global Institute of Internal Audit (IIA) standards (Global IIA standards). This includes regular reviews and approval of the annual Internal Audit plan, which is developed in response to the Group's evolving Principal Risks (details on pages 40 to 51). During the year, assurance is provided through a mixture of traditional audits and agile reviews such as real time assurance, programme reviews and investigations. The Group Head of Internal Audit maintains direct communication with the Board Chair and the Committee Chair and is accountable to the Committee. Throughout the year, the Committee is updated on Internal Audit's themes and findings. It also monitors the implementation of follow-up actions by business units.

The Company continues to conform with the revised Global Institute of Internal Audit (IIA) standards. The independence, objectivity and effectiveness of the Internal Audit function was reviewed by reference to the output from a combination of self-assessment, independent assessment conducted by interviews with the Centrica Leadership Team (CLT) and a broader group of senior managers, as well as assessment by the Committee. The review concluded that the Internal Audit function operated in accordance with the Institute of Internal Auditors' International Professional Practices and continued to be independent, objective and effective, with the appropriate resources.

Review of the system of risk management and internal controls

As a business, we place significant emphasis on monitoring the Company's risk management and internal control framework. Investment in transformation programmes for both Enterprise Risk Management and Internal Controls run through 2024 have enhanced our approach to risk management and internal controls.

Our risk management and internal controls are assessed through a self-certification process, a Group Entity Level Controls assessment programme and internal reviews by Internal Audit and the Committee. The Committee receives regular updates on Group Principal Risks and the Group control framework from the Chief Risk Officer and the Director Group Finance reports highlights of the key risks the Group faces, the change in risk climate since the last meeting and any new emerging risks. The update also details the control environment and any areas of weakness identified, together with proposed mitigations.

At times, the Committee requests and receives additional information on areas of concern to obtain a deeper understanding of the risk and assurance of gap closure through closer oversight of remediation. The risk management process and internal controls have been in place throughout the year and remain effective, with ongoing review and improvement.

The Committee has received regular reports throughout the year on the billing system, ENSEK, which the Group purchased in 20 September 2024. We continue to evolve our controls and the Committee was satisfied with the manual review controls put in place, which included a significant number of validations, checks and other broad assurance activities, providing financial integrity and ensuring we remain comfortable with the financial results. The business is committed to evolving further the manual and IT controls in place and the extent of automation, as the platform continues its development.

The Committee also discussed the challenges relating to external audit findings across some of the Group's systems around user access. The Committee continues to oversee the remediation plans and monitors this closely at every meeting.

The Committee oversaw the annual testing of Group Level Controls. The Committee continued to emphasise the importance of refining risk appetites, ensuring robust metrics and data quality, and implementing effective mitigation strategies to support the Group's governance and risk management framework. The Committee is overseeing the development and implementation of a structured plan to ensure compliance with Provision 29, with a clear roadmap to assess and enhance the effectiveness of risk management and internal controls.

Enterprise risk management framework transformation

During the year, the Committee has engaged in the enterprise risk management transformation programme (the Framework), which included approval of a refreshed Framework aligned with international standards, including ISO31000 and COSO ERM guidance, in order to continue to enhance our risk management capabilities.

A CLT strategic risk workshop informed this year's review and assessment of the principal risks for inclusion, confirming a shared understanding and alignment with Centrica's strategic priorities and the evolving risk landscape. While the overall Principal Risks remain consistent, an updated understanding of these risks enabled targeted control improvements and mitigation strategies.

Strengthening of financial controls

The Committee noted the Framework's role in strengthening Centrica's financial controls environment, with specific improvements in IT controls and other areas highlighted by external audits.

The Audit and Risk Committee commended the progress made in Centrica's enterprise risk management processes and further improvements in the overall control landscape, reflecting a maturing framework aligned with strategic priorities and regulatory expectations.

Fair, balanced and understandable

In line with the UK Code, the Committee reviews the Annual Report and Accounts on behalf of the Board to ensure it is compliant with applicable laws and regulations and provides shareholders and stakeholders with the necessary information to assess the Company's position, performance, culture, business model and strategy. The Committee also considers the processes and controls involved in the production of the Annual Report and Accounts, the governance framework for review and the responsibilities of the Directors. There is a robust governance framework supporting the production of the Annual Report and Accounts to ensure they have been critically reviewed and verified by the key teams in the relevant businesses and functions. This includes review and agreement by the Fair, Balanced and Understandable Committee comprising Heads of Function from Finance, Corporate Communications, Investor Relations, Internal Audit, People Function, Strategy and Secretariat together with review and input from other content owners and their managers.

External auditors

External auditors and effectiveness of the external audit process

The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee considers annually the scope, fee, audit plan, performance, objectivity and independence of the external auditors. To maintain objectivity, principal members of the external audit team are rotated off the Company's audit. Additionally, to protect the independence of the external auditors and the integrity of the audit process, the Company prohibits hiring senior staff from its auditors for at least two years after they stop providing services to the Company. Jane Boardman was appointed as the lead audit partner after the completion of the 2021 audit and has been serving in this role for three years. The Company conducted its last audit tender on 4 November 2016, appointing Deloitte as auditor for the financial period beginning 1 January 2017.

To assess the effectiveness of the external audit process and independence and objectivity of the external auditors, the Committee carried out an assessment, as in prior years, primarily looking at the key areas of:

- Robustness of the audit process;
- Quality of people and service;
- Quality of delivery;
- Independence and objectivity; and
- Value-added advice.

This assessment included an internal questionnaire, which was completed by the Chair of the Board, Committee members and senior members of management on their views of Deloitte's performance. The questionnaire covered a review of the audit partner and team, the audit scope and approach, audit plan execution, auditor independence and objectivity, and robustness of challenge of management. Separately, Deloitte also provided an assessment, via an internal management questionnaire, of management's controls, judgements and engagement throughout the audit process. The feedback was reviewed by management; it was then reported to and discussed by the Committee.

Fair, balanced and understandable

To ensure the Annual Report meets the 'fair, balanced and understandable' (FBU) standard, a thorough process is undertaken annually to provide assurance to the Board and the Audit and Risk Committee (the Committee).

The assurance process for the Annual Report involved contributions from various internal and external stakeholders to ensure its accuracy, clarity and compliance. PwC, as the independent advisor to the Remuneration Committee, conducted an external review of the Directors' Remuneration Report. Additionally, external legal counsel and proxy advisors provided feedback on the broader Annual Report, which was instrumental in enhancing the quality of disclosures. Key contributors, including members of the finance leadership teams, verified the accuracy of the information they supplied.

The FBU Committee, comprising senior business leaders, played a pivotal role in ensuring the report was 'fair, balanced and understandable.' This involved reviewing strategic and operational performance, risk management, governance narratives and the alignment between financial statements and narrative sections. Regulatory and compliance aspects were also scrutinised by the Committee. Drafts of the report were shared with both the FBU Committee and the full Board for thorough review and input, ensuring robust oversight and alignment with the Company's strategic objectives.

This collaborative effort supports accountability to ensure that the report is clear and transparent.

The Directors consider the work undertaken by the FBU Committee. This provides robust support for the Committee's review for its determination that on the whole, this Annual Report is fair, balanced and understandable, providing shareholders with the information needed to evaluate the Group's position, performance, business model and strategy.

The Committee was satisfied with the external auditor's commitment to audit quality, the robust and professional working relationship with management and demonstration of strong technical knowledge and professional scepticism. In addition, to ensure the independence of the external auditor, and in accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Standard 2019 issued by the Accounting Practices Board and as a matter of best practice, Deloitte has confirmed its independence as auditor of the Company. On the basis of Deloitte's confirmation and report on their approach to audit quality and transparency, the Committee concluded that; Deloitte possesses the appropriate qualifications and expertise; Deloitte remains independent of the Group; and, coupled with effective management engagement, the audit process was effective.

The re-appointment of Deloitte as auditor for the 2024 financial year was approved by shareholders at the AGM in June 2024 and Deloitte has been recommended for re-appointment again in 2025. The Committee confirms that this recommendation is free from influence by any third party and no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the Company.

As indicated above, Deloitte has been the Company's auditor since 2017 (8 years). As stated in last year's report, the Committee has initiated a competitive audit tender process in accordance with the mandatory ten-year re-tendering requirement. The process will be completed during the year and the outcome of the process will be reported in the 2025 Annual Report. Deloitte has been invited to participate in the tender. Conducting the audit tender in 2025 is in the best interest of the Company as it ensures compliance with best corporate governance practices, promotes auditor independence, and enhances the effectiveness and quality of the external audit.

The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. The Committee and the Board confirm that they have taken all the necessary steps to become aware of any relevant audit information and to pass that information onto Deloitte.

Auditor independence and remuneration

The Committee is responsible for establishing the Group's policies and procedures designed to protect the independence and objectivity of the external auditor. The policy details those services that the auditor is permitted to carry out and pre-approves certain of these services provided the fee is below a threshold; all other permitted services must be specifically approved in advance by the Committee. Prior to the engagement of the auditor for a permitted service, the policy requires that senior management confirms whether the Committee has pre-approved the service or specific approval is required.

The total amount of fees paid to the auditor for both audit and non-audit related services in 2024 is disclosed in note S9 to the financial statements.

In November 2024, the Committee reviewed its non-audit services policy and no substantive changes were made to the policy. A copy of this policy is available on our website centrica.com.

There is an annual cap on non-audit work during the ordinary course of business of £1m, which is assessed each year for appropriateness in the context of external guidance and regulation. Overall total non-audit fees incurred in 2024 were £0.8m (2023: £0.7m). All non-audit fees relate to assurance services (e.g. Interim review or local regulatory requirements). In line with the non-audit fees policy, approval for this expenditure was sought and received from the Committee in advance of the work commencing if Deloitte was best placed to provide these services on a timely and cost-efficient basis, given their position as the external auditor. The amount incurred in the year is well below the legal cap of 70% of non-audit fees (for services not required by regulation) compared to the three-year average of statutory audit fees, amounting to approximately 10%.

In normal circumstances, all significant non-audit work is put out to tender and Deloitte is only appointed if their experience and knowledge makes them the most appropriate supplier and it is clear another firm could not undertake the work without adversely impacting the businesses. For further information, see note S9 to the accounts on page 261.

Corporate Reporting Review

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial information provided to shareholders and other stakeholders. The Committee oversees financial reporting and related risks and internal controls and has a role in overseeing the internal and external auditors, as well as interacting with other members of management and external stakeholders as required.

In advance of the Audit, Reporting and Governance Authority being created, the Committee during the year complied with the FRC's Audit Committees and the External Audit: Minimum Standard.

Going concern basis of accounting & viability

The Committee has provided a robust review of the going concern assessment and the ongoing adoption of the going concern basis of accounting for the preparation of financial statements, identifying any material uncertainties that could impact the Company's ability to continue as a going concern.

Our deliberations during the year have also included evaluating the Company's prospects. We recognise the need to clearly articulate how the Board has assessed these prospects, the period considered and the rationale for deeming that period appropriate. This forms part of our commitment to providing transparent and comprehensive disclosures.

UK Corporate Governance Code preparedness
The Board regularly receives updates from the Group General Counsel & Company Secretary about important developments and upcoming changes in UK Corporate Governance and preparedness to comply with the 2024 UK Corporate Governance Code. During the year, the Committee, aided by the Group General Counsel & Company Secretary and the Group Chief Financial Officer, considered the changes to the UK Corporate Governance Code and considered how these changes affect the remit of the Board Committees.

Speak Up (the Group's whistleblowing service)
The Committee received and considered reports from management on the Group's whistleblowing arrangements. The Committee reviewed the reports to ensure there are arrangements in place which colleagues can use in confidence and without fear of retaliation. In addition, colleagues are able to report concerns about inappropriate and unacceptable practices; these arrangements are well publicised and there is proportionate and independent investigation of such matters or appropriate follow-up. The Committee reported on its consideration of whistleblowing arrangements to the Board.

Committee effectiveness
The Committee reviews its terms of reference annually to ensure they remain appropriate in light of legal, regulatory and best practice changes. No material changes were made to the Committee's terms of reference in the year under review and they are available on our website centrica.com.

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Independent Board Evaluation. The Committee was found to be performing effectively. The outcome from the evaluation will be used to improve performance going forward.

Read page 80 to 81 for further information on Board effectiveness.

Membership, meeting attendance and key focus

Committee members:
- Nathan Bostock (Chair)
- Kevin O'Byrne (member until 15 December 2024)
- Carol Arrowsmith
- Philippe Boisseau
- CP Duggal

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

All Committee members are independent Non-Executive Directors. Nathan Bostock has recent and relevant financial experience and the Committee has sector relevant competence, as disclosed on page 88.

Carol Arrowsmith has a historical connection to Deloitte LLP (Deloitte), having previously served as a partner. However, she had left Deloitte prior to their appointment as the Group's external auditors. Additional, Carol receives a pension annuity from Deloitte. The Committee deems that this does not affect the independence and judgement of Deloitte, nor the Committee's oversight of Deloitte's performance.

Meeting attendees by invitation
All other Non-Executive Directors, Group Chief Executive, Group Chief Financial Officer, Group General Counsel & Company Secretary, Group Financial Controller, Group Head of Accounting, Reporting and Tax, Group Head of Treasury, Pensions and Insurance, Group Chief Risk Officer, Group Head of Internal Audit and the external auditors.

Focus areas in 2025:
- The Group's published financial information;
- The effectiveness of the Group's enterprise risk management and internal controls framework;
- The enterprise risk and control framework including risks managed by the other Board committees;
- Oversight of principal risk levels against risk appetite;
- Compliance, ethics, legal and regulatory matters;
- Rotational deep dives on risk and controls management within each business unit;
- Finalise audit tender process;
- Finance Systems Review and Finance health check;
- Preparedness for 2024 UK Corporate Governance Code implementation and material control attestation; and
- CSRD/Sustainability Assurance.

Nathan Bostock
Chair of the Audit and Risk Committee
19 February 2025

Key judgements and financial reporting matters in 2024	*Audit and Risk Committee reviews and conclusions*
Electricity Generator Levy The Electricity Generator Levy (EGL) applies a tax rate of 45% on revenues from sales exceeding a benchmark price of £75/MWh (as adjusted for inflation) on electricity generated from nuclear sources. It applies from 1 January 2023 to 31 March 2028. Because EGL is a tax on revenue and not profits, it falls under IFRIC 21: Levies and is not in the scope of IAS 12: Income Taxes. This means that EGL is not recognised in the tax line but instead reduces the Group's adjusted operating profit. EGL is chargeable within the Group's associate accounted 20% Nuclear investment for its sale of electricity, as well as on offtake arrangements with significant minority shareholders in such generators. During the year, the Group's share of its Nuclear associate's EGL payments amounted to £86m (2023: £41m) (recorded within the share of profit after tax from associates). The Group has also made payments on account to HMRC of £80m (2023: £285m) in relation to its estimated EGL liabilities for its minority shareholder Nuclear offtake arrangements during the year and this expense has been recorded within Cost of Sales. The EGL legislation is new, and its interpretation and application is unclear in respect of the Group's minority shareholder Nuclear offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a different amount (up to £150m lower than the amounts paid to date in 2023 and 2024) may ultimately be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within Cost of sales in the Group Income Statement, when it became probable that the asset would be recoverable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date.	The Committee discussed the complexity around the interpretation of the Electricity Generator Levy legislation and understood the process the Group had been through to gain clarity on the matter and the external advice sought. It also held discussions with the external auditors to confirm their view and the appropriateness of the accounting treatment adopted. The Committee concluded that the judgement reached was appropriate and concurred with the accounting approach. The Committee also noted the disclosures included in the financial statements to highlight the key source of estimation uncertainty in this area. Further detail is provided in note 3 on pages 176 to 182.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Determination of forecast commodity prices and their use in valuing long-lived assets and derivative contracts Commodity price forecasts are a key assumption in the valuation of the Group's long-lived assets and derivative contracts. For short-term commodity prices over the next four years, observable liquid market prices (as at 31 December 2024) continue to be taken as the best view of expected price. For the longer-term period thereafter, the Group has refined its commodity price estimation methodology, following the announcement of its intention to invest between £600-800m in capital expenditure annually over the next few years, including in assets with long-term commodity price exposure. It was considered important to derive a Centrica view of long-term prices to help assess both asset values and inform impairment assessments rather than continue to utilise a 'P50' average of third-party comparator median curves, which was used in the prior year. An internal review was conducted to map Centrica's beliefs around the evolution of each commodity market to specific, reputable, third-party curve providers. This review evolved during the year and resulted in a more refined view using a balance of curve providers more aligned to our long-term view. Accordingly these long-term price assumptions are expected to help facilitate a better estimation of the recoverable amount of long-lived assets and are deemed to align to pricing that a reasonable market participant would use. The Group has used these price curves in its asset impairment testing and contract valuations. The year-end price assumptions for NBP and Baseload power were benchmarked back to those that would have been calculated under the previous 'P50' methodology and were not significantly different. The Group has also obtained commodity price forecasts which are intended to be consistent with net zero by 2050. These are lower than the curves the Group has adopted for both NBP and baseload power. The Group has shown the impact of such price forecasts on the gas assets and Nuclear assets in note 7 of the financial statements.	The Committee understood and challenged the rationale for changing the approach to deriving long-term commodity price assumptions. The Committee noted the increase in short-term NBP prices during 2024 with a reduction in Baseload power prices and that the longer-term price forecasts were fairly consistent when compared with prior year for both commodities. The Committee understood that these outputs impact many of the other judgements listed below. Sensitivities of the asset impairment tests to changes in price forecasts are provided in note 7 on page 192 to 196. The Committee noted the use of a price curve intended to be consistent with net zero by 2050 in the impairment sensitivities and believed the output provided useful information to readers of the accounts. The Committee also noted the continued inclusion of a Climate Change accounting considerations section in note 3.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Energy derivatives – classification and valuation The Group enters into numerous commodity contracts in its ordinary course of business. This can be to procure load for its downstream business, sell output from its upstream/ infrastructure assets, to trade around its other commodity exposures or to make money from proprietary activities. On entering into these contracts, the business assesses each of the individual trades and classifies them as either: (i) Out of scope of IFRS 9: For 'own use' contracts (i.e. customer contracts, contracts to take delivery and meet customer demand or sell upstream/ infrastructure output) and contracts that cannot be net settled. (ii) In scope of IFRS 9: Contracts for commodities which have the ability to be and practice of being net settled. Energy contracts outside the scope of IFRS 9 are accruals accounted. Those contracts considered to be within the scope of IFRS 9 are treated as derivatives and are marked-to-market (fair valued). If the derivatives are for proprietary energy trading, they are recorded in the business performance column of the Group Income Statement. If they are entered into to protect and optimise the value of underlying assets/ contracts or to meet the future downstream demand needs, they are recorded as certain re-measurements. The fair value of derivatives is estimated by reference to published liquid price quotations for the relevant commodity. Where the derivative extends into illiquid periods, the valuation typically uses the new Centrica long-term view price curves (see 'Determination of long-term commodity prices and their use in valuing long-lived assets and derivatives'). Judgement is required in all aspects of both the classifications and valuations. One of the Group's critical accounting judgements is that its LNG contracts are outside the scope of IFRS 9 because they are entered into for its own purchase and sale requirements ('own use').	The Committee noted that the Group's policy and methodologies in classifying and valuing energy derivatives were unchanged from previous periods. The Committee also reviewed and understood the breakdown by business of the movement in IFRS 9 energy derivative valuations in the Group Income Statement. They reflected on the fact certain re-measurement derivative net gain of c.£400m was predominantly as a result of the unwinding of prior year out-of-the money positions and that the net movement on unrealised trades was small in comparison to the unwind. The Committee noted that, as expected and referenced in Committee's prior year report, the 2024 certain re-measurement unwind amounts were at significantly lower levels than seen in 2022 and 2023 following the extremely volatile prices in 2022. Further detail is provided in notes 2 and 7 on pages 174 to 175 and 192 to 196. The Committee noted and reaffirmed its agreement with the specific judgement regarding LNG contract own-use classifications.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Onerous energy supply and LNG contracts provision The Group's residential and business energy supply contracts and its LNG procurement contracts are accruals accounted. The Group operates and manages a hedging strategy to ensure that the future costs of supplying the customer supply portfolios are appropriately managed and that the value of the LNG cargoes are protected. These hedges are generally in the scope of IFRS 9 and are measured at fair value (see 'Energy derivatives – classification and valuation' above). They are recognised as certain re-measurements in the Group Income Statement separately and are subsequently reflected in business performance when realised, which is generally when the underlying supply transaction or LNG cargo impacts profit or loss. At the end of 2024, the hedges associated with the LNG portfolio were in-the-money. Because of this hedge value recognition, the assessment of whether the LNG contracts were onerous had to be calculated based on the cost of taking delivery of these cargoes and the expected revenues, including the reversal of previous mark-to-market gains. Accordingly, the future costs to procure the LNG cargoes would exceed the revenues derived including mark-to-market reversals because the associated hedging gains had already been recorded in the Income Statement. The Group therefore recognised an onerous LNG contract provision of £82m at the year-end. Note that the LNG portfolio is hedged on a portfolio basis and is forecast to remain economically profitable in 2025 and beyond. At the end of 2024, no onerous provision was required for the residential or business supply contracts because although related hedges were in-the-money, the costs to fulfil the customer contracts including mark-to-market reversals still did not exceed the charges expected to be recovered from the customer. Therefore no onerous supply contract provision was required. The movement in these onerous provisions have been reflected as a certain re-measurement in the Income Statement because these contracts are economically related to the fair value movements on the hedges. Cumulatively, over time, these postings will net to £nil, as the underlying contracts realise and are reflected in the business performance column.	The Committee reviewed the change in the underlying derivative hedge values of the different books and considered the assessment of the onerous contract provisions. The Committee discussed and understood the rationale for including the LNG cargo onerous provisions within certain re-measurements and noted the similarities to the previous onerous energy supply contract provisions. The Committee noted that no onerous energy supply contract was required but observed that it may be required in 2025 if the related derivative hedges moved further into the money but this is dependent on energy prices and the hedged position. The Committee noted the disclosures included in the financial statements to highlight this area. The Committee held discussions with the external auditors to confirm the appropriateness of the accounting treatment and to understand their views of the assumptions used. Further detail is provided in notes 2, 3 and 7 on pages 174 to 182 and 192 to 196.

Key judgements and financial reporting matters in 2024	***Audit and Risk Committee reviews and conclusions***
Impairment of long-lived assets The Group makes judgements and estimates in considering whether the carrying amounts of its assets are recoverable: ***Upstream (Power assets and Gas production assets)*** For Upstream/infrastructure assets, discounted cash flows are prepared from projected production profiles of each field or power asset, taking into account forecast future commodity prices, to assess their recoverable amount. When deriving forecast cash flows, market prices are used for the period when a commodity is liquid. For the longer-term illiquid period, the Centrica view of long-term prices is used (see 'Determination of forecast commodity prices and their use in valuing long-lived assets and derivatives', above). Judgement is also required around production volumes. For Nuclear, individual station information and recent availability data is factored in to the overall asset valuation. The expected operating life of Sizewell has continued to be reflected to 2055 in the modelling, beyond the original design life. During 2024, the expected closure dates for Heysham 1 and Hartlepool stations were extended by one years to March 2027, and for Heysham 2 and Torness by two years to March 2030. For Gas production assets, each field has specific reservoir and field characteristics and is modelled independently. Consistent with previous years, taxes and levies are also included in the discounted cash flow modelling. For Nuclear, the Electricity Generator Levy (see 'Electricity Generator Levy' above) applies a tax rate of 45% on revenues exceeding a benchmark price of £75/MWh (adjusted for inflation) and applies from 1 January 2023 to 31 March 2028. For Gas assets, the Energy Profits Levy applies a rate of 38% (bringing the headline rate on Gas asset profits to 78%) and has a sunset date of 31 March 2030. Predominantly as a result of the movement in both actual and forecast power prices, offset by station life extensions, an exceptional impairment of £48m has been booked in relation to the Nuclear investment. For CBS power assets, an exceptional impairment of £27m was recorded, predominantly related to battery and solar assets, following a reduction in forecast commodity prices. All gas production fields retained impairment headroom.	The Committee challenged management on the key inputs to the impairment models including price, outage rates, assumed lives, tax and discount rates, and discussed with the external auditors. Ultimately, the Committee were comfortable with the conclusions reached. The Committee reviewed the Nuclear investment impairment and noted that the decrease in commodity prices had more than offset the benefit of life extensions at Heysham 1 & 2, Hartlepool and Torness. It also considered the gas production fields and understood why impairment headroom was maintained following an increase in near-term NBP prices. The Committee noted that price sensitivity disclosures have been included in the financial statements. Further detail on impairments and the assumptions used in determining the recoverable amounts is provided in notes 7 and S2 on pages 192 to 196 and 231 to 243.

Key judgements and financial reporting matters in 2024	*Audit and Risk Committee reviews and conclusions*
Credit provisions for trade and other receivables The IFRS 9 impairment model requires credit provisions ('bad debt') for trade and other receivables to be based on an expected credit loss model, as opposed to an incurred loss basis. The economic effects of high interest rates and inflationary pressures on household income, with energy prices increasing in the second half of the year, will likely impact the ability of the Group's customers to pay amounts due. Accordingly, there is significant judgement around the levels of forecast bad debt and the provisioning required at the year-end. The Group's residential and business energy supply customers account for the majority of the Group's credit exposure (with balances associated with our trading business generally received within 30 days). Expected default rates in these areas are calculated initially on a matrix basis by considering recent historical loss experience, the nature of the customer, payment method selected and, where relevant, the sector in which they operate. This model does not always adequately capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges (e.g. higher interest rates). Accordingly, management includes a macroeconomic provision adjustment to mitigate this issue and this amounted to £49m (2023: £175m) at the year-end. The year-on-year reduction in this adjustment was as a result of the initial matrix model starting to more accurately reflect some of these forward-looking challenges. For UK Downstream energy supply, the bad debt charge as a percentage of revenue decreased to 2.6% (2023: 2.9%). The closing bad debt provision moved to 38% (2023: 34%) of UK energy supply gross receivables. Due to the significant estimation uncertainty in this area, management continues to provide detailed analysis and sensitivities in note 17 to the financial statements.	The Committee noted management's groupings of receivables by the key factors affecting recoverability (e.g. payment method, nature of customers) and considered the levels of provisions booked against each grouping, at the year-end. The Committee discussed the approach with the external auditors. The Committee was comfortable with the provisions booked, including the reduction in the macroeconomic provisions. The Committee noted the significant estimation uncertainty in this area and the continued enhanced disclosures in notes 3 and 17, setting out the judgemental nature of the provisioning and the sensitivity analysis to allow users of the accounts to model different outcome scenarios.
Classification and presentation of exceptional items and certain re-measurements The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide this in a clear and consistent presentation, the effects of certain re-measurements of financial instruments and onerous supply/LNG contract provisions, and exceptional items are reported separately in a different column in the Group Income Statement. The classification of items as exceptional and specific trades as certain re-measurements (see 'Onerous supply and LNG contracts provision' and 'Energy Derivatives – classification and valuation' sections above) are subject to defined Group policies. These policies are reviewed annually by management. At the year-end, pre-tax exceptional items included the Nuclear and CBS asset impairments (noted above in 'Impairment of long-lived assets'). Also included are legacy contract costs of £53m associated with business activity that ceased a number of years ago and debt repurchase costs of £68m. Certain re-measurements totalled an overall c.£300m gain on a pre-tax basis – £421m gain from derivatives and £142m loss from the onerous supply and LNG contracts provision movement.	The Committee noted the inclusion of onerous LNG contract provision movements within certain re-measurements and understood the rationale. They noted that the policy on certain re-measurements and exceptional items remains broadly unchanged from the prior year, other than this addition. The Committee formally reviewed and approved the Group's policy on exceptional items during the year and used it to help inform the appropriateness of the proposed classifications. It challenged the items classified as exceptional items, considering their size, nature and incidence and in the context of the Group policy. The Committee concluded that separate disclosure of these items as exceptional was appropriate in the financial statements. The Committee ultimately agreed that presenting certain re-measurements and exceptional items separately continues to allow underlying performance to be reflected on a consistent and comparable basis through the use of the adjusted alternative performance measures (e.g. adjusted operating profit). Further detail is provided in notes 2, 3 and 7 on pages 174 to 182 and 192 to 196.

Key judgements and financial reporting matters in 2024	*Audit and Risk Committee reviews and conclusions*
Energy supply revenue recognition The Group's revenue for energy supply activities includes an estimate of energy supplied to customers between the date of the last meter reading and full-year consumption. This is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. An assessment is also made of any factors that are likely to materially affect the ultimate economic benefits which will flow to the Group, including bill cancellation and re-bill rates. To the extent that the economic benefits are not expected to flow to the Group, revenue is not recognised. At the year-end, unread energy income for the continuing supply businesses was £2.7bn (2023: £3.0bn).	The Committee has reviewed the level of unread revenue and unbilled accrual made during the year and discussed with management and the external auditors. More details on unread energy income are provided in note 3 on pages 176 to 182 and on unbilled energy income in note 17 on pages 208 to 214.
Pensions The assets and liabilities, and the cost associated with providing benefits under defined benefit schemes is determined separately for each of the Group's schemes. Judgement is required in setting the key assumptions used for the actuarial valuation which determines the ultimate cost of providing post-employment benefits, especially given the length of the Group's expected liabilities. Judgement is also required in valuing the unquoted assets in the plan asset portfolio, including private equity and property interests that are typically subject to valuation uncertainty. The valuation of these assets is based on the latest asset manager views and other relevant benchmarks. The net Group pension liability position was £21m (2023: £117m). The UK defined benefit schemes used a nominal discount rate of 5.4% (2023: 4.6%) and inflation of 3.1% (2023: 2.9%). In February 2025, the full actuarial valuation of the UK defined benefit pension schemes, as at 31 March 2024, was agreed with the pension Trustees.	The Committee noted the key pension assumptions and disclosures in the financial statements. It noted that these assumptions were derived on a consistent basis to previous periods. The Committee recognised the role of the independent actuary, who is consulted on the appropriateness of the assumptions, and asset managers in the valuation of unquoted assets. Discussions were also held with the external auditors. The Committee were pleased that the triennial review had been agreed with the Pension Trustees. Further details on pensions are set out in note 22 on pages 218 to 222.
Fair, balanced and understandable The Board is required to confirm that the Annual Report and Financial Statements are fair, balanced and understandable. To enable the Board to make this declaration, there is a year-end review process to ensure that the Committee and the Board have access to all relevant information, including management's papers on significant issues.	The Committee reviewed the key factors considered in determining whether the Annual Report is fair, balanced and understandable. The Committee and all Board members received a draft of the Annual Report and Financial Statements in sufficient time to review and challenge the disclosures therein. In addition, the Committee took into consideration the external auditors' reviews of the consistency between the reporting narrative of the Annual Report and the Financial Statements.

Nominations Committee

On behalf of the Board, I am pleased to present the Nominations Committee (the Committee) report for the year 2024. This report outlines the key activities and focus areas of the Committee during the year, reflecting our commitment to maintaining a robust and effective Board and governance framework that can lead Centrica plc with integrity and ensure we are able to fulfil our strategic vision.

Committee overview

The Committee is responsible for oversight of skills composition and succession planning – both at a Board and key executive management level – to ensure that the Company is able to deliver its objectives. To support ongoing improvements in Board effectiveness, the Committee's remit also includes oversight of Board induction, training and the effectiveness review process.

Main activities during 2024

During the year, we focused on succession planning and reviewing the skills and expertise of the Board, ensuring a diverse and highly capable cohort equipped to navigate the complexities of our industry.

The Committee held four meetings in 2024 which were chaired by Scott Wheway, with the exception of those sessions considering Chair succession. The Committee reviewed and deliberated on critical topics including succession planning, governance, Director training and Board effectiveness.

Based on the Directors' performance and their ongoing contributions to the Company's long-term sustainable success, the Committee recommended the re-election and election of all the Directors at the 2024 AGM. The specific rationale for these recommendations was detailed in the Notice of Meeting for the AGM.

Board skills and training

In 2024, the Committee reviewed the Board's skills and expertise in light of the Group's strategy and the evolving external landscape. The Committee acknowledged the positive impact of recent Board appointments. It is committed to continuously assess the need for additional capabilities to navigate the complexities of the energy sector and align with strategic objectives, including the positioning of the Company for growth.

During the year, with support from the General Counsel & Company Secretary, the Board received training and updates on industry-specific regulatory and compliance changes, governance, diversity, equity and inclusion, and technology and innovation.

Colleague engagement

The Committee reviewed the Board's approach to colleague engagement pursuant to the expectations of Provision 5 of the UK Corporate Governance Code (UK Code). The Committee supports the Board's view that this is a collective responsibility shared amongst the Directors of the Board and adopts a collective approach to colleague engagement involving all Directors and leveraging a combination of different types of engagement. Read more on pages 81 and 98 to 99.

Succession planning and Board changes

Succession planning is an ongoing process, underscoring its importance for Board effectiveness, and was a significant focus for the Committee this year. The process for non-executives receives ongoing attention to ensure timing and effective transition strategies, with the view of the Board and its capability needs requiring regular review.

This structured approach targets seamless leadership transitions, fosters the development of a diverse succession pipeline and upholds operational stability while ensuring the Board is positioned to deliver long-term growth and innovation. When necessary, external expertise is utilised to introduce fresh perspectives and ensure a thorough search for potential successors.

This year, the Committee proactively planned for the succession of key roles, including the search for a new Chair and subsequently, a new Senior Independent Director (SID).

My appointment as Chair led to the selection of Jo Harlow as our new Senior Independent Non-Executive Director (see page 113 for further detail on the process followed).

The Executive Management team plays a key role in Centrica's strategic planning process, the ongoing development of our talent pipeline; fostering the culture and values required to deliver on our strategy and delivery of the strategy itself.

In relation to executive succession planning, high-potential candidates are identified and offered development opportunities, including leadership training and mentorship programmes. Additionally, the Committee supports initiatives to enhance inclusivity within leadership roles, ensuring a diverse and well-prepared talent pipeline for the future.

Diversity, Equity and Inclusion

The Committee remains steadfast in its commitment to promoting Diversity, Equity and Inclusion (DE&I), both within the Board and across the organisation. As set out in our Board diversity policy, which can be found on our website at centrica.com, we know that being inclusive of the diversity we have in our business will give us a competitive advantage.

The Committee has set clear objectives for DE&I, which are linked to the Company's overall strategy. These objectives include representation of women and ethnic minorities on the Board and in senior management positions, fostering an inclusive culture in doing so. Read more about our Board and senior leadership diversity on pages 59 and 91.

This focus ensures that our recruitment processes and practices reflect these principles, driving positive change and strengthening our organisational culture.

Chair succession

In 2024, the Committee prioritised succession planning, recognising the termination of Chair, Scott Wheway's tenure in June 2025. The search process for a new Chair was initiated in a timely and structured manner.

Search process:
Given that the Senior Independent Director was a candidate, the search was led by Amber Rudd and supported by the Lygon Group. It involved both internal and external candidates. The process adhered to UK Code provisions 17, 20 and 23, which require open advertising or the use of an external search consultancy for all appointments. The Committee ensured that there were no connections between the candidates and the Company or individual Directors, promoting transparency and fairness.

Candidate evaluation:
The Committee evaluated candidates based on key criteria which included:

- Ability to Navigate Complexity;
- Regulatory and Policy Expertise;
- Role Commitment;
- Board Leadership Experience;
- Industry Knowledge; and
- Commitment to Diversity.

After a comprehensive review, including potential external candidates, the Company's needs and stakeholder interests, Kevin O'Byrne emerged as the preferred candidate for the Chair role. The Committee made this recommendation to the Board, which supported the appointment.

Subsequent appointments:
Following Kevin O'Byrne's selection, the Committee, in consultation with the Board, appointed Jo Harlow as the Senior Independent Director to succeed Kevin in his previous role. This decision was part of the Committee's ongoing succession planning efforts, ensuring continuity and leveraging Jo's extensive experience as a non-executive director in other listed companies.

Conclusion
The Committee's structured and transparent approach to succession planning facilitated the smooth transition of Board leadership. The Board was able to appoint both a suitable Chair and Senior Independent Director from the incumbent Board colleagues. This highlights the importance of a well designed Board succession plan and continued focus on refreshing and ensuring emerging Board talent.

Committee effectiveness
The Committee reviews its terms of reference annually to ensure they remain appropriate in light of legal, regulatory and best practice changes. No changes were made to the Committee's terms of reference in the year under review (available on centrica.com).

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Ffion Hague from Independent Board Evaluation IBE and the Committee was found to be performing effectively.

Further information on the Board Effectiveness review can be found on pages 80 to 81.

Membership, meeting attendance and key focus

Committee members:
- Kevin O'Byrne (Chair)
- Carol Arrowsmith
- Philippe Boisseau
- Nathan Bostock
- CP Duggal
- Jo Harlow
- Heidi Mottram
- Amber Rudd
- Sue Whalley

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

Meeting attendees by invitation:
Group Chief Executive, Group General Counsel & Company Secretary, Group Chief People Officer and Group Chief Financial Officer.

Focus areas in 2024:
- Reviewing Board objectives for the year to ensure alignment with strategic priorities;
- Board succession planning, particularly for the role of Chair, and then subsequently, Senior Independent Director;
- Enhancing the diversity, equity and inclusion within the Board;
- Evaluating and improving the Board's effectiveness and performance;
- Ensuring the Board's skills and expertise align with the Company's strategic goals; and
- Reviewing and addressing the Board's training requirements.

Kevin O'Byrne
Chair of the Nominations Committee
19 February 2025

Safety, Environment and Sustainability Committee

As the Chair of the Safety, Environment and Sustainability Committee (SESC), I am pleased to present our report for the year ended 31 December 2024 which describes our challenges and solutions, such as safety events and complex environmental, social and governance (ESG) reporting requirements and the actions taken, our achievements in 2024, including significant improvements in health and safety, strong progress and enhanced objectives against our People & Planet Plan, and renewed strategy for responsible procurement. We also continued to focus on the key areas of our remit. This included human rights and modern slavery risks in our operations, the Group's community contributions and tracking the Group's reputation including how our brands are viewed by our key stakeholders.

Committee overview

The Committee's role and responsibilities on behalf of the Board are to review and monitor the culture, practices, risks and performance of Centrica with respect to health and safety, climate, environment and broader responsible business matters. This is achieved through a rigorous review of performance data, and the Company's goals and relevant initiatives in these areas. As part of its focus, the Committee also provides input to, and review of, the Company's current annual climate reporting disclosure requirements, as well as keeping an eye on developments to ensure we align with expectations of our stakeholders in these critical areas.

Main activities during 2024

Health and safety

The Committee's standing health and safety agenda items focused on relevant performance metrics, assurance activity, and the approach to Health, Safety and Environment (HSE) risk management in specific business unit reviews. During these discussions, taking into account the needs of customers and colleagues, the Committee considered risk identification and appropriate HSE controls and processes. At each meeting, the Committee invited management to discuss occupational and process safety reviews, outcomes and improvements derived from targeted interventions and future action plans.

The Committee focused on unplanned hydrocarbon releases, gas and electrical safety, contractor management and road safety and monitored action being taken to address these areas.

The Committee noted significant improvements across the majority of key Group HSE metrics, attributed to targeted intervention and safety improvement plans such as 'Time Out for Safety' to reinforce a proactive culture of compliance and risk management and the engagement of third-party specialists to drive behavioural change and improve workload management.

Spirit Energy business

During the year, Spirit engaged third-party specialist consultants to focus on behaviours in driving effective management of HSE risks within the Company. These specialists were brought in to help address safety events and improve the overall safety culture. The specialists focused on several key areas:

Senior Leadership Visibility
Ensuring that senior leaders were frequently visible and actively involved in promoting safety culture.

Setting Measures and Milestones
Establishing agreed-upon measures and milestones to ensure accountability and track progress.

Embedding Programmes
Internally embedding programmes designed by the specialists to reinforce a proactive culture of compliance and risk management, as opposed to a reactive one.

Process Safety Barriers
Strengthening and further embedding the current Process Safety Barriers frameworks.

Workload Management
Improving workload management through better work planning and execution.

These efforts were part of an overarching improvement plan aimed at achieving sustainable incident-free operations and addressing the root causes of safety incidents.

Environment

The Committee provides oversight of the Company's continued commitment to, and role in, the drive to net zero. During 2024, the Committee reviewed progress made against the Company's People & Planet Plan and reviewed and recommended the updated Climate Transition Plan, which will be put to Shareholders for an advisory vote at the next AGM. The updated plan includes new bolder targets for Centrica's emissions and opportunities for continual improvement. The Committee considered the implications of recent strategic investment decisions against Climate Transition Plan targets and ambitions and the Company's strategic framework. You can read more on pages 73 to 76.

An additional key focus area for the Committee in 2024 was reviewing emerging voluntary and mandatory climate reporting requirements, both in the UK and in the EU. The Committee considered the application of these requirements to the Company, taking into account changing stakeholder expectations, and assessing how the Company would ensure compliance and governance with impending reporting requirements of the Corporate Sustainability Reporting Directive and EU Taxonomy.

Responsible business

Throughout the year, the Committee considered the Company's responsible sourcing approach focusing on elements of the supply chain that carry potentially higher inherent risk of inappropriate working practices due to the associated jurisdiction and/or nature of the product, in particular in relation to issues such as the manufacture of solar panels, batteries or garments. Part of the Committee's focus was on establishing the effectiveness of measures to mitigate this risk.

The Committee reviewed the 2024 strategy for visits to supplier sites and the results of supplier audits. During discussions, the Committee regularly assessed human rights and the risk of modern slavery occurring in Centrica's operations, taking into account the increasing expectations of stakeholders and enhanced modern slavery disclosures. The Committee noted the progress in implementing the 2024 Responsible Sourcing Audit Plan and implementing ESG requirements into Responsible Procurement, and oversaw the Responsible Procurement Ethical Audit Plan for 2025.

The Committee considered the findings of Centrica's UK & Ireland reputation survey, which will underpin the 2025 corporate communications plan and stakeholder engagement strategy. This annual survey also provides the Committee with invaluable insights that help to focus management activities.

The Committee supports the Group's goal to provide support to customers and communities through charitable partnerships, funds and support packages, and volunteering opportunities where the Company outperformed against the targeted days, and continues to focus on due diligence processes in these areas.

Social and Governance

In addition to the above areas of focus, the Committee ensured compliance with regulations and governance standards including reviewing relevant disclosures within the Committee's remit reported in the Annual Report and Accounts, such as the Task Force on Climate-related Financial Disclosures and Climate-related Financial Disclosure regulations. From a social perspective in ESG, the Committee also reviewed disclosures that reflect our commitment to responsible business practices, including the Modern Slavery Statement, which can be found on our website. Additionally, the Committee considered broader workforce and community-related matters, ensuring alignment with our DE&I strategy, employee well-being initiatives, and social impact commitments.

Committee effectiveness

The Committee reviews its terms of reference annually to ensure that they accurately reflect the role carried out by the Committee, taking into account any new internal and external developments and responsibilities. The Committee considers that it has continued to discharge its oversight role effectively in an area where expectations and requirements are constantly evolving with insightful and regular engagement and support from management. In the year under review, no material changes were made to the Committee's terms of reference which are available on our website.

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Ffion Hague from Independent Board Evaluation. The Committee was found to be performing effectively. The outcome from the evaluation will be used to improve performance going forward.

Further information on the Board Effectiveness review can be found on pages 80 to 81.

Conclusion

I would like to acknowledge the contributions of our Committee members and management. Their dedication and support have been instrumental in our accomplishments and the progress made this year. In 2025, we will aim to further enhance health and safety measures, advance our net zero initiatives and strengthen our responsible sourcing practices.

Thank you for your continued support.

Membership, meeting attendance and key focus

Committee members:

- Heidi Mottram (Chair)
- Philippe Boisseau
- Nathan Bostock
- Amber Rudd
- Scott Wheway (until 15 December 2024)

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

Meeting attendees by invitation:

All other Non-Executive Directors, Group Chief Executive, Group General Counsel & Company Secretary, Group Chief People Officer, Group HSE Director, Group Head of Environment, Chief Procurement Officer, Head of Business Ethics and Compliance and Head of Secretariat.

Focus areas in 2024:

- Health and safety risks;
- Environment;
- Emerging climate reporting requirements and climate matters;
- Responsible sourcing including human rights and modern slavery risk;
- Societal contribution; and
- Reputation.

Heidi Mottram
Chair of the Safety, Environment and Sustainability Committee
19 February 2025

Remuneration Report

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 December 2024.

Committee Overview

The role of the Committee is to ensure that the Executive Directors, Centrica Leadership Team and the Chair of the Board are appropriately rewarded through making recommendations regarding the Remuneration Policy and framework. The Committee monitors and reviews the effectiveness of the Remuneration Policy and considers the impact and compatibility with remuneration policies across the wider workforce.

Main activities in 2024

During the year, the Committee met five times. Some of the key focus areas for discussion included the following:

- Remuneration Policy review and shareholder consultations.
- Centrica Leadership Team salary reviews.
- Recruitment of new senior executives.
- Leaving arrangements for former senior executives.
- Gender and ethnicity pay gap report.
- Review of pay and benefits across the wider workforce.
- Review and approve 2024 financial and business targets.
- Review Centrica Leadership Team shareholdings.
- Review and approve Director expenses.

This is a longer letter than I would usually write as there are a number of important decisions and proposals that need to be fully explained to our shareholders and other stakeholders.

This letter provides the context that informed the Remuneration Committee's decision-making during the year and the remuneration outcomes in respect of 2024. It also summarises the changes to remuneration we are proposing to make in 2025.

We will be asking you, our shareholders, to vote on four remuneration resolutions at the AGM in 2025:

- Our Directors' Annual Remuneration Report, which sets out how we implemented our Remuneration Policy in 2024, and the remuneration paid to Directors.
- A new Remuneration Policy, which we are required to submit to shareholders at least every three years for approval. This outlines the remuneration framework that will apply to Directors from the date of shareholder approval.
- Amendments to the Long Term Incentive Plan Rules, which is an umbrella plan that governs how we award Restricted Share Plan (RSP) awards and deferred bonus share awards under the Annual Incentive Plan (AIP). The amendments reflect the proposed changes in the Remuneration Policy in 2025 and changes in corporate governance best practice guidelines since the rules were last approved by shareholders.
- New all-employee Sharesave Plan rules, which will replace existing rules that are due to expire in 2025. The Sharesave Plan is a tax-efficient savings-related share scheme where employees can save to buy Centrica shares at a fixed price.

I will start by providing a summary of the performance and remuneration outcomes for 2024 before moving on to talk about the proposed Remuneration Policy changes for 2025.

Performance and remuneration outcomes for 2024

In deciding the remuneration outcomes for 2024, the Remuneration Committee tried to balance the views and experiences of all our stakeholders with our responsibility to attract and retain high-performing executives to lead a complex organisation like Centrica. The remuneration principles that we apply to Executive Directors are also consistent with the remuneration principles we apply to the wider workforce, see page 132 for further details on how we reward the wider workforce.

When Chris O'Shea set out Centrica's new business strategy on 23 July 2023, he indicated to shareholders that our goal is to deliver sustainable Adjusted Operating Profit (AOP) of between £600m to £1,000m per annum from 1 January 2026 onwards from our Retail and Optimisation businesses, with the annual mix dependent on market conditions. In addition, we expect our existing Infrastructure assets to continue to contribute material cash flows for much of the rest of this decade with AOP in the range of £250m to £400m subject to asset performance and commodity prices. Over time, the cash flows from our current infrastructure assets will be replaced by a contribution from assets we are developing as part of our green-focused growth and investment strategy.

2024 was a strong year and I am delighted to say that the Company hit this guidance two years earlier than planned and for the year ended 31 December 2024 we delivered AOP from the Retail and Optimisation businesses of £808m. This strong financial performance was achieved in a more normal energy price trading environment. Financial performance was also underpinned by improvements in customer service. The performance of our Infrastructure businesses was more subdued compared to the previous two years, but this was in line with our expectations given the normalisation of energy prices during the year.

Each of our businesses complements, de-risks and adds value to at least one other business. Our performance in 2024 demonstrates that our business model is resilient in different market conditions, and we are well placed to benefit from the transition to net zero.

Annual Incentive Plan (AIP)

AIP payments for Executive Directors for 2024 were based on EPS (37.5%), a balanced scorecard of financial and operational measures (37.5%), and individual performance against strategic objectives (25%).

In 2024, the Company delivered strong earnings in a more normal energy price trading environment, achieving an EPS of 19.0p. This beat the maximum level set at the start of the year. Group AOP was £1,552m, which was significantly above target. The Company hit our AOP guidance for Retail and Optimisation businesses two years earlier than planned with an AOP of £808m, which is in the middle of the £600m to £1,000m range. We delivered £989m Free Cash Flow and converted close to 100% of our EBITDA into operating cash flow, demonstrating strong working capital management. The pace of capital investment was slower than planned but this reflects our capital discipline to only invest in the right projects at the right return. Net cash closed at £2,858m, which flows from the stronger Free Cash Flow.

Performance against the majority of the customer and operational measures in the balanced scorecard was at or slightly below target. We were particularly pleased to see an improvement in the customer service metrics, including a reduction in complaints in our Services & Solutions business and British Gas Energy.

We continued to modernise and roll-out new technology systems to enable a better customer service at a lower cost, including the migration of 99% of our credit customer base in British Gas Residential Energy to our new ENSEK platform. During the year, British Gas Residential Energy was externally commended as Best Overall Improvement by Uswitch. We also achieved a Trustpilot Rating of "Great" with a score of 4.2 out of a maximum of 5, which is up 0.3 versus last year. Improvements in our customer measures confirm rising customer confidence in our brands and services, which we are working hard to build on.

Customer retention in British Gas Residential Energy improved during 2024 and while we were slightly below the performance target for the total unique number of customers in the year, customer numbers were broadly flat compared to the prior year. The Centrica Leadership Team are confident that the progress being made on customer service will help drive an increase in customer numbers and market share in the future.

In the Services & Solutions business, we continue to see improvements in customer service across many areas. Customer journey NPS has improved compared to 2023, and customer complaints are down to 6.6% compared to 8.5% in 2023.

The order intake in our Business Energy Supply was below target due to the loss of several large contracts principally due to the customer's financial status changing during the year. However, performance was slightly ahead of the prior year.

We continued to make good progress on our People goals; colleague engagement increased significantly from 7.7 to 8.1, which now exceeds the upper quartile benchmark for our industry. This is a notable achievement given that four years ago colleague engagement was at an all-time low.

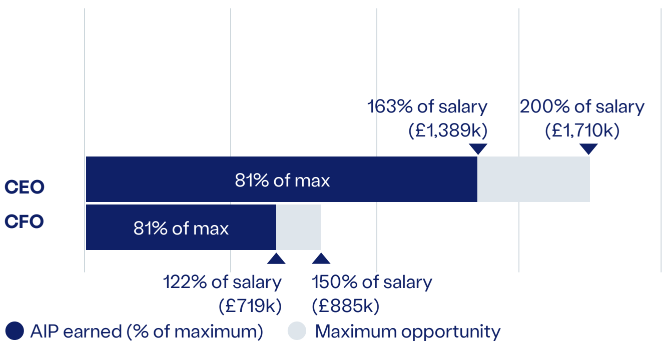
In terms of our Planet goals, Centrica's carbon emissions were 18% lower than baseline and we are on target to be a net zero business by 2045. Our customer emissions, the zero-carbon content of UK electricity sales, decreased by 6% compared to the baseline, which puts us slightly behind our target of helping customers be net zero by 2050.

During 2024, the Board approved a new Climate Transition Plan and Centrica has brought forward its target to become a net zero business to 2040, five years ahead of the 2045 timeline set by the original plan and ten years ahead of the widely accepted point at which global society needs to reach net zero. In addition to this ambitious corporate target for becoming net zero, Centrica has maintained its commitment to get customers to net zero emissions by 2050.

The Remuneration Committee considered performance against the EPS targets and the balanced scorecard in the round and determined that 160% of target (or 80% of maximum) for this part of the AIP had been achieved.

Details on performance against each executive's individual objectives can be found on page 129. Chris O'Shea achieved an individual performance outturn of 170% of target (or 85% of maximum) and Russell O'Brien achieved 170% of target (or 85% of maximum) for this element of the AIP.

After combining the outturn for EPS, the balanced scorecard, and individual performance, the Committee awarded a total AIP as summarised in the chart below:



*Half the AIP earned is paid in cash and half is deferred into shares for a further three years.

Restricted Share Plan (RSP)

Long-term RSP awards were granted on 23 June 2022 to Chris O'Shea and Kate Ringrose, our former Chief Financial Officer. The maximum award granted was 150% of salary in Centrica shares for Chris O'Shea and 125% of salary for Kate Ringrose. The shares vest on 23 June 2025 and must be held for a further two years before they can be sold. There are no performance targets on the RSP awards, but the awards were subject to a performance underpin, which was assessed over a three-year performance period from 1 January 2022 to 31 December 2024. In assessing the performance underpin, the Remuneration Committee considered the Company's overall performance, including financial and non-financial performance as well as any material risks or regulatory failures. At the time of writing, no reductions have been applied.

The table below shows the value of the RSP awards that will vest including any share price growth based on the share price as of 31 December 2024. Approximately 36% of the total value of the RSP that will vest is due to share price growth. This total value including share price growth is shown in the single figure of total remuneration shown on page 126.

Name	Maximum RSP award granted (% salary)	Actual RSP award vested (% salary)	Value of RSP award vesting excluding share price growth	Value of RSP due to share price growth as at 31 December 2024(2)	Total value of the RSP vesting including share price growth
Chris O'Shea	150%	150%	£1,279,294	£706,261	£1,985,555
Kate Ringrose (former CFO)(1)	125%	73%	£360,666	£199,113	£559,779

(1) Kate Ringrose's employment ceased on 1 October 2023. In accordance with her leaving arrangements, Kate's RSP award was reduced to reflect time served.
(2) Based on share price of 123.59 pence being the three month average share price up to 31 December 2024.

Remuneration changes in 2025

Our current Remuneration Policy was last approved by shareholders in 2022. We must submit our Remuneration Policy to shareholders for approval at least every three years. Therefore, we will submit a new Remuneration Policy for approval at the AGM in May 2025.

During the year, the Remuneration Committee conducted a comprehensive review of the Remuneration Policy and consulted extensively on changes to the Policy with over thirty of our largest institutional shareholders representing approximately 50% of our share register and with the shareholder proxy voting agencies. The Committee has concluded the current Policy remains broadly fit for purpose in that we provide Executive Directors with a base salary, an annual bonus (part of which is deferred into shares) and long-term restricted share awards, together with a defined contribution pension and core benefits including private healthcare, which are provided to all employees.

The Committee believes our current remuneration structure, in particular the RSP, remains broadly appropriate because it is simpler than hybrid long-term incentives (i.e. a combination of conventional LTIPs and RSPs) and the potential pay-outs from the RSP are far less variable than conventional LTIPs. We believe this is more appropriate given the regulatory environment within which Centrica operates where some stakeholders such as customers and regulators expect a narrower range of acceptable performance outcomes than in many other companies. RSPs also incentivise executives to invest in the ongoing long-term success of the business, rather than taking decisions based on a three-year performance target cycles.

As part of the Policy review, the Committee concluded that the current Policy for Executive Directors continued to adhere to our reward principles with the exception of market competitiveness. We were conscious that the decisions the Committee made over the last four years to limit executive pay increases, and Chris O'Shea's personal decision to forgo increases during the COVID-19 and the cost of living crisis, have meant that Executive Director remuneration has fallen behind competitive market rates.

Our current levels of Executive Director remuneration also do not fairly reflect the performance of the Company and the executives since their appointment. In particular, the Group Chief Executive's salary and total remuneration has fallen significantly behind the market over the last four years since he was appointed. Ordinarily, and in keeping with Centrica's approach for the wider workforce, the Remuneration Committee would have improved the competitiveness of the CEO's pay through phased increases following his appointment (subject to performance and development in the role). However, while the Company's performance and value have improved significantly under Chris' leadership, external events such as the COVID-19 pandemic and the cost of living crisis, meant that the Committee did not think it was appropriate to close the competitive gap over this volatile and uncertain period. Over this period, the Committee also exercised downward discretion to the formulaic outturns of incentives to ensure the resulting payouts for executives fairly reflected Centrica's overall performance and the prevailing circumstances, and we increased performance targets when market conditions were materially more favourable than predicted.

One of the consequences of exercising restraint over this period is that we have not reduced the gap between Chris O'Shea's pay and the competitive market, which we believe does not align with Centrica's reward principles and the fact that, under Chris O'Shea's leadership, Centrica is a stronger, healthier, and more valuable business than it was four years ago.

In 2025, it is important that the Committee sets executive pay at a level that reflects their contribution to the improvement in business performance, the size and complexity of Centrica and the executive's role, and the scale and scope of the opportunities ahead of us. In addition to retaining our executives, it is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future.

Changes for Chris O'Shea (Group Chief Executive)

When Chris O'Shea was appointed Group Chief Executive on 14 April 2020, the Company was ranked 154th in the FTSE with a market capitalisation of £1.9bn. At the time, Chris' pay was benchmarked against the top half of the FTSE 250, but we set his pay lower to recognise that he was new in the role of Group Chief Executive. The previous CEO's salary was £957,500, which was 24% higher than Chris' starting salary of £775,000. Our normal approach is to pay newly promoted executives below the market median and increase their pay subject to their development and personal performance in role.

Since his appointment, Chris O'Shea has led the Centrica Leadership Team to materially strengthen Centrica and create substantial value for stakeholders. On 31 December 2024, Centrica was ranked 62nd in the FTSE with a market capitalisation of £6.8bn and we have been a consistent constituent of the FTSE 100 Index since 2022. The shareholder value created since his appointment is made up of an increase in market capitalisation of £4.9bn, share buybacks of £1bn and dividends paid of over £0.4bn. In the second half of 2024, we announced a further £0.5bn in share buy backs and increased the interim dividend by 13%.

Higher and more volatile energy prices over the last couple of years have benefitted companies in the energy industry. However, as the share price chart shows, Centrica has significantly outperformed comparators in the Euro Stoxx Utilities index and the Euro Stoxx Oil & Gas Index since Chris O'Shea was appointed CEO on 14 April 2020.

The value created by the Centrica Leadership Team has not just been from volatile energy prices but from actions taken to deliver material improvements in operational and financial performance, combined with responsible risk management and disciplined capital allocation. As the table below shows, Centrica has delivered strong earnings since Chris became CEO even in a more normal energy price environment.

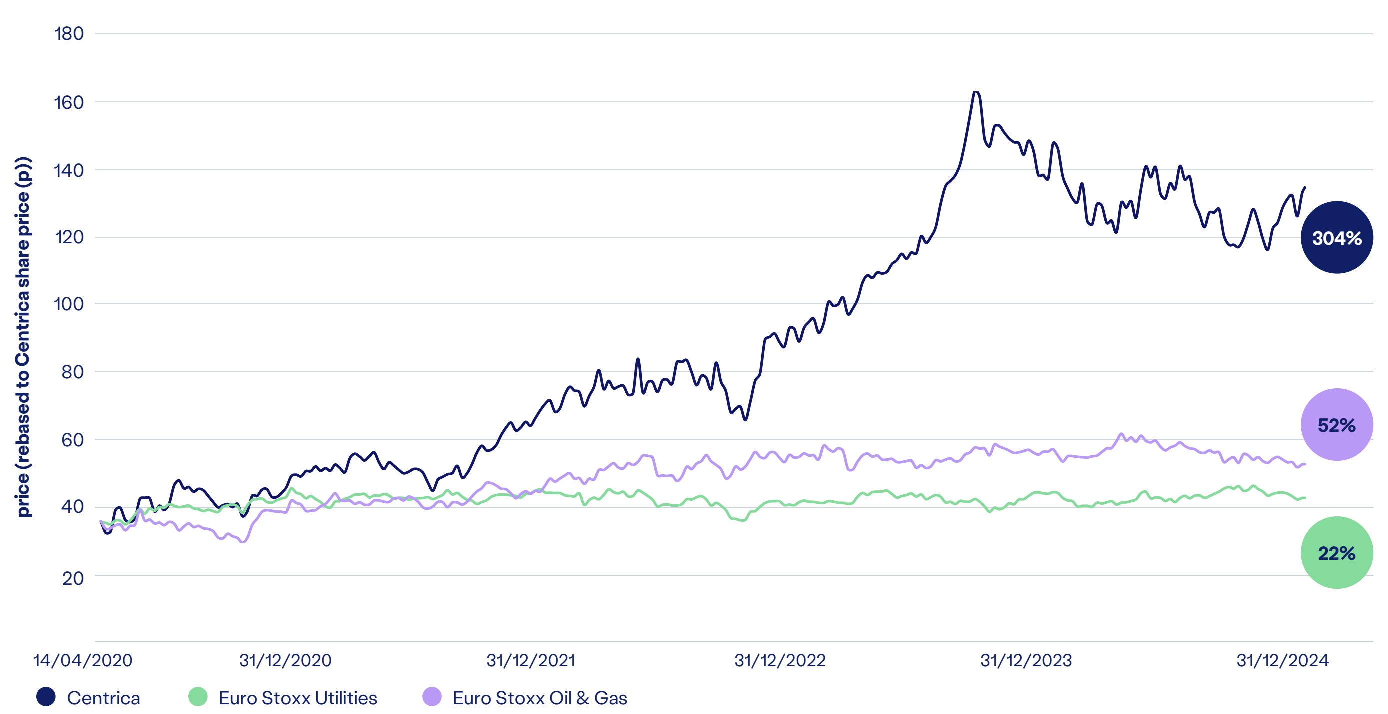
Financial Year ending 31 December	Adjusted Basic EPS (pence)
2017	12.6
2018	11.2
2019	7.3
2020 (Chris O'Shea appointed CEO)	6.5
2021	4.1
2022	34.9
2023	33.4
2024	19.0

The value created has benefitted all stakeholders – our financial strength has allowed us to support vulnerable customers through the cost of living crisis by voluntarily committing £140m to support those customers who most need it, we have rewarded over 21,000 colleagues with nearly £7,286 per colleague (excluding share price growth) of profit share payments over the last three years, and we have taken actions to improve the energy security of the countries we operate in.

Listed below is some of the key achievements over the last four years since Chris O'Shea was appointed Group Chief Executive.

Operational performance has been significantly improved across the group

- In our Retail businesses, customer numbers have been stabilised, BG Energy Net Promoter Score (NPS) has improved from 9 in 2020 to 29 in 2024 and Services & Solutions Engineer NPS has improved from 66 to 73.
- Key technology systems have been replaced or modernised to enable better customer service at lower cost, with a simplified platform in Services & Solutions, including a new planning & dispatch system, and 99% of BG Energy credit customer base has migrated to our new IT platform.
- Centrica Energy has grown and now operates in over 25 countries, with third party assets under management increasing from 14GW in 2020 to 17GW in 2024. The Centrica Energy business delivered £2.2bn of cumulative Adjusted Operating Profit during the volatile energy market conditions in 2022-23.
- Overall, the improved operational performance has given us confidence to lay out a £800m medium term sustainable operating profit guidance across retail and optimisation.



Organisational structure has been optimised

- Group reorganisation was completed between 2020-22. 4,000 roles were removed from the organisation, half were management roles. Organisational layers reduced from 11 to 7.
- Services & Solutions employment contracts were modernised and standardised to facilitate improved customer service and long-term growth.
- Colleague engagement has materially improved to the top quartile for the industry.

The portfolio has been simplified into Retail, Optimisation and Infrastructure verticals and a new strategy launched

- Direct Energy was sold for $3.6bn in 2021 vs $2.3bn analyst consensus valuation.
- Spirit Norway was sold for £0.8bn, with £(0.8)bn decommissioning also transferred.
- The Rough gas storage facility was re-opened, at a cost of less than £10m, generating £653m operating profit between 2022 and 2024, and nuclear fleet life extended.
- Investing £600-£800m p.a. to replace Infrastructure assets and pivot focus to contracted and regulated returns in green-focused assets.

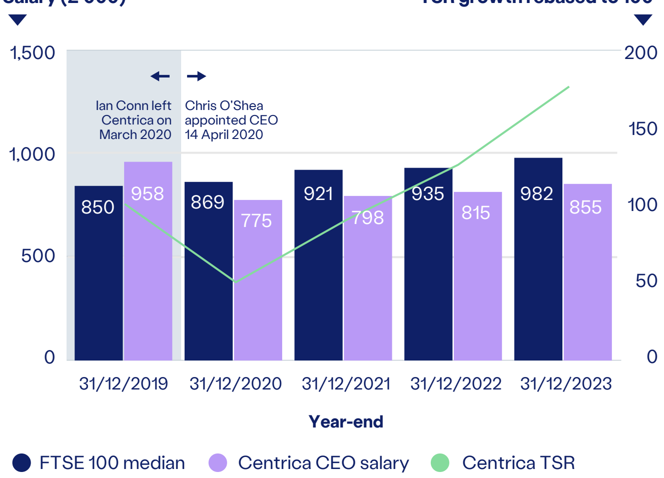
The financial outcomes have been strong, and the balance sheet has been transformed

- Adjusted Operating Profit rose from £0.5bn in 2020 to £1.5bn in 2024 driven by the strong operational performance, portfolio changes and a supportive macro environment.
- Balance sheet has improved from £3.0bn net debt in 2020 to £2.9bn net cash by end of 2024. This enabled the business to manage the extraordinary commodity volatility and related margin calls in 2022/23.
- Extended the Company's share buyback programme by £200m in July 2024, and a further £300m in December 2024. These extensions, once completed, will bring our equity repurchased to £1.5bn since November 2022 (representing approximately 20% of our issued share capital).
- Progressive dividend reinstated in 2022, with a total of £465m of dividends paid & announced as at end of 2024.
- Technical pension deficit reduced from £1.9bn to £450m & decommissioning liability reduced from £2.4bn to £1.5bn as of 31 December 2024.

Relaunched purpose of "Energising a greener, fairer future" has generated engagement and clear direction across the organisation

- £140m voluntary support package created during 2022-23 to help customers and communities through the energy crisis, this is more than any other energy supplier in UK and Ireland.
- Circa 70% reduction in our gross greenhouse gas emissions across our business over the last decade.
- Brought forward our commitment to be a net zero business by five years to 2040 and we will continue to help our customers be net zero by 2050.
- Separate New Business and Net Zero business unit created to focus on driving innovative energy transition solutions for our customers.

The chart below shows Chris O'Shea's salary history since he was appointed CEO in 2020 compared to the FTSE 100 median benchmark and Centrica's Total Shareholder Return (TSR).



Note
The former CEO, Iain Conn, left the Centrica Board on 17 March 2020. At this time, his salary was £957,500 per annum. Chris O'Shea was appointed interim CEO on 17 March 2020 on a salary of £620,000 plus £100,000 interim allowance (pro-rata), which he elected to waive. On 14 April 2020, Chris O'Shea was appointed permanent CEO on a salary of £775,000 but continued to waive £100,000 of salary pro-rated until 31 December 2020.

Given the size and complexity of Centrica today, the Committee believes that Chris O'Shea's remuneration is no longer sufficiently aligned with our peers, and his performance and experience warrants positioning his pay between the median and upper quartile of the FTSE 100, while noting that benchmarking is not the sole driver for change. It is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future for what is now a much bigger business with attractive investment opportunities. Succession planning is a key consideration for the Board, and positioning Chris O'Shea's salary between the median and the upper quartile opens up a wider market in the UK and globally to attract candidates of the right calibre in the future. With this in mind, the Committee confirmed an increase to Chris O'Shea's salary from £855,000 to £1,100,000 per annum, effective 1 April 2025.

The Committee considered whether the increase should be phased over multiple years. However, considering the CEO's track record and experience as well as the current positioning versus the market, the Committee determined that it would be inappropriate to continue to pay him below market competitive rates and therefore decided to implement a one-off adjustment. This also reflects the prudent decisions taken over the past four years, which restrained the Committee from applying phased relative increases up to this point.

In addition, the Committee proposes to increase the CEO's maximum RSP award from 150% of salary to 200% of salary to further support the competitive positioning of the target total remuneration and further reinforce the common interest with other shareholders. However, given the CEO's salary increase in 2025 and, based on feedback from the shareholders we consulted on the new Remuneration Policy, the Committee has decided to phase the introduction of the higher RSP awards and therefore will grant the 2025 RSP award to the CEO at the current maximum of 150% of salary. The first RSP award at the higher limit of 200% of salary will be granted from 2026 subject to shareholder approval of the new

Policy. Approval of the increase in the RSP award will be accompanied by an increase in the CEO's minimum required shareholding guideline from 300% to 400% of salary.

The Committee believes a combination of a salary increase and the phased introduction in the increase in the RSP share awards strikes the right balance between improving competitiveness and shareholders' feedback.

The table below summarises Chris O'Shea's target and maximum total remuneration package for FY2024 and his new package for FY2025 compared to other CEOs in the FTSE 100. The benchmarking data is as publicly reported by companies as of December 2024 and has not been aged for pay inflation.

Group Chief Executive (CEO) Benchmarks (£000s)	Salary			Target Total Remuneration*			Maximum Total Remuneration*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
FTSE 100	£816	£968	£1,211	£2,793	£3,803	£5,469	£4,218	£5,742	£8,548
Centrica (FY2024)		**£855**			**£3,078**			**£3,933**	
Centrica (FY2025)		**£1,100**			**£3,960**			**£5,060**	

*Target total remuneration includes salary plus target annual bonus plus target long term incentives plus pension but excludes benefits. Maximum total remuneration includes salary plus maximum annual bonus plus maximum long term incentives plus pension but excludes benefits. Both target and maximum total remuneration exclude share price growth.

We use the FTSE 100 as a comparator group because Centrica is part of this index. Centrica has over 21,000 colleagues across various businesses and geographies, and so the FTSE 100 represents a diverse mix of sectors where we compete for talent and operate including in the energy sector, retail, support services and other highly regulated companies in the utilities and financial services sectors.

Changes for Russell O'Brien (Chief Financial Officer)

Russell O'Brien has been Chief Financial Officer for two years. His recruitment terms were set behind the market median to recognise that he was new to role and to provide headroom for future increases as he developed and performed in his role. His salary and target total remuneration is below the median benchmark for similar CFO roles in the FTSE 100. The Committee is pleased with Russell's progress and has decided to close the competitive gap in 2025 by bringing his salary in line with the market median of the FTSE 100.

The Committee has increased the CFO's salary from £590,000 to £640,000 with effect from 1 April 2025, which positions his salary around the median of the FTSE100.

The CFO's total incentives (Annual Incentive Plan plus long-term Restricted Share Plan) are also currently below the market, so we have increased the CFO's maximum Annual Incentive Plan opportunity from 150% of salary to 175% of salary (this is permissible with the current Remuneration Policy which permits a maximum AIP of up to 200% salary for Executive Directors). This new higher AIP opportunity will apply for the financial year ending 31 December 2025. In line with our Policy, half of the AIP earned will be deferred into shares for a further three years.

The table below summarises Russell O'Brien's target and maximum total remuneration packages for FY2024 and FY2025 compared to other CFOs in the FTSE 100. The benchmark data is as publicly reported by companies as of December 2024 and has not been aged for pay inflation.

Chief Financial Officer (CFO) Benchmarks (£000s)	Salary			Target Total Remuneration*			Maximum Total Remuneration*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
FTSE 100	£531	£627	£761	£1,528	£2,028	£2,906	£2,165	£3,075	£4,406
Centrica (FY2024)		**£590**			**£1,829**			**£2,271**	
Centrica (FY2025)		**£640**			**£2,064**			**£2,624**	

*Target total remuneration includes salary plus target annual plus target long term incentives plus pension but excludes benefits. Maximum total remuneration includes salary plus maximum annual bonus plus maximum long term incentives plus pension but excludes benefits. Both target and maximum total remuneration exclude share price growth.

Other AGM resolutions
At the AGM, we are proposing two resolutions relating to our share plans.

One resolution relates to amending our Long Term Incentive Plan rules, which is an umbrella plan that outlines how we govern RSP award and bonus deferred share awards under the AIP. These rules were originally approved by shareholders on 27 April 2015 and last renewed on 7 June 2022. The amendments to the rules reflect the proposed changes to the Remuneration Policy in 2025 and bring the rules in to line with corporate governance best practice.

The second resolution relates to implementing a new tax-efficient all-employee Sharesave (or SAYE) plan in the UK and in Ireland, which allows colleagues to save up to £500 (or €500) per month over a three or five-year savings period and to use these savings to purchase Centrica shares at a fixed price at the start of the savings period. We have previously operated a Sharesave plan, but it was suspended in 2020 due to the financial challenges the business faced at the time. I am delighted that we are now in a position to re-instate Sharesave, which will operate alongside our existing all-employee Share Incentive Plan, giving colleagues additional choice and flexibility on how they save for the future, and giving them a further share in our success.

The new Sharesave plan rules will be submitted to shareholders for approval at the AGM in May 2025, with the first colleague Sharesave offer being launched shortly thereafter.

Appointment of the Chair of the Board
During the year Scott Wheway stepped down as Chair of the Board on 16 December 2024 and Kevin O'Byrne became the new Chair of the Board. Scott leaves Centrica in a much stronger position than the business he inherited in 2020 when he became Chair of the Board. I would like to take this opportunity to thank Scott for all his support and wise counsel over the years.

As part of the recruitment process for the Chair of the Board, the Remuneration Committee determined that Kevin O'Byrne's fees should be set at £440,000 per annum with effect from his date of appointment as Chair of the Board. These fees are the same as his predecessor but below the market median of the FTSE 100 recognising that Kevin is new in role, and we expect to improve the competitiveness of these fees over the next two years subject to Kevin's performance and development in the role.

Changes to Non-Executive Director Fees
The Chair of the Board, the Executive Directors, and the Chief People Officer conducted an annual review of the non-executive director fees and concluded that the current base fee of £76,000 should be increased by 3.9% to £79,000 with effect from 1 January 2025.

The review also showed that some of the Chair fees for certain Committees have fallen behind the market, which reflects the increasing complexity and time commitment of these roles. Therefore, we have increased the fees for chairing the Safety, Environment and Sustainability Committee (SESC), and for chairing the Remuneration Committee from £20,000 to £25,000 per annum with effect from 1 January 2025. The new fees of £25,000 also align to the current rate paid to the Chair of the Audit & Risk Committee.

Wider Workforce
At Centrica, we believe our financial success should benefit all stakeholders. This includes our 21,000 colleagues who work hard every day to serve our ten million customers. Our colleagues help create the cash we need to invest for growth, the dividends and share buybacks payable to shareholders, and the taxes payable to governments. Striking a balance between how profits are distributed among stakeholders is never easy, but I am pleased to say that the strong performance of the Company in 2024 allowed us to continue to invest in the reward and benefits that we provide to the wider workforce, including the following:

- Centrica continues to be an accredited member of the Real Living Wage Foundation, and we pay at least the Real Living Wage in the UK. Over the last couple of years of the cost of living crisis, we have focused on improving the pay of our lowest paid front line colleagues. For example:
  - In our customer call centres, we employ approximately 3,500 Customer Resolution Agents (CRA) who help and serve customers every day. On 1 April 2024, CRAs received a typical salary increase of 8.1%.
  - In our engineering field force, we employ 2,800 colleagues as Technical Repair Engineers (TRE) who service and fix customers' heating systems throughout the year. On 1 April 2024, a TRE received a typical salary increase of 5%.
  - In 2025, the salary increase budget for the wider work force in the UK is 3.5% to 4%. Individual increases can be higher or lower than this depending on the role.
- We have operated an all-employee Profit Share plan since 2022. Under the Profit Share, we distribute some of our Adjusted Operating Profits equally across all colleagues in Centrica shares. Colleagues must hold the shares for at least three years. This is a great way to share in our success and helps foster our ownership culture. In respect of the financial year ending 31 December 2024, we have approved our fourth Profit Share award of £1,400 per colleague, which will be granted in 2025. This means we have paid a total of £7,286 in Profit Share per colleague since the plan was launched (excluding share price growth). The first Profit Share award that was granted in April 2022 will be released in April 2025.
- We are implementing a new tax-efficient all-employee Sharesave (or SAYE) plan in the UK and in Ireland, which allows colleagues to save up to £500 (or €500) per month over a three or five-year savings period and to use these savings to purchase Centrica shares at a fixed price fixed at the start of the savings period. We have previously operated a Sharesave plan, but it was suspended in 2020 due to the financial challenges the business faced at the time. The new Sharesave will operate alongside our existing all-employee Share Incentive Plan, giving colleagues additional choice and flexibility on how they save for the future, and giving them a further share in our success.
- Our maternity leave policy is market leading and provides up to 26 weeks maternity leave on full pay plus up to a further 13 weeks at statutory maternity pay. Based on feedback from our Working Parents Network, we have decided to enhance our paternity leave, which will increase from two weeks to eight weeks leave at full pay.

- Under our main UK defined contribution pension scheme, colleagues can pay up to 5% of their salary into the pension and the Company double matches the employee's contribution up to 10% of salary. In the past, some employees had to complete two-years' service to be eligible for the double pension match (during the first two year's employment for these employees, the Company equally matched the employee contribution up to 5% of salary). However, we have decided to remove this two-year service requirement to ensure we have a simpler and fairer approach, as well as to encourage new and lower paid colleagues to save more for the future by benefiting from the double pension match from the day they join.
- A core component of our total reward package is focused on colleague health and wellbeing. I am delighted that Centrica has been externally recognised as a market leader in employee benefits & wellbeing including receiving the following awards during the year:
  - Great Place To Work – One of the Best Workplaces for Wellbeing in the Super Large Company Category.
  - Personnel Today – Heath & Wellbeing Awards.
  - Employee Benefits Awards – Best Benefit to Support Reproductive Health.

Conclusion

I hope you find the additional information provided in this letter helpful. The Committee believes the changes to our Remuneration Policy are in the best interests of our shareholders. These changes will help us retain and incentivise executives to execute our business strategy and create value for shareholders and stakeholders.

On behalf of the Board, I would like to thank shareholders and the proxy voting agencies for engaging with us on this important topic and for their open and constructive feedback. Your continued support of the executive team, the Board, and the proposed remuneration changes is much appreciated. I look forward to meeting many of you at the AGM.

Membership and meeting attendance

Committee members

Carol Arrowsmith (Chair)
Chanderpreet Duggal
Heidi Mottram
Amber Rudd
Jo Harlow
Sue Whalley

Biographical details of the Committee Chair and members can be found on pages 86 to 89. The number of meetings held during the year and Committee members attendance is reported on page 92.

Meeting attendees by invitation:

All other Non-Executive Directors, Group Chief Executive, Group Chief People Officer, and People Director, Reward, Wellbeing and Benefits.

Carol Arrowsmith
Chair of the Remuneration Committee
19 February 2025

Remuneration at a glance

How we've supported our stakeholders in 2024

Customers

£140m
Voluntary support package created 2022-23 to help customers and communities through the energy crisis

700,000
Customers supported through the British Gas Energy Trust since it was created 20 years ago

588
Extra colleagues hired across our customer contact centre

Colleagues

£150,000
Contributions to colleagues via the Colleague Support Foundation since launching

254
Professional colleagues joined our business

10,683
Days volunteering in 2024

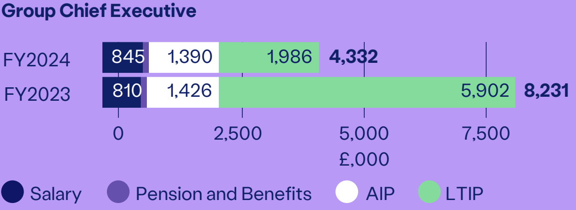
Investors

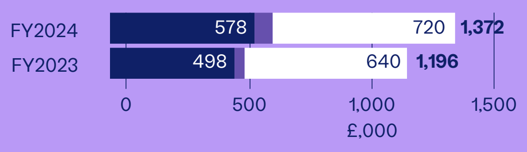
4.5p
Full year dividend per share

385.5m
Shares repurchased in 2024

£405m
New hybrid bond launched

Single figure of total remuneration in FY2024





Further details on page 126

FY2024 AIP performance

The table below sets out details of the relevant measures in the Annual Incentive Plan and their link to our group priorities, and the resulting outcome.

Measure	Group priorities	Weighting	Outcome
Earnings Per Share	CFG	37.5%	100%
BG cost to serve	M		
Customers to ENSEK	O, CO		
BG complaints	CO		
BG reschedules	CO		
BG complaints	CO		
Centrica cost/income	O		
CBS order intake	CO		
Bord Gáis cost to serve	O		
Unique customer numbers	O, CO, CFG	37.5%	60%
Colleague engagement	CO		
Climate transition plan progress	S, CFG		
Adjusted Operating Profit	O, CFG		
Free Cash Flow	CFG		
Net debt/cash	O		
Individual performance	O	25.0%	
Group Chief Executive			85%
Group Chief Financial Officer			85%
Overall outcome (% maximum)			
Group Chief Executive			81.25%
Group Chief Financial Officer			81.25 %

2022 RSP outcomes

The 2022 RSP award will vest in full on 23 June 2025. This was the first award under a Restricted Share Plan (RSP). The RSP award was subject to a performance underpin over the three-year performance period from 1 January 2022 to 31 December 2024. At the time of assessment, the Committee was satisfied the performance underpin had been met. The vested shares are subject to a further two-year holding period.

Our Group priorities

Market competitive benchmarks

When we set the remuneration levels, one of the factors we consider is the competitiveness of the salary and target total remuneration package for the role in the relevant market. For the Group Chief Executive and Group Chief Financial Officer, we benchmark their roles against companies in the FTSE 100. The table below shows the competitiveness of salary and total remuneration for target performance versus the median of the FTSE 100.

Group Chief Executive

	Chris O'Shea	Median FTSE 100 benchmark
Salary	**£855,000**	£968,000
Target Total Remuneration[1]	**£3,078,000**	£3,803,000

Group Chief Financial Officer

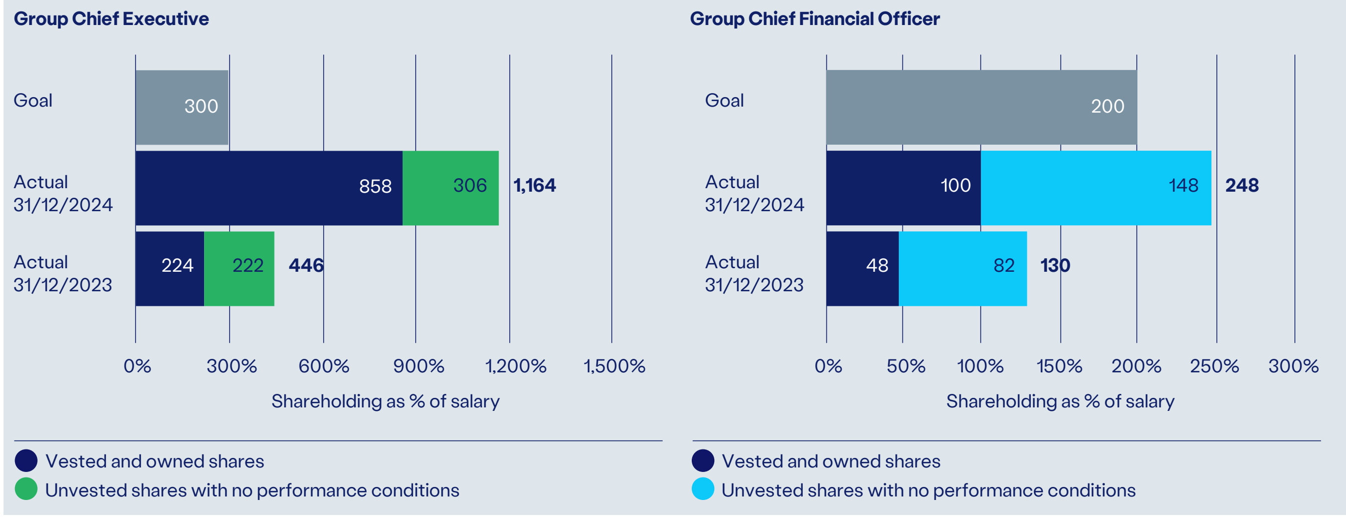
	Russell O'Brien	Median FTSE 100 benchmark
Salary	**£590,000**	£627,000
Target Total Remuneration[1]	**£1,829,000**	£2,028,000

(1) Salary + target annual bonus + target value of long-term incentives + pension but excludes benefits. Excludes share price growth.

Executive Director shareholdings % of base salary

The chart below sets out the minimum shareholding requirements and the actual shareholdings of the Executive Directors. The shareholding requirement must be built up over five years and then subsequently maintained. For unvested shares with no performance conditions, we have assumed shares net of tax in the calculation.

Further detail regarding the Executive Directors' outstanding share awards can be found on page 131.



2024 Remuneration

The table below sets out a summary of the implementation of the Policy in 2024.

Further information can be found on page 137.

Base Salary	Benefits	Pension	Short-term incentive	Long-term incentive
CEO: £855,000 (+4.9%) CFO: £590,000 (+9.3%) The average increases for the wider workforce in the UK was 6%.	No change and remains in line with the wider workforce.	10% of salary in line with the wider workforce With effect from 31 December 2023, we have closed the Centrica Unapproved Pension Scheme Defined Contribution Section (CUPS DC) to future contributions. Chris O'Shea will no longer be eligible contribute his 10% of salary pension contribution to CUPS DC. Instead, he has elected to receive 10% of salary as a cash allowance in lieu of pension.	CEO: 200% of salary at max 100% of salary at target CFO: 150% of salary at max 75% of salary at target Measured 75% against financial and business measures and with 25% against individual objectives. 50% of any bonus earned is deferred into shares that vest after three years.	Restricted Share Plan award subject to a performance underpin. CEO: 150%of salary CFO: 125% of salary Awards vest after three years and plus a two year additional holding period.

Directors' Annual Remuneration Report

Directors' Remuneration in 2024

This report sets out information on the remuneration of the Directors for the financial year ended 31 December 2024.

Single figure for total remuneration (audited)

Executives

£000	Salary/ fees	Bonus (cash)	Bonus (deferred)[1]	Benefits[2]	LTIPs[3]	Pension[4]	Total	Total fixed remuneration	Total variable remuneration
2024									
Chris O'Shea	**845**	**695**	**695**	**16**	**1,986**	**85**	**4,322**	**946**	**3,376**
Russell O'Brien[5]	**578**	**360**	**360**	**16**	**—**	**58**	**1,372**	**652**	**720**
Total	**1,423**	**1,055**	**1,055**	**32**	**1,986**	**143**	**5,694**	**1,598**	**4,096**
2023									
Chris O'Shea	810	713	713	16	5,902	77	8,231	903	7,328
Russell O'Brien[5]	498	320	320	13	—	45	1,196	556	640
Kate Ringrose[6]	77	45	45	3	1,833	—	2,003	80	1,923
Total	1,385	1,078	1,078	32	7,735	122	11,430	1,539	9,891

(1) In accordance with the Remuneration Policy, 50% of the bonus is deferred into shares and will vest after three years.
(2) Taxable benefits include car allowance, health and medical benefits. Non-taxable benefits include matching shares received under the Share Incentive Plan (SIP). Both taxable and non-taxable benefits are included in the table.
(3) The estimated value of the LTIP award that was granted in respect of the three-year performance period covering 1 January 2022 to 31 December 2024 performance period is included in the table above, based on a share price of 123.59 pence (the three month average share price for the period ending 31 December 2024). Of the £1.9m for Chris O'Shea, £706K (or 36% of the value) was due to share price growth. The award will vest in June 2025 and the shares will then be subject to an additional two-year holding period. Further details of the performance outcomes are set out on page 130. Dividend equivalents of £136K have been included.
(4) For 2023 notional contributions to the Centrica Unapproved Pension Scheme defined contribution section (CUPS DC) for Chris O'Shea and Kate Ringrose have been included in this table as if CUPS DC was a cash balance scheme. This includes a deduction in respect of an allowance for CPI inflation on the opening balance of 11.1% in 2023. CUPS DC was closed on 31 December 2023 and Chris O'Shea has received his pension contribution as cash in lieu for all of 2024.
(5) Russell O'Brien was appointed to the Board on 1 March 2023.
(6) Kate Ringrose stepped down from the Board on 28 February 2023.

Single figure for total remuneration (audited)

Non-Executives

£000	Salary/fees		Total	
	2024	2023	**2024**	2023
Scott Wheway[1]	**402**	418	**402**	418
Carol Arrowsmith	**96**	96	**96**	96
Nathan Bostock	**101**	97	**101**	97
CP Duggal	**76**	76	**76**	76
Heidi Mottram	**96**	96	**96**	96
Kevin O'Byrne[2]	**111**	100	**111**	100
Amber Rudd	**76**	76	**76**	76
Philippe Boisseau[3]	**76**	25	**76**	25
Jo Harlow[4]	**77**	6	**77**	6
Sue Whalley[5]	**76**	6	**76**	6
Total	**1,187**	996	**1,187**	996

(1) Scott Wheway stepped down from the Board on 16 December 2024.
(2) Kevin O'Byrne was appointed Chair on 16 December 2024.
(3) Philippe Boisseau joined the Board on 1 September 2023.
(4) Jo Harlow joined the Board on 1 December 2023.
(5) Sue Whalley joined the Board on 1 December 2023.

Base salary/fees

The Committee believes that Chris O'Shea's remuneration is no longer sufficiently aligned with competitive market rates given the size and complexity of Centrica today. Chris' performance and experience over the last four years since his appointment as the Group Chief Executive warrants positioning his pay between the median and upper quartile of other CEOs in the FTSE 100. It is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future for what is now a much bigger business with attractive investment opportunities. Succession planning is a key consideration for the Board, and positioning Chris O'Shea's salary between the median and the upper quartile opens up a wider market in the UK and globally to attract candidates of the right calibre in the future. With this in mind, the Committee increased Chris O'Shea's salary from £855,000 to £1,100,000 per annum, effective 1 April 2025.

The Committee considered whether the increase should be phased over multiple years. However, considering the CEO's track record and experience as well as the current positioning versus the market, the Committee determined that it would be inappropriate to continue to pay him below market competitive rates and therefore decided to implement a one-off adjustment. This also reflects the prudent decisions taken over the past four years, which restrained the Committee from applying phased increases up to this point.

The salary of the Russell O'Brien, Chief Financial Officer, will increase from £590,000 to £640,000 with effect from 1 April 2025. Russell O'Brien has been Chief Financial Officer for two years. His recruitment terms were set behind the market median to recognise that he was new to role and to provide headroom for future increases as he developed and performed in his role. His salary and total remuneration is currently below the median benchmark for similar CFO roles in the FTSE 100. The Committee is pleased with Russell's progress and has decided to close the competitive gap in 2025 by bringing his salary in line with the market median of the FTSE 100.

The Committee is fully aware that the salary increases for Executive Directors in 2025 will exceed the average increases for the wider workforce in the UK. The salary increase budget in 2025 for the wider workforce in the UK will be 3.5% to 4% and individual increases can be higher or lower depending on the role. However, the principles we are applying to Executive Directors are consistent with those we apply to other colleagues in that we typically pay newly promoted colleagues slightly behind the market and increase their pay based on their performance and development in the role. We have applied this approach to Russell O'Brien as outlined above. Ordinarily, we would have also applied a similar phased approach to Chris O'Shea over the first few years of his appointment. However, the Committee believed it was not appropriate to increase Chris's pay over this period beyond the average increase for the wider workforce due to the impact of external factors such as the COVID-19 pandemic and cost of living crisis on our colleagues and customers.

As part of the recruitment process for the Chair of the Board, the Remuneration Committee determined that Kevin O'Byrne's fees should be set at £440,000 per annum with effect from his date of appointment. These fees are the same as his predecessor but below the market median of the FTSE 100 recognising that Kevin is new in role, and we expect to improve the competitiveness of these fees subject to performance and development in the role.

Non-Executive Director fees were reviewed in 2024 as part of the comprehensive Remuneration Policy review. The Chair of the Board, the Executive Directors, and the Chief People Officer conducted an annual review of the Non-Executive Director fees and increased the base fee by 3.9% from £76,000 to £79,000 with effect from 1 January 2025. The review also showed that some of the Chair fees for certain Committees have fallen behind the market, which reflects the increasing complexity and time commitment of these roles. Therefore, we have increased the fees for chairing the Safety, Environment and Sustainability Committee (SESC), and for chairing the Remuneration Committee from £20,000 to £25,000 per annum with effect from 1 January 2025. The new fees of £25,000 also align to the current rate paid to the Chair of the Audit and Risk Committee.

FY2024 Annual Incentive Plan (AIP)

In line with the Remuneration Policy, 75% of the award was based on a mix of financial and business measures based on Centrica's priorities for 2024 and 25% was based on individual objectives.

The financial and business performance element for 2024 was split equally between Earnings Per Share (EPS) and the outcome of a balanced scorecard of financial and operational measures critical to the success of the organisation in 2024.

The EPS measure had defined threshold, target and maximum levels that were set at the start of the financial year as follows:

	Threshold	Target	Max	Outcome
Adjusted EPS	11.5p	14.4p	17.3p	19.0p

Centrica achieved strong earnings performance above the maximum, resulting in an outturn of 100% for this part of the AIP.

In addition, the Committee determined a balanced scorecard for the remaining financial and business elements of the AIP. It was agreed that there would be no formula to translate the scorecard to a bonus outcome and no formal weighting of individual measures. The Committee monitored performance against the scorecard at regular points during the year. At the end of the year, the Committee took a holistic assessment of overall performance to determine an outturn. The balanced scorecard of measures, targets and outcomes are noted below.

	Measure	Target	Outcome
Group	Adjusted Operating Profit	£1,294m	£1,552m
	Free Cash Flow	£540m	£989m
	Net (debt)/cash	£2,372m	£2,858m
British Gas Energy	Complaints	10.0%	10.1%
British Gas Services & Solutions	Complaints	7.9%	6.6%
British Gas Services & Solutions	Reschedules	4.0%	4.2%
Bord Gáis	Cost to serve	€190 per customer	€192 per customer
British Gas Energy	Cost to serve[1]	£121 per customer	£127 per customer
Centrica Business Solutions	Order intake	£318m	£231m
Centrica Energy	Opex: Gross Margin Ratio	37.0%	44.0%
	Customer numbers	10,316,00 unique customers	10,183,000 unique customers
	Customers on ENSEK	95%	92%
	Colleague engagement	8.0	8.1
	Progress towards Climate Transition Plan – see People & Planet Plan for further details. See page 58. Goal 4 – helping our customers be net zero by 2050 Goal 5 – be a net zero business by 2045	Make good progress against the interim climate targets including; Centrica greenhouse gas emissions Low carbon and transition assets Electric vehicles in fleet Reduction in property emissions CAPEX allocated to green activities Hive smart thermostats units sold SMART meters installed EV charger points installed Heat pumps installed	On target for Goal 5 (helping be a net zero business by 2045) with Goal 4 slightly behind the glidepath. See page 62-63 for further details.

The Group's financial performance against AOP, Free Cash Flow and Net Cash all significantly exceeded target. Performance against the majority of the customer and operational measures was at or slightly below target. Colleague engagement exceeded target and the upper quartile benchmark for our industry. We are on track with Goal 4 to be net zero by 2045 but slightly behind the long-term glide-path to help customers be net zero by 2050. The Committee is satisfied that the current incentive structure for senior executives does not drive unintended risks or ESG concerns.

The Committee carefully considered the outcomes against the EPS target and the balanced scorecard measures, determining an outcome of 100% against the EPS target and 60% against the balanced scorecard. Achievement against the overall financial and business performance element of the AIP was 160% of target (or 80% of maximum).

Individual Objectives

Each Executive Director had a set of stretching individual objectives which included key non-financial and strategic performance indicators (KPIs) that were important to the success of the business in 2024. The KPIs were cascaded to business and functional leaders to ensure a strong line of sight to key priorities throughout the organisation. The Committee assessed that the majority of individual objectives were met in full and good progress was made against others. Based on an assessment of performance against Chris O'Shea's individual objectives, the Committee determined an outcome of 170% of target (or 85% of maximum) was appropriate. The Committee determined for Russell O'Brien an outcome of 170% of target (or 85% of maximum) under the individual objectives part of the Annual Incentive Plan.

The table below summarises the key individual objectives for Executive Directors during the year:

	Key objectives	Individual performance (as % of maximum)
Chris O'Shea	**Capability, culture and operational delivery** • Established our New Business and Net Zero team, created our Chief Customer Office, and consolidated our Power business. The changes to our operating model help support our strategic plans for commercial and customer growth, investment in infrastructure and net zero, and a step change in our approach to health & safety. • Continued to drive improvements in service levels across the Retail businesses and we have launched new greener and fairer products and tariffs such as Hive Solar, PeakSave, Mixergy, Free Charge, and Hive Heat pump add-ons. Such initiatives support Centrica and our customers with the transition to net zero. • The total number of customers fell in the year, which was disappointing, but the rate of decline in customer numbers has slowed. There were significant improvements in customer service in the year, which will help drive growth in customer numbers and market share in the future. • Continued to modernise our technology and data in making value-based decisions based on customer lifetime value. The successful migration of most of our British Gas Energy customers to a new ENSEK platform, with minimal disruption, will help optimise customer journeys, reduce back-office processes and improve controls. **Balance sheet, financial framework, and cash** • Delivered upper quartile cash returns to shareholders. Our capital discipline demonstrates that we will only in invest in the right assets at the right returns. • Key strategic investments that were made include a £70m investment in Highview Power, which is part of a funding package and strategic partnership to develop the first Liquid Air Energy Storage Plant. We also purchased Ensek, a leading digital transformation services business in the energy sector, to support the integration of our technologies and to improve customer journeys. • The newly established Meter Asset Provider (MAP) business continues to build at scale, with a portfolio of smart meters under management of around 450,000 by the end of 2024. **Delivering shareholder value through investment opportunities and portfolio shaping** • In Ireland, secured a capacity contract to extend the life of the Whitegate power plant (450MW) until 2034. Commissioned construction of two (2 x 100MW) gas Peaker plants, which will enter operation in 2025. Secured a capacity contract for another 340MW gas Peaker plant for delivery in 2029. This helps provide a robust and balanced asset portfolio across meters, batteries, Peaker, and solar investments in the UK and Ireland • Executed three long-term LNG deals in 2024, which will substantially mitigate risks in our LNG portfolio in anticipation of more flexible LNG markets, which will lead to lower market prices and optimisation opportunities.	85.0%
Russell O'Brien	**Capability, culture and operational delivery** • Established and integrated a new function (Procurement and Group Business Solutions) to streamline our operations, drive efficiencies and reduce our cost to serve. • Appointed a number of key senior leaders to strengthen functional capability and succession planning. • Reviewed and implemented a new Enterprise Risk Management framework in consultation with the Audit & Risk Committee. • Executive sponsor of the Centrica Working Parents Network and increased paternity leave for non-birth parents from 2 weeks to 8 weeks full pay. **Balance sheet, financial framework, and cash** • Successfully completed refinancing activity – new hybrid bond of £405m launched and successfully bought back £370m of our 2033 £770m 7% bond. Completed +1-year extension requests on our Tier 1 revolving credit facilities and +1-year extension on the Tier 2 committed letter of credit facilities. • Maintain strong liquidity position, and credit rating agencies re-affirming their ratings and keeping thresholds unchanged. **Delivering shareholder value through investment opportunities and portfolio shaping** • Established robust and disciplined capital allocation framework when assessing pipeline of investments and M&A activity. • Extended the Company's share buyback programme by £200m in July 2024, and a further £300m in December 2024. These extensions, once completed, will bring our equity repurchased to £1.5bn since November 2022 (representing approximately 20% of our issued share capital).	85.0%

Overall AIP outcome

Overall, after combining the outturn for financial and business performance with the outturn for individual performance, the total AIP for Chris O'Shea was 81.25% of maximum, which equated to 162.5% of salary or £1,389,375. The table below summarises the outcomes under the AIP for all Executive Directors:

Measure	Chris O'Shea	Russell O'Brien
EPS	100%	100%
Balanced scorecard	60%	60%
Individual objectives	85%	85%
Total AIP (as % of maximum)	81.25%	81.25%
Total AIP (£)	£1,389,375	£719,063

No discretion was applied to the formulaic outcome. Half of the AIP earned was paid in cash and half of the AIP was deferred into shares, vesting in three years.

Long-term incentive awards relating to the performance period 2022-24

A Restricted Share Plan award was granted on 23 June 2022 and will vest in full on 23 June 2025. The vested shares are subject to an additional two-year holding period and will be released on 23 June 2027. The RSP award was subject to a performance underpin, which was assessed over the three-year performance period from 1 January 2022 to 31 December 2024.

Outcome (% of maximum)	Brief explanation of Committee's rationale
100%	The Committee considered the performance of the Group in the context of the underpin over the three year performance period ending 31 December 2024. The Committee concluded that it was appropriate that the RSP vests in full and the award will vest in June 2025, subject to a further two year holding period. The Committee noted that there were no windfall gains and therefore no reduction was applied. No reduction was applied to the vesting outcome.

	Award Type	Basis of award	Shares awarded	Value at grant	Vesting date
Chris O'Shea	RSP share award	150% of salary	1,496,336	£1,191,563	June 2025

Pension

In 2020, it was agreed that the pension contributions for the new and existing Executive Directors would be 10% of base salary to align them with the wider UK workforce. In 2024 the pension contribution rate across the UK workforce was 10-14%, depending on the pension scheme.

Chris O'Shea and Kate Ringrose participated in the Centrica Unapproved Pension Scheme Defined Contribution section (CUPS DC), until 31 December 2023 when we closed the scheme to future contributions. For the period to 31 December 2023, notional contributions to the CUPS DC scheme have been included in the single figure for total remuneration table as if it was a cash balance scheme and therefore notional investment returns for the 2023 have also been included. The notional pension fund balances for each Executive are disclosed below:

CUPS DC Scheme[(1)]	**Total notional pension fund as at 31 December 2024 £**	Total notional pension fund as at 31 December 2023 £
Chris O'Shea[(1)]	–	431,775
Kate Ringrose[(1)]	–	79,500

(1) The retirement age for the CUPS DC scheme is 62.

Following 31 December 2023 when the CUPS DC scheme closed to future contributions Chris O'Shea chose to take his pension contribution of 10% of salary as cash in lieu of pension. Upon appointment Russell O'Brien similarly received his pension contribution of 10% of salary as cash in lieu of pension.

	% of salary
Chris O'Shea	10% cash in lieu of pension
Russell O'Brien	10% cash in lieu of pension

Taxable benefits

Taxable benefits include car allowance, health and medical benefits. Non-taxable benefits include matching shares received under the Share Incentive Plan (SIP) on the same terms as all employees. Both taxable and non-taxable benefits are included in the table of single figure for total remuneration.

Directors' interests in shares (number of shares) (audited)

The table below shows the interests in the ordinary shares of the Company for all Directors who served on the Board during 2024 as at year end.

For the Group Chief Executive the minimum shareholding requirement is 300% of base salary and for the Chief Financial Officer the minimum shareholding requirement is 200% of base salary. The achievement against the requirement is shown below.

Executive Directors have a period of five years from appointment to the Board, or from any material change in the minimum shareholding requirement, to build up the required shareholding. All Executive Directors are required to hold 100% of any shares vesting under the Share Plans until the shareholding requirement has been met. A post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or full actual holding if lower) is applicable for two years post-cessation of employment. The Committee continues to keep both the shareholding requirement, and achievement against the shareholding requirement, under review and will take appropriate action should they feel it necessary.

	Beneficially owned[(1)]	Shares subject to performance conditions	Shares vested but unexercised	Shares subject to continued service only[(2)]	Shares exercised in the year	Shareholding requirement (% of salary)	Current shareholding (% of salary)[(3)]
Executives							
Chris O'Shea[(4)]	5,487,926	–	–	3,694,827	–	300	858
Russell O'Brien[(4)]	439,428	–	–	1,236,629	–	200	100
Non-Executives							
Carol Arrowsmith	49,286	–	–	–	–	–	–
Philippe Boisseau	12,425	–	–	–	–	–	–
Nathan Bostock	27,000	–	–	–	–	–	–
CP Duggal	15,000	–	–	–	–	–	–
Jo Harlow	17,600	–	–	–	–	–	–
Heidi Mottram	10,000	–	–	–	–	–	–
Kevin O'Byrne	280,000	–	–	–	–	–	–
Amber Rudd[(5)]	61,975	–	–	–	–	–	–
Sue Whalley	–	–	–	–	–	–	–
Scott Wheway	110,187	–	–	–	–	–	–

(1) These shares are owned by the Director or a connected person and they are not, save for exceptional circumstances, subject to continued service or the achievement of performance conditions. They include shares purchased by the Executive Director in March with deferred AIP funds which have mandatory holding periods of three years and which will be subject to tax at the end of the holding periods.
(2) Shares owned subject to continued service include RSP shares awarded and SIP free and matching shares that have not yet been held for the three-year holding period. The values are net of tax.
(3) The share price used to calculate the achievement against the guideline was 133.60 pence, the price on 31 December 2024.
(4) During the period 1 January 2024 to 15 February 2025 both Chris O'Shea and Russell O'Brien acquired 263 shares through the SIP.
(5) During the period 1 January 2024 to 15 February 2025 Amber Rudd acquired 1,672 shares through the NED Share Purchase Agreement.

Share awards granted in 2024 (audited)

Set out below are details of share awards granted in 2024 to Executive Directors.

2024 RSP

	Plan	Award Type	Number of shares[(1)]	Basis of award % of salary	Face value of award £	Vesting date	Release date
Chris O'Shea	RSP	Conditional share award	1,006,750	150%	1,282,500	March 2027	March 2029
Russell O'Brien	RSP	Conditional share award	578,930	125%	737,500	March 2027	March 2029

(1) The number of shares awarded under the RSP was calculated by reference to a price of 127.39 pence, being the average of the Company's share price over the five trading days immediately preceding the date of grant of 25 March 2024.

The RSP award is subject to an underpin. If the Committee is not satisfied the underpin has been met, the Committee may scale back the awards (including to zero). In assessing the underpin, the Committee will consider the following:

- a review of overall financial performance over the three-year vesting period;
- whether there have been any sanctions or fines issued by a Regulatory Body (participant responsibility may be allocated collectively or individually);
- whether a major safety incident has occurred which may or may not have consequences for shareholders;
- whether there has been material damage to the reputation of the Company (participant responsibility may be allocated collectively or individually);
- whether there has been failure to make appropriate progress against our Climate Transition Plan which sets out our ambition to be a net zero business by 2045 and help our customers be net zero by 2050;
- return on capital with reference to the cost of capital;
- TSR performance over the vesting period, including with reference to the wider energy sector;
- management of customer numbers over the vesting period; and
- progress against broader ESG commitments.

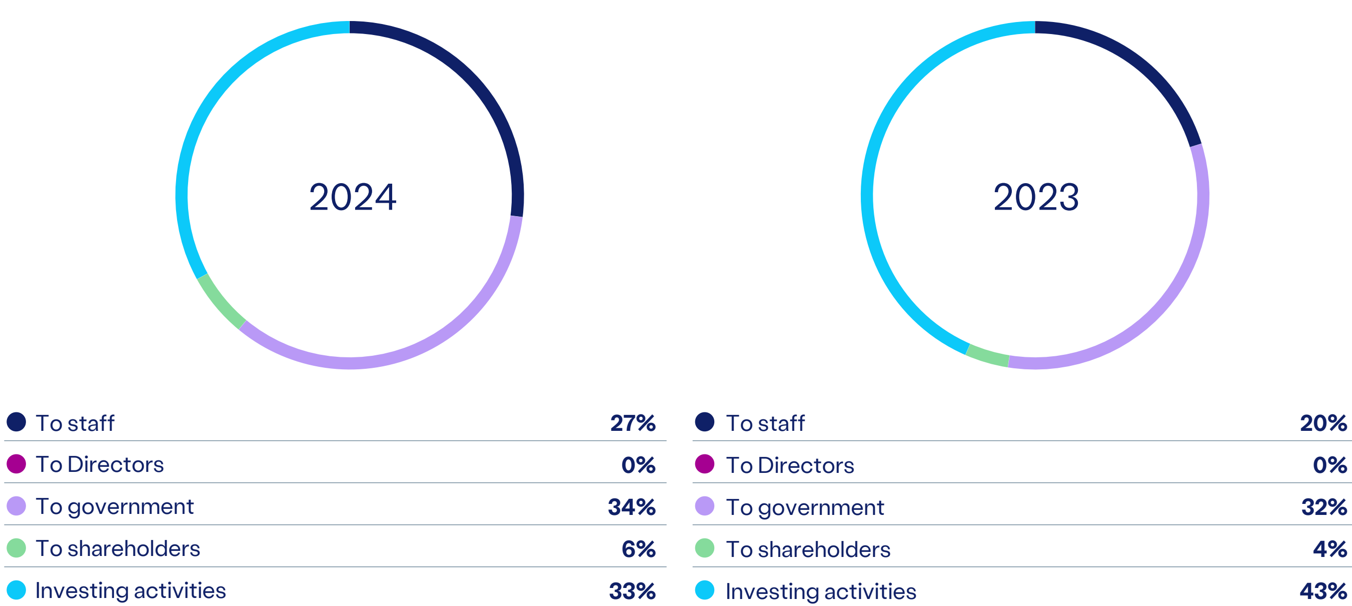
2024 deferred AIP

The 2024 AIP award was delivered 50% in cash and 50% in deferred shares, which were awarded on 25 March 2024. The face value of the award is based on the share price on the date of award, which was 126.86 pence. Deferred shares are not subject to further performance conditions and vest in three years.

	Plan	Award type	Number of shares	Face value of award £000	Vesting date
Chris O'Shea	AIP	Deferred shares	562,135	713,125	March 2027
Russell O'Brien	AIP	Deferred shares	252,406	320,203	March 2027

2024 cash flow distribution to stakeholders

The Committee monitors the relationship between the Directors' total remuneration and cash outflows to other stakeholders. As demonstrated by the chart, the Directors' aggregate total remuneration for the year equates to 0.21% (2023: 0.0004%) of the Group's operating cash flow.



Reward Across The Wider Workforce

Centrica comprises over 21,000 diverse colleagues with different roles in different business units across different countries. Our approach to reward aims to unify us as a team working with a common purpose and values. To achieve this, we have established some key reward principles across the workforce that balance the needs of our colleagues with the needs of the business and our customers. The same principles apply to Executive Directors and members of the Centrica Leadership Team:

For our colleagues, we aim to provide reward that is:	For our business, we aim to provide reward that is:
Market competitive	Sustainable
Fair and consistent	Agile
Simple	Flexible
Supports wellbeing	Compliant

Total reward at Centrica consists of more than just salary. All colleagues receive fixed pay comprising a salary plus a wide range of pensions and benefits (see table below for more detail). In addition, all colleagues are eligible to earn variable pay subject to performance (such as annual bonuses, recognition awards and Profit Share). For front line colleagues in the organisation, they can expect a higher proportion of their total reward to be fixed pay. The variable pay element is often based on individual performance and is typically paid in cash, quarterly or annually. At senior executive levels, colleagues have a higher proportion of variable pay linked to the financial and business performance of the Company. This variable pay is often paid in shares that vest over multiple years. Therefore, our approach to total reward is to vary the fixed pay and variable pay mix depending on the individual's role, responsibilities and performance compared to competitive market practice for comparable roles.

Performance measures applying to Executive Directors and the Centrica Leadership Team are cascaded through the organisation to ensure a clear line-of-sight and alignment around performance.

The table below summarises some key highlights of wider workforce reward in the UK. Executive Directors and the Centrica Leadership Team participate in the same benefits and on the same terms as the wider workforce.

Fair pay	Centrica is an accredited member of the Real Living Wage Foundation, and we pay at least the Real Living Wage in the UK. We continue to focus on improving the pay of our lowest paid colleagues, through salary increases and one-off payments. The salary increase budget in 2025 across the wider workforce in the UK is 3.5% to 4% and individual increases can be higher or lower depending on the role. Salary levels for the wider workforce are negotiated with our recognised trade union partners to ensure fair living standards. Salary levels for management reflect the individual's role, experience and performance compared to competitive market rates.
Looking after colleagues and their loved ones	All employees in the UK receive comprehensive health and medical cover and can purchase additional cover for their dependants. This includes 24 hour access to a GP, eye care; support for parents with fertility, adoption, and surrogacy; company funded life assurance; and personal accident insurance.
Saving for the future	The Company has various legacy pension arrangements. While our Defined Benefit Pension is closed to new members it is still open to future accrual for existing members. Our Defined Contribution Scheme provides a generous employer contribution of 10% of salary or cash in lieu of pension. Our Lifestyle Savings offer discounts from everyday shopping to one-off big purchases.
Recognising colleague contribution	In 2024, we recognised colleagues over 231,868 times through our Recognition platform. This allows anyone in the Company to recognise the performance or values of a colleague or team, or simply say "thank you". We operate a number of performance-related incentives plans across the Group. 5,500 employees participate in an annual bonus plan aligned to the bonus for Executives and senior management. All of our field engineers and customer facing teams participate in incentives aligned to their individual performance.
Sharing in our success	All colleagues are eligible to receive an award of free shares via our Profit Share plan depending on performance over the prior year. All employees in the UK are eligible to participate in our Share Incentive Plan (SIP), where they can purchase shares in the Company and receive free matching shares, provided they hold them for at least three years. Colleagues in the UK and Ireland are also able to participate in Sharesave. Field and Customer Support colleagues participate in quarterly and annual incentives linked to their performance. Senior managers are eligible to receive annual bonuses and long-term restricted share awards aligned to the performance of the business.
Being an ambassador for Centrica products and services	We provide discounts on colleagues' energy bills if they are a Centrica customer, as well as discounts on new boilers, HomeCare cover, Hive products, and our new energy efficient products for example Electric Car charging points, solar and battery storage and home insulation.
Making a difference in the world	Colleagues are given time off to volunteer for local communities and causes they are passionate about. We also operate a Give As Your Earn scheme, where colleagues can donate in a tax-efficient way. The Colleague Support Foundation aims to provide additional support for those experiencing extreme financial difficulties, where existing financial support mechanicians have been explored and exhausted.

Annual percentage change in remuneration of directors and colleagues

The table below shows the percentage changes (on a full-time equivalent basis) in the Executive and Non-Executive Directors' remuneration over the last three financial years compared to the amounts for full-time colleagues of the Group for each of the following elements of pay:

	Percentage change from 2019 to 2020			Percentage change from 2020 to 2021			Percentage change from 2021 to 2022			Percentage change from 2022 to 2023			Percentage change from 2023 to 2024		
Executive Directors	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus
Chris O'Shea[1]	6.3	—	—	—	-28.0	—	2.5	-11.1	100	2.6	—	0.3	4.9	—	-2.5
Russell O'Brien[2]	—	—	—	—	—	—	—	—	—	—	—	—	9.3	23.1	12.5
Kate Ringrose[11]							2.5	6.7	18.7	-83.3	-81.2	-84.4			
Non-Executive Directors															
Scott Wheway[13]	268.8	—	—	—	—	—	—	—	—	2.6	—	—	-4.3	—	—
Carol Arrowsmith	—	—	—	—	—	—	—	—	—	3.8	—	—	—	—	—
Nathan Bostock[3]	—	—	—	—	—	—	—	—	—	32.9	—	—	—	—	—
CP Duggal[4]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Heidi Mottram	—	—	—	27.8	—	—	—	—	—	3.8	—	—	—	—	—
Kevin O'Byrne[5] [12]	—	—	—	—	—	—	—	—	—	-20.7	—	—	-15.4	—	—
Amber Rudd[6]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Philippe Boisseau[7]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Jo Harlow[8] [14]	—	—	—	—	—	—	—	—	—	—	—	—	1.1	—	—
Sue Whalley[9]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Average per colleague (excluding Directors)[10]	—	1.1	236.4	1.8	-10.3	16.3	1.9	—	—	4.4	—	42.3	5.11	1.26	-2.46

(1) Chris O'Shea was appointed to the Centrica Board as Group Chief Financial Officer on 1 November 2018 and became interim Group Chief Executive with effect from 17 March 2020. He was appointed as Group Chief Executive on 14 April 2020. From 17 March until 31 December 2020, he elected to waive £100,000 of his salary.
(2) Russell O'Brien was appointed to the Board on 1 March 2023.
(3) Nathan Bostock was appointed to the Board on 9 May 2022.
(4) CP Duggal was appointed to the Board on 16 December 2022.
(5) Kevin O'Byrne took on the role of Senior Independent Director from 1 June 2022.
(6) Amber Rudd was appointed to the Board on 10 January 2022.
(7) Philippe Boisseau joined the Board on 1 September 2023.
(8) Jo Harlow joined the Board on 1 December 2023.
(9) Sue Whalley joined the Board on 1 December 2023.
(10) The comparator group includes all management and technical or specialist colleagues based in the UK in Level 2 to Level 6 (where Level 1 is the Executive and Non- Executive Directors). There are insufficient colleagues in the Centrica plc employing entity to provide a meaningful comparison. The colleagues selected have been employed in their role for full years to give meaningful comparison. This group has been chosen because the colleagues have a remuneration package with a similar structure to the Executive Directors, including base salary, benefits and annual bonus.
(11) Kate Ringrose stepped down from the Board on 28 February 2023.
(12) Kevin O'Byrne was appointed Chair on 16 December 2024.
(13) Scott Wheway stepped down from the Board on 16 December 2024.
(14) Jo Harlow took on the role of Senior Independent Director from 16 December 2024.

The chart below shows the ratio of remuneration of the CEO to the average UK colleague of the Group.

CEO pay ratio

		25th percentile	50th percentile	75th percentile
2024	Option B	129:1	78:1	71:1
2023	Option B	198:1	142:1	120:1
2022	Option B	128:1	77:1	70:1
2021	Option B	29:1	24:1	15:1
2020	Option B	32:1	15:1	14:1
2019	Option B	34:1	29:1	22:1
2018	Option B	72:1	59:1	44:1

For 2020, the CEO total remuneration figure includes the single figure chart combined earnings of both Iain Conn and Chris O'Shea for the period that they were in the CEO role during 2020.

2024	Salary	Total pay and benefits
CEO remuneration	845,000	4,322,000
Colleague 25th percentile	26,460	33,500
Colleague 50th percentile	41,925	55,265
Colleague 75th percentile	45,356	61,121

The Company has used its gender pay gap data (Option B in the Directors' Reporting Regulations) to determine the colleagues whose remuneration packages sit at the lower, median and upper quartile positions across the UK workforce. This is deemed the most appropriate methodology for Centrica given the different pension and benefit arrangements across the diverse UK workforce. To ensure this data accurately reflects individuals at each quartile position, a sensitivity analysis has been performed. The approach has been to review the total pay and benefits for a number of colleagues immediately above and below the identified employee at each quartile within the gender pay gap analysis. We have determined our 25th, 50th and 75th percentile individual using data from our gender pay gap as of 5 April 2024.

The annual remuneration for the three identified colleagues has been calculated on the same basis as the CEO's total remuneration for the same period in the single figure table on page 126 to produce the ratios.

The ratio of CEO pay compared with the pay for the average colleague has decreased significantly compared to 2023 because 2023 included the value of the 2021 LTIP award that vested in 2023 plus exceptional share price growth over the three-year performance period from 1 January 2021 to 31 December 2023. As a large proportion of CEO remuneration is delivered through variable pay in shares, the CEO pay ratio will vary significantly from year to year compared to the pay of an average employee. In 2024, under the current Remuneration Policy, long-term incentives are delivered to the CEO through the Restricted Share Plan (RSP), which has a lower overall quantum at 50% of the previous level of LTIP awards. The RSP is less variable than conventional LTIPs, which the Committee believes is more appropriate given the regulatory environment within which Centrica operates where some stakeholders such as customers and regulators expect a narrower range of acceptable performance outcomes than in many other companies. RSPs also incentivise executives to invest in the ongoing long-term success of the business, rather than taking decisions based on a three-year performance target cycles.. The Company believes the ratios are appropriate given financial and business performance outcomes in 2024, and the size and complexity of the business.

Pay for performance

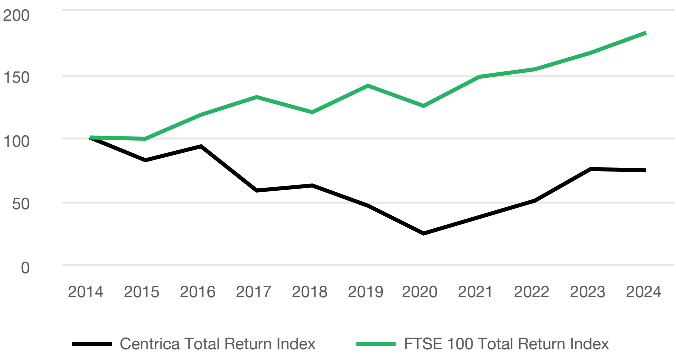
The table below shows the CEO's total remuneration over the last 10 years and the achieved annual short-term and long-term incentive pay awards as a percentage of the plan maximum.

	Chief Executive single figure for total remuneration £000	Annual short-term incentive payout against max opportunity %	Long-term incentive vesting against max opportunity %
Chris O'Shea			
2024	4,322	81.25	100
2023	8,231	87.5	85
2022	4,490	89.5	76
2021	875	0	0
2020	765	0	0
Iain Conn			
2020	239	0	0
2019	1,186	0	0
2018	2,335	41	18
2017	1,678	0	26
2016	4,040	82	0
2015	3,025	63	0

For 2020 the single figure for total remuneration for both Iain Conn and Chris O'Shea are shown. The total remuneration figure for Chris O'Shea includes his earnings during 2020 as CFO and CEO.

The performance graph below shows Centrica's TSR performance against the performance of the FTSE 100 Index over the 10-year period to 31 December 2024. The FTSE 100 Index has been chosen as it is an index of similar-sized companies and Centrica has been a constituent member for the majority of the period.

Total return indices – Centrica and FTSE 100



Fees received for external appointments of Executive Directors

Chris O'Shea was appointed as a Non-Executive Director to the ITT Inc. Board on 14 May 2024. He received a total fee of $255,000 per annum which is split as $100,000 cash payment and the remainder as a share award.

Relative importance of spend on pay

The table below shows the percentage change in total remuneration paid to all colleagues compared to expenditure on dividends and share buyback for the years ended 31 December 2023 and 2024.

	2024 £m	2023 £m	% Change
Share repurchase[1]	**499**	613	(19)%
Dividends	**219**	186	18 %
Staff and employee costs[2]	**1,357**	1,400	(3)%

(1) 385,486,775 shares were purchased during 2024 as part of the share buyback arrangement
(2) Staff and employee costs are as per note 5(b) in the notes to the financial statements.

Payments to past Directors (audited)

No payments to past directors in 2024.

Payments for loss of office (audited)

No payments for loss of office were made in 2024.

Advice to the Remuneration Committee

Following a competitive tender process, PwC was appointed as independent external advisor to the Committee in May 2017.

PwC also provided advice to Centrica globally during 2024 in the areas of employment taxes, regulatory risk and compliance issues and additional consultancy services.

PwC's fees for advice to the Committee during 2024 amounted to £289,450 which included the preparation for and attendance at Committee meetings. The fees were charged on a time spent basis in delivering advice that materially assisted the Committee in its consideration of matters relating to Executive remuneration.

The Committee takes into account the Remuneration Consultants Group's (RCG) Code of Conduct when dealing with its advisors. PwC is a member of the RCG, have no connection with the Company or the Directors, and the Committee is satisfied that the advice it received during the year was objective and independent and that the provision of any other services by PwC in no way compromises their independence.

Statement of voting

Shareholder voting on the resolutions to approve the Directors' Remuneration Policy put to the 2022 AGM, and the Directors' Remuneration Report, put to the 2024 AGM, was as follows:

Resolution	AGM	Votes for	Votes for %	Votes against	Votes against %	Votes withheld
Directors' Remuneration Policy	2022	3,132,342,144	83.48%	619,903,528	16.52%	1,275,033
Directors' Remuneration Report	2024	3,044,479,915	90.08%	335,135,590	9.92%	1,757,494

Implementation in the next financial year

The table below sets out details of how we implemented our remuneration policy in 2024, and how we intend to implement the policy in 2025.

Remuneration element	Implementation in 2024		Implementation in 2025
Base salary	With effect from 1 April 2024, salaries for Executive Directors were: • Group Chief Executive (CEO): £855,000 • Group Chief Financial Officer (CFO): £590,000		With effect from 1 April 2025, salaries for Executive Directors are: • CEO: £1,100,000 (+28.7%) • CFO: £640,000 (+8.5%) The salary increase budget in 2025 across with wider workforce in the UK is 3.5% to 4% and individual increase can be higher or lower depending on the role.
Annual Incentive Plan (AIP)	Maximum opportunity: • CEO: 200% of salary (100% of salary at target) • CFO: 150% of salary (75% of salary at target) The performance measures and their weighting as a percentage of maximum opportunity were: • EPS: 37.5% • Balanced Scorecard: 37.5% • Individual objectives: 25% EPS payout ranges were as follows (as a percentage of maximum opportunity): • Threshold performance: 25% • On-target performance: 50% • Maximum performance: 100%		Maximum opportunity: • CEO: No change • CFO: 175% of salary (87.5% of salary at target)
Restricted Share Plan (RSP)	RSP awards were granted at the following levels: • Group Chief Executive: 150% of salary • Group Chief Financial Officer: 125% of salary RSP awards have no performance conditions but are subject to a performance underpin. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met.		No change
Pensions	The maximum benefit for Executives is 10% of base salary earned during the financial year. This compares with the average pension benefit across the wider UK workforce, currently 10-14% of salary.		No change
Benefits	Benefits to be provided in line with the Policy.		No change
All-employee share plan	Executives were entitled to participate in all-employee share plans on the same terms as all other eligible employees.		No change
Shareholding requirements	CEO: 300% of salary CFO: 200% of salary Post-employment, Executive Directors will continue to be expected to retain the lower of the shares held at cessation of employment and shares to the value of 300% of base salary for the CEO and 200% of base salary for the CFO for a period of two years.		CEO: 400% of salary CFO: No change
NED fees		With effect from 1 January 2024	With effect from 1 January 2025
	Chair of the Board	£440,00	No change
	Basic fee for Non-Executives	£76,000	£79,000 (+3.9%)
	Additional fees		
	Chair of Audit and Risk Committee	£25,000	No change
	Chair of Remuneration Committee	£20,000	£25,000 (+25%)
	Chair of Safety, Environment and Sustainability Committee	£20,000	£25,000 (+25%)
	Senior Independent Director	£20,000	No change
	Employee Champion	£20,000	No change

The Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

Raj Roy, Group General Counsel & Company Secretary
19 February 2025

Directors' Remuneration Policy

The Remuneration Policy was last approved by shareholders at the AGM on 7 June 2022.

This section contains the proposed summary of Centrica's Directors' Remuneration Policy (Policy) that will govern and guide the Group's future remuneration payments. The Policy described in this section is intended to apply for three years subject to shareholder approval at Centrica's 2025 Annual General Meeting (AGM).The full version can be found on our website at centrica.com.

The Policy operated as intended in 2024.

Objectives of The Policy

The Policy aims to deliver remuneration arrangements that:

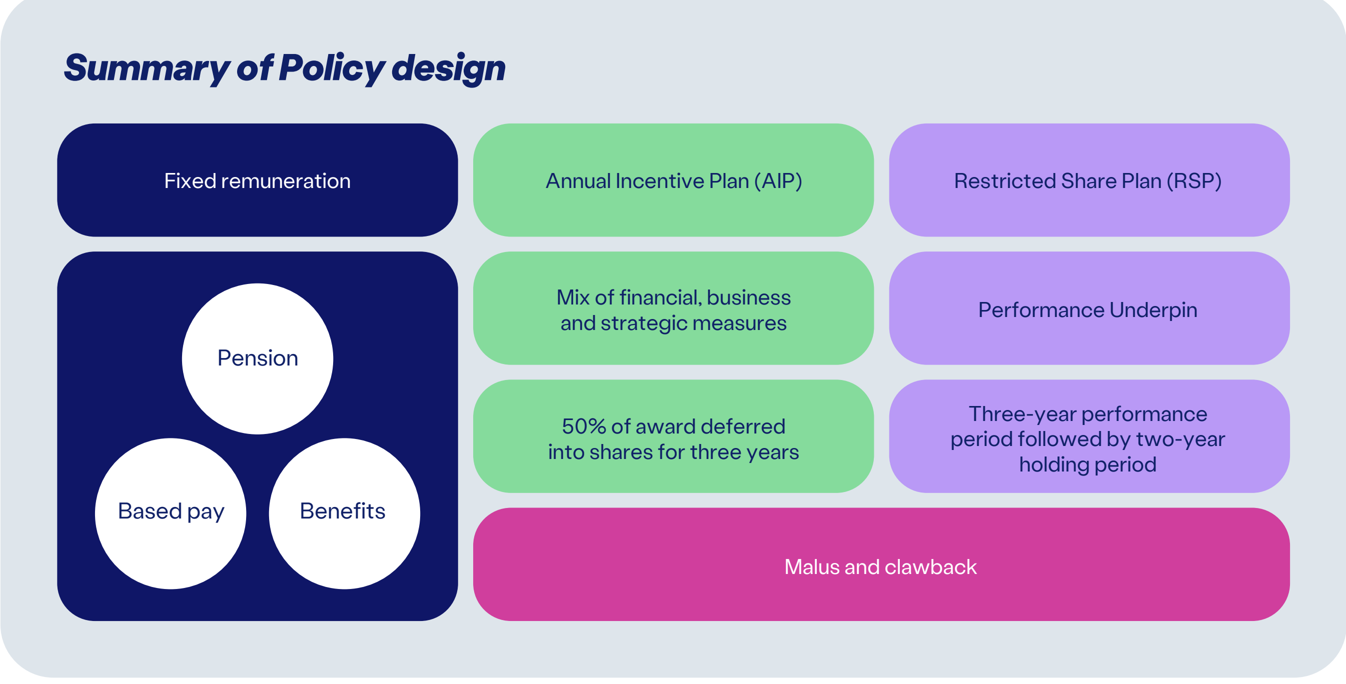
- Attract and retain high-calibre Executives in a challenging and competitive global business environment;
- Place strong emphasis on both short-term and long-term performance;
- Are strongly aligned to the achievement of strategic objectives and the delivery of sustainable long-term shareholder value through returns and growth; and
- Seek to avoid creating excessive risks in the achievement of performance targets.

Key changes to the Policy

In reviewing the Policy, the Committee consulted extensively with shareholders and aimed to devise a remuneration structure that would support our strategic direction, enable us to engage our leadership team in the continuing transformation of Centrica and support our requirement for a team capable of making those changes, whilst addressing the challenges our company and industry face going forward.

Further details on the rationale for the proposed changes are described in the Committee Chair's letter on pages 116 to 123. Details on how the Policy will be implemented in the coming financial year are provided on pages 139 to 141.

The main change to the Policy is an increase to the maximum RSP from 150% to 200% of salary. In addition the Committee will increase the shareholding requirement of the CEO to 400% of salary (current policy is 300% of salary) to further increase alignment between our Executive Directors and shareholders.



How the Policy links to our strategy

Our strategy is driven by our Purpose "energising a greener, fairer future", and our enduring values at Centrica underpin our culture. Further information on our Purpose and values is set out on page 11. We need to engage our Centrica Leadership Team to fulfil our Purpose and to ensure Centrica is focused on delivery and positioned for growth.

The AIP focuses the Executives on the delivery of our near-term objectives, with at least 75% of the award based on a mix of financial and business measures based on Centrica's priorities for the forthcoming year and up to 25% based on individual strategic and personal objectives for the year. All targets align with the Group Annual Plan.

At the time of the last Remuneration Policy review, the Remuneration Committee identified the RSP as the appropriate long term incentive vehicle for our Executive Directors as it reduces the upper limit of payment and is aligned with our goal to simplify all aspects of our business. Potential payouts from restricted shares are far less variable than conventional long-term incentives.

The RSP has a three-year performance period and is subject to a performance underpin where the Committee will consider the Company's overall financial and non-financial performance over the period.

As we continue to grow shareholder value, the RSP will ensure a large proportion of our Executives' pay is based on direct and uninhibited share price movement.

We operate an RSP for leaders below the most senior management and this approach therefore creates alignment between our Executives and our senior colleagues.

Remuneration Policy table for Executive Directors

The following table summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and the link to the corporate strategy.

Purpose and link to strategy	***Operation and clawback***	***Maximum opportunity***	***Performance measures***	***Changes***
Base salary				
Reflects the scope and responsibility of the role and the skills and experience of the individual. Salaries are set at a level sufficient for the Group to compete for international talent and to attract and retain Executives of the calibre required to develop and deliver our strategy.	Base salaries are reviewed annually taking into account individual and business performance, market conditions and pay in the Group as a whole. When determining base salary levels, the Committee will consider factors including: • Remuneration practices within the Group; • Change in scope, role and responsibilities; • The performance of the Executive Director and the Group; • Experience of the Executive Director; • The economic environment; and • When the Committee determines a benchmarking exercise is appropriate, salaries within the ranges paid by the companies which the Committee believe are appropriate comparators for the Group.	Base salary increases in percentage terms will usually be within the range of increases awarded to other employees of the Group. Increases may be made above this level to take account of individual circumstances such as a change in responsibility, progression/development in the role or a significant increase in the scale or size of the role.	Not applicable.	No change to Policy.

Purpose and link to strategy	Operation and clawback	Maximum opportunity	Performance measures	Changes
Annual Incentive Plan (AIP)				
Designed to incentivise and reward the performance of individuals and teams in the delivery of short-term financial and non-financial metrics. Performance measures are linked to the delivery of the Group's long-term financial goals and key Group priorities.	In line with the Group's annual performance management process, each Executive has an agreed set of stretching individual objectives for each financial year. Following the end of the financial year, to the extent that performance criteria have been met, up to half of the AIP award is paid in cash. To further align the interests of Executives with the long-term interests of shareholders, the remainder is paid in deferred shares which are held for three years. No further performance conditions will apply to the deferred element of the AIP award. Dividend equivalents may be paid as additional shares or cash. Malus and clawback apply to the cash and share awards.	Maximum of 200% of base salary per annum for Executive Directors. For threshold performance, up to 25% of the maximum opportunity will pay out. For on-target performance, 50% of the maximum opportunity will pay out.	At least 75% based on a mix of financial performance and business measures aligned to Centrica's priorities for the forthcoming financial year and up to 25% based on individual objectives aligned to the Group's priorities and strategy. Performance is assessed over one financial year.	No change to Policy.
Restricted Share Plan (RSP)				
Designed to reward and incentivise the delivery of long-term performance and shareholder value creation.	RSP awards granted to Executive Directors will normally vest after three years. subject to a two-year post-vesting holding period during which the Executive Directors may not normally sell their vested shares except as is necessary to pay tax and social security contributions arising in respect of their RSP awards. Dividend equivalents are accrued during the vesting period and calculated on vesting on any RSP share awards. Dividend equivalents are paid as additional shares or as cash. Malus and clawback apply to the awards.	Maximum of 150% of base salary per annum for Executive Directors.	The RSP will be subject to a underpin. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met.	The maximum is increased to 200% of salary for Executive Directors.
Pensions				
Positioned to provide a market competitive post-retirement benefit, in a way that manages the overall cost to the Company.	Executives are entitled to participate in a Company defined contribution pension arrangement or to take a fixed salary supplement (calculated as a percentage of base salary, which is excluded from any AIP calculation) in lieu of pension entitlement. The Group's policy is not to offer defined benefit arrangements to new employees at any level, unless this is specifically required by applicable legislation or an existing contractual agreement.	The maximum benefit is 10% of base salary per annum for Executive Directors. This compares with the average pension benefit across the wider UK workforce, currently 10-14% of salary.	Not applicable.	No changes in Policy.

Purpose and link to strategy	Operation and clawback	Maximum opportunity	Performance measures	Changes
Benefits				
Positioned to support health and wellbeing and to provide a competitive package of benefits that is aligned with market practice.	The Group offers Executives a range of benefits including (but not limited to): • A company-provided car and fuel, or a cash allowance in lieu; • Life assurance and personal accident insurance; • Health and medical insurance for the Executive and their dependants; and • Health screening and wellbeing services.	Cash allowance in lieu of company car – currently £15,120 per annum for Executive Directors. The benefit in kind value of other benefits will not exceed 5% of base salary.	Not applicable.	No changes to Policy.
All-employee share plans				
Provides an opportunity for employees to voluntarily invest in the Company.	Executives are entitled to participate in all-employee share plans on the same terms as all other eligible employees.	Maximum contribution limits are set by legislation or by the rules of each plan. Levels of participation apply equally to all participants.	Not applicable.	No changes to Policy.
Shareholding requirements				
To align the interests of Executive Directors with shareholders over a long-term period including after departure from the Group.	***In-employment requirement*** During employment, the Group Chief Executive and Group Chief Financial Officer are required to build and maintain a minimum shareholding of 300% and 200% of their base salary respectively. Executives must also hold 100% of vested incentive shares (net of tax) until the shareholding requirement is met. ***Post-employment requirement*** Executive Directors are required to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years. Shares purchased by Executives with their own monies are excluded from the post-employment requirement.	***In-employment requirement*** The current shareholding requirement is maintained at 300% of base salary for the Group Chief Executive and 200% of base salary for the Group Chief Financial Officer. ***Post-employment requirement*** Executive Directors will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 300% of base salary for the Group Chief Executive and 200% of base salary for the Group Chief Financial Officer for a period of two years. Only shares earned from vested incentives will be included within the post-employment shareholding requirement.	Not applicable.	Increase shareholding requirement to 400% of base salary for the Group Chief Executive. Update to the Operation and clawback wording to include the following. In determining an Executive Director's shareholding, unvested AIP deferred shares, RSP shares, and any other share awards that are not subject to performance targets will be included in the calculation on a net of tax basis.

Notes to the Remuneration Policy Table

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed before the Policy came into effect, at a time when the relevant individual was not an Executive Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes payments include the amounts paid in order to satisfy awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted. The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Statement of consideration of shareholder views

In developing the Policy set out above, the Committee carried out an extensive shareholder consultation exercise, engaging directly with over 30 of our largest institutional shareholders representing approximately 50% of our share register and with the shareholder proxy voting agencies. We received direct feedback from a third of our shareholders and after several rounds of consultation, we carefully considered the feedback received and proposals were refined in response.

Further details on our consultation with shareholders is described in the Chair's letter on pages 116 to 123.

Performance measures

We continue to be committed to full transparency and disclosure. We will disclose incentive targets as soon as any commercial sensitivity falls away. Usually in the reporting year following the end of the performance period.

AIP

Performance for the AIP will be measured against financial and non-financial metrics with targets for each measure set by the Committee each year. The Policy provides the Committee with the flexibility to choose measures each year that are strongly linked to the specific strategic and financial measures in any given year.

For financial measures, the targets are set with reference to the group annual plan, external forecasts and other circumstances as appropriate to ensure that targets are suitably stretching and motivational to executives.

Non-financial targets are set each year with reference to the key strategic objectives of the Company that will drive the long term success of the business.

RSP

The RSP is subject to a performance underpin assessed by the Committee.

In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Company may scale back the awards (including to zero) if it is not satisfied the underpin has been met.

Malus and clawback

In line with UK corporate governance best practice, the Committee can apply malus (that is reduce the number of shares in respect of which an award vests) or delay the vesting of awards. In addition, where an award has vested, the resulting shares will generally be held for a period during which they may be subject to clawback. The following provisions apply:

- AIP – cash awards: malus will apply up to the payment of the cash AIP award and clawback will apply for a period of 3 years after the cash AIP payment.
- AIP – deferred shares: clawback will apply during the period of three years following the payment of the cash AIP award the deferred share relates to.
- Historic LTIP awards: malus will apply during the vesting period and up to the date of vesting and clawback will apply for a period of two years post-vesting.
- RSP awards: malus will apply during the vesting period and up to the date of vesting and clawback will apply for a period of two years post-vesting.

Legacy awards are governed by the malus and clawback provisions within the respective policy and plan rules. For awards granted under the proposed policy malus and clawback provisions may be applied in the following circumstances:

- Material financial misstatement;
- Where an award was granted, or performance was assessed, based on an error or inaccurate or misleading information;
- Action or conduct of a participant amounts to fraud or gross misconduct;
- Events or the behaviour of a participant have led to censure of the Company or Group by a regulatory authority or cause significant detrimental reputational damage;
- Material failure of risk management; or
- Corporate failure.

During the year, the Remuneration Committee has not needed to apply clawback or malus to any payments to Executive Directors or other members of the Centrica Leadership Team.

Pension arrangements applying to Executives

All registered scheme benefits are subject to HMRC guidelines and the Lifetime Allowance.

The Centrica Unapproved Pension Scheme (CUPS) defined contribution (DC) section provides benefits for individuals not eligible to join the CUPS defined benefit (DB) section and for whom registered scheme benefits are expected to exceed the Lifetime Allowance. The CUPS DC section is offered as a direct alternative to a cash salary supplement.

CUPS is unfunded but the benefits are secured by a charge over certain Centrica assets. An appropriate provision in respect of the accrued value of these benefits has been made in the Company's balance sheet. CUPS was closed to future contributions from 31 December 2023.

Discretion and judgement

It is important that the Committee maintains the flexibility to apply discretion and judgement to achieve fair outcomes as no remuneration policy and framework, however carefully designed and implemented, can pre-empt every possible scenario. The Committee needs to be able to exercise appropriate discretion to determine whether mechanistic or formulaic outcomes are fair, in context and can be applied in an upward or downward manner when required.

Judgement is applied appropriately by the Committee, for example when considering the political and social pressures on the business, the impact of significant movements in external factors such as commodity prices, in setting and evaluating delivery against individual and non-financial performance targets to ensure they are considered sufficiently stretching and that the maximum and minimum levels are appropriate and fair.

The Committee has absolute discretion to decide who receives awards, the level of the awards under the incentive plans and the timing, within the parameters set in the rules and the limits in the Policy table.

Recruitment policy

The Committee will apply the same Remuneration Policy during the policy period as that which applies to existing Executives when considering the recruitment of a new Executive in respect of all elements of remuneration as set out in the Remuneration Policy table.

Whilst the maximum level of remuneration which may be granted would be within plan rules and ordinarily subject to the maximum opportunity set out in the Remuneration Policy table, in certain circumstances, an arrangement may be established specifically to facilitate recruitment of a particular individual up to 25% above the maximum opportunity, albeit that any such arrangement would be made within the context of minimising the cost to the Company.

The policy for the recruitment of Executives during the policy period also includes the opportunity to provide a level of compensation for forfeiture of AIP entitlements and/or unvested long-term incentive awards (at an expected value no greater than what is forfeit) from an existing employer, if any, and the additional provision of benefits in kind, pensions and other allowances, as may be required in order to achieve a successful recruitment. The Company has a clear preference to use shares wherever possible and will apply timescales at least as long as previous awards.

Details of the relocation and expatriate assistance that may be available as part of the recruitment process can be found in the table below.

Relocation and expatriate assistance	
Purpose and link to strategy	Enables the Group to recruit or promote the appropriate individual into a role, to retain key skills and to provide career opportunities.
Operation and clawback	Assistance may include (but is not limited to) removal and other relocation costs, housing or temporary accommodation, education, home leave, repatriation and tax equalisation.
Maximum opportunity	Maximum of 100% of base salary.
Performance measures	Not applicable.
Changes	No changes.

Service contracts

Service contracts provide that either the Executive or the Company may terminate the employment by giving one year's written notice. The Committee retains a level of flexibility, as permitted by the UK Corporate Governance Code 2018, in order to attract and retain suitable candidates. It reserves the right to offer contracts which contain an initial notice period in excess of one year, provided that at the end of the first such period the notice period reduces to one year. All Executive and Non-Executive Directors are required to be re-elected at each AGM. Service contracts are available for inspection at the Company's registered office.

Executive Director	Date of appointment to role	Date of current contract	Notice from the Group	Notice from the individual
Chris O'Shea	1 November 2018	10 December 2020	12 months	12 months
Russell O'Brien	30 January 2023	30 January 2023	12 months	12 months

Total remuneration by performance scenario

The charts below provide an illustration of what could be earned by each Executive Director in 2025 under the new Remuneration Policy. These charts are illustrative as the actual value will depend on business performance and share price performance. The maximum performance also includes an additional bar which shows the impact of a 50% share price growth on the long-term Restricted Share Plan outcome over the relevant performance period to show how the package value is aligned to shareholders.

Assumptions made for each scenario are:

- Minimum – Fixed Remuneration only comprising base salary plus pension plus benefits.
- Target – Fixed Remuneration plus Target Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (but excludes share price growth).
- Maximum – Fixed Remuneration plus maximum Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (but excludes share price growth); and
- Maximum + 50% share price growth – Fixed remuneration plus maximum Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (and includes 50% share price growth).

Termination policy

The Committee carefully considers compensation commitments in the event of an Executive Director's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing Executive's obligations and to mitigate losses.

Remuneration element	*Scenario*	*Payment*
Base salary, pension and other benefits	Dismissal with cause	No further payments made except those that an individual may be contractually entitled to.
	All other scenarios	Either continue to provide base salary, pension and other benefits for any unworked period of notice or, at the option of the Company, to make a payment in lieu of notice comprising base salary only. Typically any payment in lieu of notice will be made in monthly instalments and reduce, or cease completely, in the event.
AIP	Dismissal with cause	AIP award and any deferred awards will be forfeit.
	Resignation	Executives leaving as a result of resignation will forfeit any potential AIP award for the performance year in which the resignation occurs.
	Change of control	The AIP award will be prorated for time (based on the proportion of the AIP period elapsed at the date of change of control). The Committee has discretion to determine that the AIP does not pay out on change of control and will continue under the terms of the acquiring entity. The Committee has discretion to dis-apply prorating in exceptional circumstances. Deferred awards may vest immediately or be exchanged for new equivalent awards in the acquirer where appropriate.
	Exceptions*	An AIP award for the year in which the termination occurs may be made following the normal year-end assessment process, subject to achievement of the agreed performance measures and time apportioned for the period worked. Any award would normally be payable at the normal time with a 50% deferral vesting in line with the normal time-frame. The Committee has discretion to accelerate the vesting of deferred awards.
LTIP and RSP	Dismissal with cause or resignation	All unvested awards will lapse.
	Change of control	Existing awards will be exchanged on similar terms or vest to the extent that the performance conditions have been met at the date of the event and be time-apportioned to the date of the event or the vesting date, subject to the overriding discretion of the Committee.
	Exceptions*	Any outstanding awards will normally be prorated for time based on the proportion of the performance and/or vesting period elapsed. Performance will be measured at the end of the performance period. On death in service, awards may vest earlier than the normal date. The Committee has the discretion to dis-apply prorating or accelerate testing of performance conditions in exceptional circumstances.

* "Exceptions" are defined by the plan rules and include those leaving due to the following reasons: ill health, disability, redundancy, retirement (with agreement from the Company), death, or any other reason that the Committee determines appropriate.

Following termination, awards continue to be subject to malus and clawback provisions in line with those set out in the rules and the Policy.

Pay fairness across the Group

The Group operates in a number of different environments and has many employees who carry out a range of diverse roles across a number of countries. In consideration of pay fairness across the Group, the Committee believes that ratios related to market competitive pay for each role profile in each distinct geography are the most helpful.

The ratios of salary to the relevant market median are compared for all permanent employees across the Group and are updated using salary survey benchmarking data on an annual basis.

Unlike the significant majority of the workforce who receive largely fixed remuneration, mainly in the form of salary, the most significant component of Executive compensation is variable and dependent on performance. As such, the Committee reviews total compensation for Executives against benchmarks rather than salary alone.

A number of performance-related incentive schemes are operated across the Group which differ in terms of structure and metrics from those applying to Executives.

The Group also offers a number of all-employee share schemes in the UK, Ireland, Europe and North America and Executives participate on the same basis as other eligible employees.

Performance measures applying to Executives are cascaded down through the organisation and Group employment conditions include high standards of health and safety and employee wellbeing initiatives.

External appointments of Executives

It is the Company's policy to allow each Executive to accept one non-executive directorship of another company, although the Board retains the discretion to vary this policy. Fees received in respect of external appointments are retained by the individual Executive and are set out in the Directors' Annual Remuneration Report each year.

Consideration of the UK Corporate Governance Code

As part of its review of the Policy, the Committee has considered the factors set out in provision 40 and provision 41 of the UK Corporate Governance Code (the 'Code'). In the Committee's view, the proposed Policy addresses those factors as set out below:

Principles of the Code	***How the Policy aligns***
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	The Policy is simple and designed to support long-term, sustainable performance. Shareholders were extensively consulted on the design of the Policy, and the key rationale for the changes that were made. The Policy received shareholder approval at the AGM in June 2022. The Committee proactively seeks engagement with shareholders on remuneration matters on an ongoing basis. During the year, consultation took place with recognised trade unions on pay across the wider workforce. It is important that colleagues are able to share views with the Board on executive pay, wider workforce terms and conditions and other people-related policies. Colleague engagement on executive remuneration is facilitated through the Shadow Board, comprising colleagues across the business and in different locations (read more about the Shadow Board on page 55 and page 98). During 2024, we met with the Shadow Board to discuss executive remuneration and support their understanding of how executive remuneration practices operates. The Shadow Board asked some good questions to aid their understanding and they provided feedback around some employee reward topics. We've agreed to regular sessions in 2025 to discuss on an ongoing basis how executive reward is managed and providing feedback from those sessions to the Committee.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	The latest Policy results in a clear simplification of remuneration arrangements through the replacement of a performance share plan, with a simpler restricted share plan. We further operate an annual incentive (the AIP) with a straightforward deferral structure to allow it to be easily understood. The performance conditions for variable elements are clearly communicated to, and understood by, participants and aligned with the Group strategy.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	The majority of the Executive Directors' total remuneration is weighted towards variable pay (and provided in shares). The changes result in a reduced risk of excessive reward, through lower quantum for the Executive team alongside an increased discouragement of excessive risk-taking behaviour through the use of a post-employment shareholding requirement. The Committee also retains discretion to override formulaic outcomes for incentive plans. Malus and clawback provisions mitigate behavioural risks by enabling payments to be reduced or reclaimed in specific circumstances.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy	The Policy sets out the maximum potential value for each element of remuneration subject to the achievement of performance conditions. The potential total remuneration outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. As highlighted in Risk, the Committee has discretion to override formulaic outcomes if they were deemed to be inappropriate.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance	Remuneration is appropriately balanced between fixed and variable pay. Short-term performance targets are linked to the Group's strategy and the use of deferral in the AIP ensures a link to long-term performance through this element. The introduction of an RSP ensures a strong link to long-term performance as Executive reward is directly linked to the share price of the Company.
Alignment to culture Incentive schemes should drive behaviours consistent with the Group's Purpose, values and strategy	The short-term incentive plans are measured against performance measures which underpin the Group's culture and strategy. The incentive structure is cascaded through the top six levels of the organisation ensuring that it drives the same behaviours across the Group.

Non-Executive Directors' remuneration

Centrica's policy on Non-Executive Directors' ('Non-Executives') fees takes into account the need to attract the high-calibre individuals required to support the delivery of our strategy.

Purpose and link to strategy	***Operation and clawback***	***Maximum opportunity***	***Performance measures***
Chair and Non-Executive Director Fees			
Sufficient level to secure the services of individuals possessing the skills, knowledge and experience to support and oversee the Executive Directors in their execution of the Board's approved strategies and operational plans. Fees reflect market practice as well as the responsibilities and time commitment required by our Non-Executives.	The fee levels for the Chair are reviewed by the Remuneration Committee. The fee levels of the Non-Executives are reviewed by the Chair of the Board, Executive Directors and the Chief People Officer. Non-Executives are paid a base fee for their services. Where individuals serve as Chair of a Committee of the Board, additional fees are payable. The Senior Independent Director also receives an additional fee. The Company reserves the right to pay a Committee membership fee in addition to the base fees.	The maximum level of fees payable to Non-Executives, in aggregate, is set out in the Articles of Association.	Not applicable.

Recruitment policy

The policy on the recruitment of new Non-Executives during the policy period would be to apply the same remuneration elements as for the existing Non-Executives. It is not intended that variable pay, day rates or benefits in kind be offered, although in exceptional circumstances such remuneration may be required in currently unforeseen circumstances. The Committee will include in future Remuneration Reports details of the implementation of the policy as utilised during the policy period in respect of any such recruitment to the Board.

Terms of appointment

Non-Executives, including the Chair, do not have service contracts. Their appointments are subject to Letters of Appointment and the Articles of Association. All Non-Executives are required to be re-elected at each AGM. The date of appointment and the most recent re-appointment and the length of service for each NED are shown in the table below:

Non-Executive Director	Date of appointment to role	Date of current contract	Notice from the Group	Notice from the individual
Carol Arrowsmith	11 June 2020	5 June 2024	3 months	3 months
Amber Rudd	10 January 2022	5 June 2024	3 months	3 months
Nathan Bostock	9 May 2022	5 June 2024	3 months	3 months
CP Duggal	16 December 2022	5 June 2024	3 months	3 months
Heidi Mottram	1 January 2020	5 June 2024	3 months	3 months
Kevin O'Byrne	13 May 2019	16 December 2024	6 months	6 months
Philippe Boisseau	1 September 2023	5 June 2024	3 months	3 months
Jo Harlow	1 December 2023	5 June 2024	3 months	3 months
Sue Whalley	1 December 2023	5 June 2024	3 months	3 months

Other statutory information

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67 to 77	TCFD and CFD
12, 54 to 61, 64 to 65, 66, 81, 98 to 99, 127, 132 to 133, 145 and 149	The Company's approach to investing in and rewarding its workforce

The Directors submit the Annual Report and Accounts for Centrica plc, together with the consolidated financial statements of the Centrica Group of companies, for the year ended 31 December 2024. The Directors' Report required under the Companies Act 2006 (the Act) comprises this Directors' and Corporate Governance Report (pages 80 to 151) including the TCFD section for disclosure of our greenhouse gas (GHG) emissions in the Strategic Report (pages 67 to 77) and note 27 (page 229) to the financial statements. The index on this page includes matters contained in the Strategic Report that would otherwise be required in the Directors' Report. The management report required under Disclosure Guidance and Transparency Rule 4.1.5 R comprises the Strategic Report (pages 2 to 77) (which includes the risks relating to our business), Shareholder Information (page 283) and details of acquisitions and disposals made by the Group during the year in note 12 (page 201). The Strategic Report on pages 2 to 77 fulfils the requirements set out in Section 414 of the Act. This Directors' and Corporate Governance Report fulfils the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 7.2.1.

Articles of Association (Articles)

The Company's Articles were adopted at the 2023 Annual General Meeting (AGM) and may only be amended by a special resolution of the shareholders. The Articles include various rules outlining the running and governing of the Company, for example rules relating to the appointment and removal of the Directors and how the Directors can use all of the Company's powers (except where the Articles or legislation says otherwise), for example in relation to issuing and buying back shares. The Articles can be found on our website centrica.com.

Centrica shares

Significant shareholdings

At 31 December 2024, Centrica had received notification of the following interests in voting rights pursuant to the Disclosure and Transparency Rules:

	Date notified	% of share capital[1]
BlackRock, Inc.	08.04.2022	5.25%
Bank of America Corporation	13.09.2024	<5%

(1) Percentages are shown as a percentage of the Company's issued share capital when the Company was notified of the change in holding. As at 19 February 2025, the Company had received no further notifications. Copies of historic notifications and any notifications received since 19 February 2025, can be found on our website at centrica.com/rnsannouncements.

Share capital

The Company has a single share class which is divided into ordinary shares of 6 $^{14}/_{81}$ pence each. The Company was authorised at the 2024 AGM to allot up to 1,786,798,353 ordinary shares as permitted by the Act. A renewal of a similar authority will be proposed at the 2025 AGM. The Company's issued share capital as at 31 December 2024, together with details of shares issued during the year, is set out in note 26 to the financial statements on page 229.

Rights attaching to shares
Each ordinary share of the Company carries one vote. Further information on the voting and other rights of shareholders is set out in the Articles and in explanatory notes which accompany notices of general meetings, all of which are available on our website centrica.com. There are no shareholder agreements or restrictions in 2024.

Purchase of shares
We regularly review our capital structure and have committed to returning surplus capital to shareholders. Many shareholders we consulted expressed a preference for share repurchases as a way of returning surplus capital. These views are reflected in our combination of paying dividends and share repurchases.

As permitted by the Articles, the Company obtained shareholder authority at the 2024 AGM to purchase its own shares up to a maximum of 536,039,506 ordinary shares of $6\ ^{14}/_{81}$ pence each (shares).

At the start of the year, there were 491,835,133 shares held in treasury. The total number of shares purchased during the financial year was 385,486,775, which represents approximately 6.9% of the Company's issued share capital, at an aggregate cost of approximately £504m. During the year, 60,804,153 shares were used for share schemes and 339,738,924 shares were cancelled. The purpose of the buybacks is to reduce the capital of the Company in order to return surplus capital to shareholders.

As at 31 December 2024, there were 476,778,831 shares held in the treasury shares account representing approximately 8.6% of the Company's issued share capital. Dividends are waived in respect of shares held in the treasury share account. Further details are set out in note S4 to the financial statements on page 252.

As announced in the Company's Trading Update on 10 December 2024, the Company intends to repurchase a further £300m of shares to reduce the capital of the Company. The 2024-25 Extension commenced on 27 December 2024.

Shares held in employee benefit trusts
The Centrica plc Employee Benefit Trust (EBT) is used to purchase shares on behalf of the Company for the benefit of employees, in connection with the Restricted Share Scheme. The Centrica plc Share Incentive Plan Trust (SIP Trust) is used to purchase shares on behalf of the Company for the benefit of employees, in connection with the SIP. Both the Trustees of the EBT and the SIP Trust, in accordance with best practice, have agreed not to vote any unallocated shares held in the EBT or SIP Trust at any general meeting and dividends are waived in respect of these shares. In respect of allocated shares in both the EBT and the SIP Trust, the Trustees shall vote in accordance with participants' instructions. In the absence of any instruction, the Trustees shall not vote.

Employee participation in share schemes
The Company's all-employee share schemes are a long-established and successful part of our total reward package, encouraging the involvement of UK employees in the Company's performance through employee share ownership. We offer a Share Incentive Plan (SIP) in the UK, with a take-up of 31%. In 2024, all eligible employees globally were awarded a profit share award.

Other information
Directors' indemnities and insurance
In accordance with the Articles, the Company has granted a deed of indemnity, to the extent permitted by law, to the Directors of the Company. Qualifying third-party indemnity provisions (as defined by Section 234 of the Act) were in force during the year ended 31 December 2024 and remain in force. The Company also maintains directors' and officers' liability insurance for its Directors and officers. The Company has granted qualifying pension scheme indemnities in the form permitted by the Companies Act 2006 to the Directors of Centrica Pension Plan Trustees Limited, Centrica Engineers Pension Trustees Limited and Centrica Pension Trustees Limited, that act as trustees of the Company's UK pension schemes.

Political donations
The Company operates on a politically neutral basis. No political donations were made by the Group for political purposes during the year.

Payments policy
We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner.

Significant agreements – change of control
There are a number of agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

The significant agreements of this kind include:

- Those that relate to 2009, when the Company entered into certain transactions with EDF Group in relation to an investment in the former British Energy Group, which owned and operated a fleet of nuclear power stations in the UK. The transactions include rights for EDF Group and the Company to offtake power from these nuclear power stations. As part of the arrangements, on a change of control of the Company, the Group loses its right to participate on the boards of the companies in which it has invested. Furthermore, where the acquirer is not located in certain specified countries, EDF Group is able to require Centrica to sell out its investments to EDF Group; and
- Certain long-term, high-value energy contracts and power purchase agreements, committed facility agreements, subordinated fixed rate notes and bonds issued under the Company's medium-term note programme.

The Remuneration Policy sets out on page 145 details of the treatment of the Executive Directors' pay arrangements, including the treatment of share schemes in the event of a change of control.

Disclosures required under Listing Rule 6.6.1 R

The Company is required to disclose certain information under Listing Rule 6.6.1 R in the Directors' Report or advise where such relevant information is contained. All such disclosures are included in this Directors' and Corporate Governance Report, other than the following sections of the 2024 Annual Report and Accounts:

Information	Location in Annual Report	Page(s)
Capitalised interest (borrowing costs)	Financial statements	196, note 8
Details of long-term incentive schemes	Remuneration Report	117 to 118, 130 and 132
Details of arrangements where shareholders have waived dividends	Other Statutory Information	149

Directors' statements

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis. The Group's business activities, together with factors that are likely to affect its future development and position, are set out in the Group Chief Executive's Statement on pages 7 to 10 and the Business Reviews on pages 33 to 37. After making enquiries, the Board has a reasonable expectation that Centrica and the Group as a whole have adequate resources to continue in operational existence and meet their liabilities as they fall due, for the foreseeable future.

For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

Additionally, the Directors' Viability Disclosure, which assesses the prospects for the Group over a longer period than the 12 months required for the going concern assessment, is set out on pages 52 to 53. Further details of the Group's liquidity position are provided in notes 25 and S3 to the financial statements on pages 225 to 228 and 244 to 250.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with international accounting standards, in conformity with the requirements of the Companies Act 2006. The Directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

Each of the Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and Uncertainties that they face; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The names of the Directors and their functions are listed on pages 86 to 89.

Information to the independent auditors
The Directors who held office at the date of this Report confirm that:

- There is no relevant audit information of which Deloitte LLP are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming AGM.

This report, including the Directors' Responsibility Statement, was approved by the Board of Directors on 18 February 2025 and is signed on its behalf by:

By order of the Board

Raj Roy, Group General Counsel & Company Secretary
19 February 2025

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Independent Auditor's Report

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Centrica plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Group Income Statement;
- the Group Statement of Comprehensive Income;
- the Group Statement of Changes in Equity;
- the Group Balance Sheet;
- the Group Cash Flow Statement;
- the related notes to the Group financial statements 1 to 27;
- the supplementary notes S1 to S11 of the Group financial statements;
- the Company Statement of Changes in Equity;
- the Company Balance Sheet; and
- the notes I to XVII to the Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note S9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters identified in the current year were: • the valuation of residential energy supply billed debt provisions within British Gas Energy; • revenue recognition in British Gas Energy; • the impairment of long-lived assets and investments, including estimates of future price assumptions; • accounting for the Electricity Generator Levy ("EGL"); • the valuation of complex energy derivative contracts; and • the valuation of the decommissioning provision in Spirit Energy. The valuation of the decommissioning provision in Spirit Energy is newly identified as a key audit matter in the current year. Within this report, key audit matters are identified as follows: ! Newly identified △ Increased level of risk ◁▷ Similar level of risk ▽ Decreased level of risk
Materiality	The materiality used for the audit of the Group financial statements is £79.8m (2023: £135m), determined based on adjusted profit before tax. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain remeasurements as presented in the Group Income Statement. The decrease in materiality in 2024 reflects the reduction in adjusted profit before tax.
Scoping	Other than the components presented below, all components of the Group were subject to an audit of the component's financial information. The following components were subject to an audit of specified account balances: • Centrica Business Solutions - Power Assets; • Bord Gáis; • British Gas Services and Solutions; and • Centrica Energy Storage+ (within the Upstream segment). New Energy Services (within the Centrica Business Solutions segment) continues to be subject to specified further audit procedures by the group engagement team. Our risk assessment procedures resulted in an increase in the group reporting scope for Centrica Business Solutions Energy Supply, from an audit of specified account balances in the prior year, to an audit of the component's financial information in the current year.
Significant changes in our approach	Other than the changes in key audit matters and scope discussed above, there were no significant changes in our audit approach when compared to 2023.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the Group's future cash flow forecasts, by considering actual cash flow performance in 2024, the current commodity price environment, historical accuracy of the Group forecasts and key assumptions underpinning the Group's going concern assessment;
- agreeing the level of committed undrawn facilities of £3.3bn (2023: £3.8bn) to signed facility agreements, the key terms of which have been reviewed by our treasury specialists;
- obtaining an understanding of the relevant controls over the going concern assessment;
- testing the clerical accuracy of the cash flow forecasts and assessing the appropriateness of the model used to prepare the forecasts;
- assessing whether the cash flow forecast considers the impact of Group's planned investment strategy announced in July 2023;
- assessing the sensitivities run by the directors and the linkage of these sensitivities to the Group's principal risks disclosed on pages 40 to 51 of the Annual Report & Accounts. These sensitivities include the impact of margin cash volatility, a reduction in the Group's credit rating, a reduction in commodity prices, adverse weather and worsening macroeconomic factors, or a reduction in commodity trading performance and the resultant impact on cashflows;
- assessing the mitigating actions that could be taken by the directors to maximise liquidity headroom including a reduction in capital expenditure and a reduction in discretionary spend; and
- assessing the appropriateness of the going concern disclosures in light of the above assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 The valuation of residential energy supply billed debt provisions within British Gas Energy ◁▷

Key audit matter description

The Group supplies gas and power to residential customers in the UK through its British Gas Energy segment. Of the Group total of £3,270m (2023: £2,991m) billed trade receivables, the British Gas Energy reporting segment contributes £2,768m (2023: £2,380m), which includes both residential and small business customers.

Cost of living challenges and sustained high energy prices continue to affect customers' ability to pay their bills with high levels of fuel poverty and bad debt persisting in 2024. As a result, there continues to be judgement in determining the recoverability of customer debt, which raises the risk of material misstatement in determining the billed debt provision at 31 December 2024. Credit losses of £1,309m (2023: £1,077m) have been recognised on British Gas Energy billed trade receivables, of which £891m (2023: £764m) relates to UK residential customers.

To determine the billed debt provision, certain key assumptions are made. These include the methodology used to assess the impact of macroeconomic factors on future cash collection. The need to record or release an additional provision ("additional macroeconomic" provision) beyond the provision that is indicated by past collection performance ("business-as-usual" provision) increases the level of judgement and accordingly the risk of material misstatement. We have therefore also identified this as a potential fraud risk area. In the current year the "business-as-usual" provision has increased as a result of declines in actual cash collection rates during 2024.

Further details on billed debt provisions relating to trade receivables can be found in notes 3(b) and 17. These matters are also considered by the Audit and Risk Committee in its report on pages 100 to 111.

How the scope of our audit responded to the key audit matter

- We obtained an understanding of the controls relevant to the determination of billed debt provisions.
- With involvement of our IT and data analytics specialists, we tested the completeness and accuracy of the underlying debt books, including the age of debt, and recalculated management's provision rates based on historical cash collection.
- We assessed historical debt collection patterns over 2023 and 2024 in order to estimate an expected profile of the recovery of 31 December 2024 balances, on a "business-as-usual" basis. We applied this profile to 31 December 2024 debt and then assessed:
  - the impact and sensitivity of this profile based on external forecasts, such as household disposable income and inflation forecasts, and the impact on billed debt provisions as the economic situation changes; and
  - the accounting for the impact of these changes in the billed debt provision estimate.
- We considered the extent to which the provision on a "business-as-usual" basis factors in the current macroeconomic environment and challenged the methodology over the determination and recording of the "additional macroeconomic" provision, with reference to available third-party analysis.
- We performed procedures to challenge the completeness and the appropriateness of the "additional macroeconomic" provision by evaluating the reasonableness of management's assumptions and economic data (both forecast and historical) used to derive this.
- We assessed the appropriateness of the disclosures provided relating to this key source of estimation uncertainty, and the range of sensitivities disclosed.

Key observations

We are satisfied that the billed debt provisions on residential customers, including the additional provision to reflect current macroeconomic conditions, and the associated methodology to determine this adjustment, are appropriate.

5.2. Revenue recognition in British Gas Energy ◁▷

Key audit matter description

In 2024, British Gas Energy generated revenues of £12.1bn (2023: £17.7bn) with 6.5m (2023: 5.4m) customers having been migrated to the new ENSEK billing platform by the year end, as seen on page 128. At 31 December 2024 ENSEK hence formed the main revenue billing platform, with 92% of British Gas Energy customers being invoiced through it, as seen on page 128.

At the beginning of the year British Gas Energy was in a Software-as-a-Service ("SaaS") arrangement with ENSEK and the system was developed and controlled by a third party. British Gas Energy was therefore dependent on the efficacy of the general IT controls, application controls, and other controls that the third party operated on its behalf. On 29 July 2024 the Group announced the acquisition of ENSEK and the transaction completed on 20 September 2024. As highlighted in the Audit and Risk Committee's report on page 101, ENSEK's internal controls continue to develop.

We identified a risk of material misstatement, whether due to fraud or error, relating to the completeness and accuracy of the volume and tariff data used by the system to generate revenue transactions.

How the scope of our audit responded to the key audit matter

- We obtained an understanding of the relevant controls over the recognition of revenue from customers, including those regarding the completeness and accuracy of consumption data. We did not plan to place reliance on these controls due to the maturity of the control environment, as detailed by the Audit and Risk Committee in its report on pages 100 to 111.
- We performed tests of detail over the billed energy supply volume and pricing revenue data, agreeing amounts back to contractual tariffs and actual or estimated meter readings.
- We calculated an expectation of the billed energy supply revenue, comparing differences to predetermined thresholds, and tested the completeness and accuracy of the key inputs to the expectation.
- We worked with our data analytics specialists to recalculate unbilled revenue and to test the accuracy and completeness of the source data used in the recalculation, including over data that was migrated to ENSEK from the legacy SAP systems.

Key observations

We are satisfied that the accuracy and completeness of the revenue recognised through the British Gas Energy segment, including the methodology to generate unbilled revenue, is appropriate.

5.3. Impairment of long-lived assets and investments, including estimates on future price assumptions ◁▷

Key audit matter description	The Group makes judgements in considering whether the carrying amounts of its long-lived assets and investments (principally Upstream gas production assets, Nuclear investment, Batteries, Solar assets and Gas peakers) are recoverable, and applies estimates and assumptions in determining their recoverable amounts. Key assumptions in the determination of recoverable amount include: forecast future commodity prices; forecast cashflows including forecast production; and discount rates. During the year, following an internal review to map Centrica views around the evolution of each commodity market to specific, reputable, third party curve providers, the Group has refined its estimation methodology applied to forecasting longer-term commodity prices. We identified a key audit matter around the determination of the recoverable amount of these assets. The Group's balance sheet includes a net book value of £465m (2023: £325m) of power generation assets, £789m (2023: £1,023m) of gas production and storage assets and a £794m (2023: £903m) interest in its Nuclear investment. In the Upstream segment, an impairment of the Nuclear investment of £48 million (post-tax £48 million) (2023: £549 million (post-tax £549 million)) has been recorded. In the Centrica Business Solutions segment, an impairment of £27 million (post-tax £20 million) (2023: £14 million (post-tax £11 million)) has been recorded, predominantly related to Battery storage and Solar assets. The impairment charges have been recorded within the exceptional items and certain re-measurements column of the Group income statement, in line with the specific accounting measure disclosed in note 2(b). The details on the key sources of estimation uncertainty underpinning the impairment for these assets can be found in note 3(b). Details on the sensitivity of the above impairment reviews to changes in key assumptions such as gas and power prices are disclosed in note 7(c). For the Nuclear investment and Spirit gas assets, this includes sensitivities associated with the Group's commodity price curves if these curves were aligned with the Net Zero scenario ('Net Zero curve') which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. The matter is also considered by the Audit and Risk Committee in its report on page 109.
How the scope of our audit responded to the key audit matter	• We understood management's process for identifying indicators of impairment and impairment costs and for performing their impairment assessment. • We obtained an understanding of the relevant controls relating to the asset impairment models, the underlying forecasting process and the impairment reviews performed. • We evaluated the forecast future cash flows including key assumptions and inputs into the impairment models, which included performing sensitivity analysis, to evaluate the impact of selecting alternative assumptions. We also, where relevant, assessed judgements made in respect of life extensions and production outages. • We evaluated changes in key assumptions, in particular the refinement of the estimation methodology applied to forecasting commodity price assumptions. We worked with our commodity pricing specialists to derive an acceptable range against which we assessed the Group's refined forecast commodity prices. For Nuclear investment and Spirit gas assets, we performed sensitivity analysis with alternative future prices. These alternative scenarios included one which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. We recalculated management's disclosures relating to the sensitivity of the Group's impairment tests to reduced commodity prices, including the Net Zero curves. • With the involvement of our valuation specialists, we evaluated the discount rates, which involved benchmarking against available market views and analysis. • We tested the arithmetical accuracy of the impairment models. • We assessed the appropriateness of disclosures of the key assumptions and sensitivities including the presentation of the impairment cost within the exceptional items and certain re-measurements column of the Group income statement.
Key observations	We are satisfied that the key assumptions used to determine the recoverable amount of the Group's long-lived assets and investments, including production and availability forecasts, are within a reasonable range. We are also satisfied that the Group's discount rate assumptions are appropriate. The Group's future commodity price estimates fall within the acceptable range. We observed that the baseload and gas price forecasts from acceptable external sources were generally higher than the assumed prices in the net zero scenario for material assets. We consider the sensitivity disclosures related to the impact of future commodity price estimates arising from climate change on the Group's impairment reviews to be appropriate. We are satisfied that the impairment charge recognised by the Group for the year is appropriate and we found the presentation of this cost under the exceptional items and certain re-measurements column of the Group income statement to be consistent with the Group's exceptional items accounting policy.

5.4. Accounting for the Electricity Generator Levy (“EGL”) ◁▷

Key audit matter description	EGL is a temporary levy applicable to receipts that the Group has realised from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/Mwh (adjusted for inflation prospectively from April 2024), exceeding an annual threshold of £10m. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators. The interpretation and application of the EGL legislation remains unclear in respect of the Group's minority shareholding in its Nuclear offtake arrangements. There is a key source of estimation uncertainty related to the assessment of the proportion of generation that can be ascribed to wholesale purchases which could give rise to a tax deposit, in accordance with the 2019 IFRIC Agenda decision on deposits relating to taxes other than income taxes. The Group has made payments on account to HM Revenue & Customs (HMRC) totalling £365m (£285m in 2023 and £80m in 2024). However, if it were considered probable that the payments on account related to the proportion of generation that could be ascribed to wholesale purchases is recoverable, then management have assessed that up to £150m which has previously been recognised as a cost within the income statement could be recognised as a tax deposit asset on the balance sheet instead. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date. Given the complexity of the legislation and the impact on the Group, we identified a key audit matter in respect of whether a tax deposit is probable, and whether the amounts paid should be recorded within the income statement or as a tax deposit on the balance sheet. The Group has recognised the full charge in the income statement. Further detail can be found in note 3(b). The Audit & Risk Committee also consider this matter on page 105.
How the scope of our audit responded to the key audit matter	• We gained an understanding of the Group's process and judgements applied in accounting for and recognising EGL amounts within the financial statements and evaluated the competence, capability and objectivity of management's experts and the appropriateness of the underlying source documents relied upon. • We gained an understanding of the relevant controls in relation to the directors' review of the judgements formed. • We tested EGL payments on account to HMRC during the year to supporting third party evidence. • We worked with our tax specialists to assess the appropriate interpretation of the EGL legislation in addition to reviewing legal advice received by the Group and evaluating the opinions of management's experts. We assessed the accounting for the EGL with a particular focus on whether any of the £150m should be recorded in the income statement or on the balance sheet as a tax asset. We then evaluated the appropriateness of management's conclusions, considering the identified sources of estimation uncertainty, the opinions of management's experts, and the views of our tax specialists. • We considered the appropriateness of the disclosures within the financial statements on the accounting position adopted and the judgements involved, including the disclosure of the range (of up to £150m) of the tax deposits recoverable in respect of EGL. • We considered the nature and impact of any contradictory audit evidence on management's assessment.
Key observations	We are satisfied that the EGL payments have been appropriately presented within the Group income statement, that the non-recognition of a tax deposit asset at this stage is appropriate, and that the disclosures within the financial statements relating to EGL are appropriate.

5.5. The valuation of complex energy derivative contracts ◁▷

Key audit matter description	Note 7 of the financial statements discloses a re-measurements profit of £421m for the year (2023: £3,573m) on energy derivative contracts. Details on the Group's energy contracts can be found in note 19 and note S3(a). The key sources of estimation uncertainty associated with energy contracts can be found in note 3(b) with further details on the presentation of certain re-measurement arising on derivatives disclosed in note 2(b). The matter is also considered by the Audit and Risk Committee in its report on page 107. The Group undertakes proprietary trading activities and enters into forward commodity contracts to optimise the value of its production and generation assets, as well as to meet the future needs of its customers. Certain of these arrangements entered into are accounted for as derivative financial instruments and are recorded at fair value. We identified a key audit matter related to the valuation of complex derivative trades performed internally by management's valuation specialists, including new hedging contracts entered into in the year to hedge long-term LNG supply arrangements. Valuing complex energy derivative contracts requires judgement, particularly where there are bespoke contractual terms, modelling complexity and significant unobservable inputs that are not corroborated by market data. Management use these with internally developed methodologies that result in their best estimate of fair value (level 3 in accordance with IFRS 13 'Fair Value Measurement'). Given the judgement involved and the potential for management bias in the modelling, we identified a potential risk of fraud. Level 3 complex energy derivative financial assets of £164m (2023: £156m) were recognised at 31 December 2024 and £131m (2023: £272m) level 3 complex energy derivative financial liabilities.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the Group's processes, including user access and segregation of duties controls, for authorising and recording commodity trades. • We obtained an understanding of the relevant controls relating to the valuation of complex energy derivatives within the Group's Centrica Energy business. • We assessed the competence, capability and objectivity of management's internal valuation specialists. • We worked with our financial instrument specialists to assess the value of material complex trades, either by creating an independent valuation or by testing how management developed their estimate. Particular emphasis was made to assess any new material models and material changes to relevant models and we performed additional procedures to assess the reasonableness and appropriateness of these. • We assessed the movement in the fair values based on the change in significant inputs, and tested these inputs, where relevant. • We considered the appropriateness of the relevant complex derivative energy contracts disclosures, including the key source of estimation uncertainty disclosures.
Key observations	We are satisfied that the valuation of complex derivative energy contracts is materially appropriate.

5.6. The valuation of the decommissioning provision in Spirit Energy !

Key audit matter description	A provision is recognised for the estimated cost of decommissioning at the end of the producing lives of gas fields in the Spirit Energy business unit within the Upstream segment. Decommissioning provisions of £1,459m (2023: £1,527m) have been recognised at 31 December 2024 and of these £1,139m (2023: £1,191m) are related to Spirit Energy. The liability arises in respect of both assets operated directly by Spirit Energy and assets operated by third-party operators (Spirit Energy non-operated assets). The decommissioning cost estimates include assumptions related to discount rates, management costs, wells costs, rates and norms that are sensitive and where a reasonably possible change would lead to a material difference in the provision. Given the level of management judgement applied throughout the recognition of decommissioning provisions, we have identified this as a key audit matter and a fraud risk area. Further details on decommissioning provisions can be found in notes 3(b) and 21. These matters are also considered by the Audit and Risk Committee in its report on pages 100 to 111.
How the scope of our audit responded to the key audit matter	• We obtained an understanding of the controls around the valuation of the decommissioning provision. • With involvement of our data analytics specialists, we identified the key assumptions to which the decommissioning model is most sensitive and performed focused audit procedures on the most sensitive inputs including corroborating and benchmarking those inputs to independent documentation, where available. • With the involvement of our valuation specialists, we evaluated the discount rates, which involved benchmarking against available, relevant market data, including US and UK government bond yields and peer data. • We assessed the objectivity, capability and competence of the experts employed by management to assess and calculate the decommissioning obligations. For non-operated assets, we assessed the competence of each operator. • For non-operated assets we agreed the estimated decommissioning liability to the third-party operator estimate and challenged management where Spirit Energy have not adopted the operator estimate. • We performed a retrospective review of costs incurred to assess the historical accuracy of decommissioning provision estimates. • We assessed the methodology applied in determining the decommissioning cost and the disclosures of the key sources of estimation uncertainty concerning the decommissioning provision in the group accounts.
Key observations	We are satisfied that decommissioning provisions, key assumptions employed to derive these provisions and the associated methodology to calculate them, are appropriate.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined the materiality of the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£79.8 million (2023: £135.0 million)	£35.8 million (2023: £54.0 million)
Basis for determining materiality	We determined materiality on the basis of 5% (2023: 5%) of adjusted profit before tax. Adjusted profit before tax is the pre-tax profit adjusted for the impact of exceptional items and certain remeasurements as presented in the Group Income Statement.	We determined materiality based on 3.0% (2023: 3.0%) of net assets but capped materiality at 45% (2023: 40%) of the Group materiality. Our final materiality constituted 0.5% of net assets (2023: 0.7% of net assets).
Rationale for the benchmark applied	We considered adjusted profit before tax to be the most appropriate benchmark to measure the performance of the Group. We consider it appropriate to adjust for exceptional items and remeasurements as these items are volatile and not reflective of the underlying performance of the Group. In determining materiality, we also considered a range of alternative benchmarks. The materiality of £79.8m represents 0.3% (2023: 0.4%) of business performance revenue, 0.4% (2023: 0.6%) of total assets, and 8.1% (2023: 6.1%) of free cash flow.	We considered net assets to be the most appropriate benchmark given the primary purpose of the Company is a holding company. We increased the cap on Group materiality percentage in the current year to align to the group audit strategy.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2023: 70%) of Group materiality	70% (2023: 70%) of Company materiality
Basis and rationale for determining performance materiality	The factors we considered in setting performance materiality at 70% of Group and Company materiality included: • The overall quality of the control environment and that we were able to rely on controls in certain of the Group's businesses. • The nature, size and number of uncorrected misstatements identified in previous audits and management's willingness to correct those adjustments.	

6.3. Error reporting threshold

The decrease in materiality has led to a decrease in the error reporting threshold, which stands at £3.9m (2023: £6.8m). We have however, at the Audit and Risk Committee's request, continued to report individual audit differences in excess of £5.0m (2023: £5.0m), and in aggregate all audit differences in excess of £3.9m (2023: £5.0m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also reported to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1 Identification and scoping of components

The Group is organised into segments as outlined in note 4. These segments contain a number of individual businesses, and we use these businesses as the basis for identifying and scoping components. Changes in scoping have been outlined in section 3 above.

Our audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Having performed this assessment, we established the following audit scope for each of the Group's businesses.

Segment	Business	Audit scope
British Gas Energy	British Gas Energy	Audit of the component's financial information
British Gas Services and Solutions	British Gas Services and Solutions	Audit of specified account balances of the component
Bord Gáis Energy	Bord Gáis Energy	Audit of specified account balances of the component
Centrica Energy	Centrica Energy (London)	Audit of the component's financial information
	Centrica Energy (Aalborg)	Audit of the component's financial information
Centrica Business Solutions	New Energy Services	Specific further audit procedures performed by the group engagement team
	Power – Assets	Audit of specified account balances of the component
	Energy supply	Audit of specified account balances of the component
Upstream	Nuclear	Audit of the component's financial information
	Spirit Energy	Audit of the component's financial information
	Centrica Energy Storage+	Audit of specified account balances of the component
Head office	Central functions	Audit of the component's financial information

This scoping resulted in 98% of Group revenue, 96% of Group adjusted profit before tax and 93% of Group shareholders' equity being subject to audit, excluding those where we performed review procedures. The equivalent figures in 2023 were 99% of Group revenue, 98% of the adjusted profit before tax and 88% of shareholders' equity.

7.2 Our consideration of the control environment

Our audit strategy is to rely on controls over certain processes within the more established businesses of the Group (such as revenue within British Gas Services and Solutions and Bord Gáis), and over the Group's central expenditure processes. We obtained an understanding of relevant controls in Centrica Energy (London) but chose to adopt a fully substantive approach; this approach used data analytics and enable us to test close to 100% of all trades.

Given the importance of IT to the recording of financial information and transactions, we tested general IT controls with the involvement of our IT specialists, and placed reliance on them in certain areas. The key IT systems we included in scope include the Group's SAP general ledger and consolidation financial reporting systems, the SAP reporting system in Bord Gáis Energy, the Endur trading system in Centrica Energy, and Workday which is used to manage the Group's payroll processes.

We were generally able to place reliance on controls within the more established processes. The control environment for the ENSEK platform has continued to evolve in 2024, and therefore we did not plan to place reliance on these controls this year.

Across some of Group's systems, we had interim findings in relation to the Group's approach to the oversight of user access controls. Management has implemented remediation activities during the year which improved the related controls as evidenced through our year end update testing. We have performed testing of Group's mitigating procedures and were able to rely on controls in planned areas.

As noted in the Audit and Risk Committee report on pages 100 to 111, the Group has been making preparations to ensure readiness to make an appropriate declaration under provision 29 of the UK Corporate Governance Code.

7.3 Our consideration of climate-related risks

Management performed an assessment of the resilience of their annual strategic and financial planning process in the face of climate-related issues. This included assessing the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies.

Management identified higher risks of material misstatement on the impact of the Net Zero price scenario on the non-current long-life asset Upstream impairment tests. In response, management performed further sensitivities based on forecast prices aligned to net zero price curves. The net zero price curves for Exploration and Production (E&P) and Nuclear consider prices from third party experts in forecast curves.

We reviewed management's climate change risk assessment and evaluated the completeness of the identified risks and impact on the financial statements. We also considered climate change within our audit risk assessment process in conjunction with our assessment of the balances.

To mitigate the Net Zero price scenario risk for the E&P assets and the Group's investment in Nuclear, we performed the following procedures:

- Assessed the reasonableness of management's net zero prices by comparing these to credible third-party net zero price curves.
- Evaluated the price providers' data utilised by the Group to assess whether net zero price curves are appropriate.
- Verified the mathematical accuracy of the conversion to Nominal 2024 prices by adjusting the raw external price forecast data for inflation.

With the involvement of our climate specialists, we:

- evaluated the financial statement disclosures to assess whether climate risk assumptions underpinning specific account balances were appropriately disclosed as well as climate related disclosures in note 3 (c) Critical accounting judgements and key sources of estimation uncertainty; and
- read the climate change-related statements (as disclosed in the 'People and Planet' section in the Strategic Report on page 58) and considered whether the information included in the narrative reporting is materially consistent with the financial statements and our knowledge obtained in the audit.

7.4 Working with other auditors

All components except for Bord Gáis Energy and Aalborg are audited from the UK and we oversee all component audits through regular meetings and direct supervision. Whilst we visited Aalborg during the year, the direction, supervision and oversight procedures on Bord Gáis were performed virtually.

The Group audit team was directly involved in overseeing the component audit planning and execution, through frequent conversations, virtual and in person meetings, debate, challenge and review of reporting and underlying work papers. We held a two-day planning meeting with all component teams and specialists to discuss audit execution and our risk assessment, including risks of material misstatement due to fraud. In addition to our direct interactions and detailed instructions to our component audit teams, Jane Boardman, as lead audit partner, was also the lead audit partner for the British Gas Energy segment. This enabled direct Group supervision on one of the most significant components of the Group.

We are satisfied that the level of involvement of the lead audit partner and Group audit team in the component audits has been extensive and has enabled us to conclude that sufficient appropriate audit evidence has been obtained in support of our opinion on the Group financial statements as a whole.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. This information comprises the Strategic report, the Directors' and Corporate Governance report, the Committee reports, the Remuneration Report and the Other Statutory Information. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error including the Group's fraud risk programme;
- results of our enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations.
- the matters discussed among the audit engagement team including the component audit teams and relevant internal specialists, including tax, valuations, pensions, climate change, treasury and IT, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- The valuation of residential energy supply billed debt provisions within British Gas Energy;
- Revenue recognition in British Gas Energy;
- The valuation of complex energy derivative contracts; and
- The valuation of decommissioning provisions in Spirit Energy.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, the UK Listing Rules, the Electricity Generator Levy, pensions and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the regulations set by the Office of Gas and Electricity Markets (Ofgem) and Regulations levied by the UK Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA).

11.2. Audit response to risks identified
As a result of performing the above, we identified the following as key audit matters related to the potential risk of fraud: (1) the valuation of residential energy supply billed debt provisions within British Gas Energy; (2) revenue recognition in British Gas Energy; (3) the valuation of decommissioning provisions in Spirit Energy; and (4) the valuation of complex energy derivative contracts. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee, in-house legal counsel and the Group's ethics team concerning actual and potential litigation and claims;
- reviewing the reporting to the Audit and Risk Committee, on matters relating to fraud and potential non-compliance with laws and regulations including the Group's whistleblowing programme;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, Ofgem, the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 150;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 52 to 53;
- the directors' statement on fair, balanced and understandable set out on page 102;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 40;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 100; and
- the section describing the work of the Audit and Risk Committee set out on pages 100 to 111.

14. Matters on which we are required to report by exception

14.1 Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were reappointed by the shareholders on 5 June 2024 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2017 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the Audit & Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Jane Boardman FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 February 2025

Group Income Statement

Year ended 31 December	Notes	2024 Business performance £m	2024 Exceptional items and certain re-measurements £m	2024 Results for the year £m	2023 Business performance £m	2023 Exceptional items and certain re-measurements £m	2023 Results for the year £m
Group revenue	4,7	**23,836**	**(4,723)**	**19,113**	32,561	(6,916)	25,645
Insurance revenue	4,S7	**800**	**—**	**800**	813	—	813
Total Group revenue		**24,636**	**(4,723)**	**19,913**	33,374	(6,916)	26,458
Cost of sales before insurance service expenses [(i)]	5,7	**(20,368)**	**9,064**	**(11,304)**	(27,682)	17,497	(10,185)
Insurance service expenses recognised in cost of sales	5,S7	**(460)**	**—**	**(460)**	(475)	—	(475)
Re-measurement and settlement of derivative energy contracts	5,7	**—**	**(4,062)**	**(4,062)**	—	(6,175)	(6,175)
Gross profit	4,7	**3,808**	**279**	**4,087**	5,217	4,406	9,623
Operating costs before insurance service expenses, credit losses on financial assets and exceptional items	5	**(1,833)**	**—**	**(1,833)**	(1,778)	—	(1,778)
Insurance service expenses recognised in operating costs	5,S7	**(306)**	**—**	**(306)**	(294)	—	(294)
Credit losses on financial assets	5,17	**(373)**	**—**	**(373)**	(602)	—	(602)
Exceptional items	7	**—**	**(128)**	**(128)**	—	(645)	(645)
Operating costs	5	**(2,512)**	**(128)**	**(2,640)**	(2,674)	(645)	(3,319)
Share of profits/(losses) of joint ventures and associates, net of interest and taxation	6	**256**	**—**	**256**	209	(1)	208
Group operating profit	4	**1,552**	**151**	**1,703**	2,752	3,760	6,512
Financing costs	7,8	**(269)**	**(68)**	**(337)**	(308)	—	(308)
Investment income	8	**313**	**—**	**313**	269	—	269
Net finance income/(cost)	8	**44**	**(68)**	**(24)**	(39)	—	(39)
Profit before taxation		**1,596**	**83**	**1,679**	2,713	3,760	6,473
Taxation on profit	7,9	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Profit for the year		**1,043**	**322**	**1,365**	1,875	2,165	4,040
Attributable to:							
Owners of the parent		**984**	**348**	**1,332**	1,859	2,070	3,929
Non-controlling interests		**59**	**(26)**	**33**	16	95	111

Earnings per ordinary share	Notes	2024 Pence	2023 Pence
Basic	10	**25.7**	70.6
Diluted	10	**25.1**	69.4
Interim dividend paid per ordinary share	11	**1.50**	1.33
Final dividend proposed per ordinary share	11	**3.00**	2.67

(i) Cost of sales includes a £142 million debit (2023: £833 million credit) relating to movements in onerous contracts provisions within the certain re-measurements column. See notes 2 and 7.

The notes on pages 172 to 269 form part of these Financial Statements.

Group Statement of Comprehensive Income

Year ended 31 December	Notes	2024 £m	2023 £m
Profit for the year		**1,365**	4,040
Other comprehensive income			
Items that will be or have been reclassified to the Group Income Statement:			
Impact of cash flow hedging, net of taxation	S4	**2**	(2)
Exchange differences on translation of foreign operations (i)	S4	**(49)**	(44)
Items that will not be reclassified to the Group Income Statement:			
Net actuarial losses on defined benefit pension schemes, net of taxation	S4	**(84)**	(288)
(Losses)/gains on revaluation of equity instruments measured at fair value through other comprehensive income, net of taxation	S4	**(27)**	3
Share of other comprehensive income/(loss) of associates, net of taxation	14,S4	**38**	(95)
Other comprehensive loss, net of taxation		**(120)**	(426)
Total comprehensive income for the year		**1,245**	3,614
Attributable to:			
Owners of the parent		**1,211**	3,504
Non-controlling interests	S11	**34**	110

(i) Exchange differences on translation of foreign operations includes £50 million of losses (2023: £43 million) attributable to the equity holders of the parent, and £1 million of gains (2023: £1 million of losses) attributable to non-controlling interests.

The notes on pages 172 to 269 form part of these Financial Statements.

Group Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
1 January 2023	365	2,394	(466)	(1,276)	1,017	263	1,280
Profit for the year	—	—	3,929	—	3,929	111	4,040
Other comprehensive loss	—	—	—	(425)	(425)	(1)	(426)
Total comprehensive income/(loss)	—	—	3,929	(425)	3,504	110	3,614
Employee share schemes and other share transactions	—	—	(3)	45	42	—	42
Share buyback programme (note S4)	—	—	—	(500)	(500)	—	(500)
Dividends paid to equity holders (note 11)	—	—	(186)	—	(186)	—	(186)
Distributions to non-controlling interests	—	—	—	—	—	(17)	(17)
31 December 2023	365	2,394	3,274	(2,156)	3,877	356	4,233
Profit for the year	—	—	1,332	—	**1,332**	33	**1,365**
Other comprehensive (loss)/income	—	—	—	(121)	**(121)**	1	**(120)**
Total comprehensive income/(loss)	—	—	1,332	(121)	**1,211**	34	**1,245**
Employee share schemes and other share transactions	—	—	(8)	41	**33**	—	**33**
Share buyback programme (note S4)	—	—	—	(480)	**(480)**	—	**(480)**
Shares cancelled in the year (note 26)	(21)	—	(400)	421	**—**	—	**—**
Dividends paid to equity holders (note 11)	—	—	(219)	—	**(219)**	—	**(219)**
31 December 2024	344	2,394	3,979	(2,295)	**4,422**	390	**4,812**

The notes on pages 172 to 269 form part of these Financial Statements.

Group Balance Sheet

	Notes	31 December 2024 £m	31 December 2023 £m
Non-current assets			
Property, plant and equipment	13	**1,859**	1,846
Interests in joint ventures and associates	14	**794**	903
Other intangible assets	15	**318**	340
Goodwill	15	**478**	405
Deferred tax assets	16	**339**	456
Trade and other receivables, and contract-related assets	17	**179**	210
Derivative financial instruments	19	**267**	899
Retirement benefit assets	22	**129**	64
Other investments	24	**87**	61
Securities	25	**139**	116
		4,589	5,300
Current assets			
Trade and other receivables, and contract-related assets	17	**5,204**	5,409
Other intangible assets	15	**319**	293
Inventories	18	**904**	1,079
Derivative financial instruments	19	**1,309**	2,373
Current tax assets		**70**	64
Securities	25	**—**	405
Cash and cash equivalents	25	**6,338**	6,443
		14,144	16,066
Total assets		**18,733**	21,366
Current liabilities			
Derivative financial instruments	19	**(932)**	(2,391)
Trade and other payables, and contract-related liabilities	20	**(6,392)**	(7,000)
Insurance contract liabilities	S7	**(175)**	(165)
Current tax liabilities		**(181)**	(299)
Provisions for other liabilities and charges	21	**(368)**	(279)
Bank overdrafts, loans and other borrowings	25	**(854)**	(1,002)
		(8,902)	(11,136)
Non-current liabilities			
Deferred tax liabilities	16	**(88)**	(424)
Derivative financial instruments	19	**(455)**	(615)
Trade and other payables, and contract-related liabilities	20	**(175)**	(207)
Provisions for other liabilities and charges	21	**(1,493)**	(1,469)
Retirement benefit obligations	22	**(150)**	(181)
Bank loans and other borrowings	25	**(2,658)**	(3,101)
		(5,019)	(5,997)
Total liabilities		**(13,921)**	(17,133)
Net assets		**4,812**	4,233
Share capital	26	**344**	365
Share premium		**2,394**	2,394
Retained earnings		**3,979**	3,274
Other equity	S4	**(2,295)**	(2,156)
Total shareholders' equity		**4,422**	3,877
Non-controlling interests	S11	**390**	356
Total shareholders' equity and non-controlling interests		**4,812**	4,233

The Financial Statements on pages 167 to 269, of which the notes on pages 172 to 269 form part, were approved and authorised for issue by the Board of Directors on 19 February 2025 and were signed below on its behalf by:

Chris O'Shea
Group Chief Executive

Russell O'Brien
Group Chief Financial Officer

Centrica plc Registered No: 03033654

Group Cash Flow Statement

Year ended 31 December	Notes	2024 £m	2023 £m
Group operating profit including share of results of joint ventures and associates		**1,703**	6,512
Deduct share of profits of joint ventures and associates, net of interest and taxation	6	**(256)**	(208)
Group operating profit before share of results of joint ventures and associates		**1,447**	6,304
Add back/(deduct):			
Depreciation and amortisation	13,15	**473**	518
Impairments	4,7	**98**	669
Gain on disposals		**(4)**	—
Increase/(decrease) in provisions		**110**	(1,021)
Cash contributions to defined benefit schemes in excess of service cost income statement charge		**(208)**	(215)
Employee share scheme costs		**47**	31
Unrealised losses/(gains) arising from re-measurement of energy contracts		**96**	(2,949)
Operating cash flows before movements in working capital relating to business performance and payments relating to taxes, exceptional charges and operating interest		**2,059**	3,337
Decrease in inventories		**164**	186
Decrease in trade and other receivables and contract-related assets relating to business performance		**241**	2,911
Decrease in trade and other payables and contract-related liabilities relating to business performance		**(657)**	(2,853)
Operating cash flows before payments relating to taxes, exceptional charges and operating interest		**1,807**	3,581
Taxes paid	9	**(636)**	(803)
Operating interest paid	8	**(16)**	(20)
Payments relating to exceptional charges in operating costs	7	**(6)**	(6)
Net cash flow from operating activities		**1,149**	2,752
Purchase of businesses and assets, net of cash acquired	12	**(92)**	(34)
Sale of businesses, including receipt of deferred consideration		**4**	55
Purchase of property, plant and equipment and intangible assets	4	**(416)**	(335)
Investments in joint ventures and associates	14	**—**	(9)
Dividends received from joint ventures and associates	14	**355**	220
Interest received		**317**	267
Net purchase of other investments	24	**(56)**	(37)
Settlement of securities	25	**400**	—
Purchase of securities	25	**(19)**	(12)
Net cash flow from investing activities		**493**	115
Proceeds from exercise of share options	S4	**—**	6
Payments for own shares	S4	**(8)**	—
Share buyback programme	S4	**(499)**	(613)
Cash inflow from borrowings	25	**483**	930
Distributions to non-controlling interests		**—**	(17)
Financing interest paid	25	**(283)**	(286)
Cash outflow from repayment of borrowings and capital element of leases	25	**(1,022)**	(1,248)
Equity dividends paid	11	**(219)**	(186)
Net cash flow from financing activities		**(1,548)**	(1,414)
Net increase in cash and cash equivalents		**94**	1,453
Cash and cash equivalents including overdrafts as at 1 January		**5,629**	4,242
Effect of foreign exchange rate changes	25	**(30)**	(66)
Cash and cash equivalents including overdrafts at 31 December	25	**5,693**	5,629
Included in the following line of the Group Balance Sheet:			
Cash and cash equivalents	25	**6,338**	6,443
Overdrafts included within current bank overdrafts, loans and other borrowings	25	**(645)**	(814)

The notes on pages 172 to 269 form part of these Financial Statements.

Notes to the Financial Statements

Notes to the Financial Statements provide additional information required by statute, accounting standards or Listing Rules to explain a particular feature of the consolidated Financial Statements.

The notes to these Financial Statements focus on areas that are key to understanding our business. Additional information that we are required to disclose by accounting standards or regulation is disclosed in the Supplementary Information (notes S1 to S11).

In addition, for clarity, notes begin with a simple introduction outlining their purpose.

1. Basis of preparation and summary of significant new accounting policies and reporting changes

This section details new accounting standards, amendments to standards and interpretations, whether these are effective in 2024 or later years, and if and how these are expected to impact the financial position and performance of the Group.

The material accounting policies applied in the preparation of these consolidated Financial Statements are set out below and in the Supplementary Information (note S2). Unless otherwise stated, these policies have been consistently applied to the years presented.

(a) Basis of preparation

The consolidated Financial Statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and in conformity with the requirements of the Companies Act 2006.

The consolidated Financial Statements have been prepared on the historical cost basis except for: certain gas inventory, derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial instruments so designated at initial recognition, and the assets of the Group's defined benefit pension schemes that have been measured at fair value; the liabilities of the Group's defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, which reflects a period of twelve months from the date of approval of the accounts, with modelled analysis extending to 31 December 2027. The scenarios considered as part of the going concern assessment are consistent with those used in the longer-term viability statement. In particular, cash forecasts for the Group have been stress-tested for different scenarios including reasonably possible increases/decreases in commodity prices and the risk scenarios described in the viability statement, assessing reasonably possible combinations of risks, the largest of which is the increased margin outflows in our trading and upstream businesses. Risks considered also include the impact of a low commodity price environment, significant adverse weather events, increased bad debt charges, production falls in the Group's upstream business, trading and hedging underperformance and cyber risk. The Group's strong liquidity position, coupled with its ability to deploy effective mitigating actions, ensures resilience against a volatile external risk environment. The Group continues to manage the Group's financing profile through accessing a diverse source of term funding and maintaining access to carefully assessed levels of standby liquidity which support the Group's planned financial commitments. The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that there are no material uncertainties relating to going concern. As a result, the Group continues to adopt the going concern basis of accounting in preparing the financial statements. Further information on the Group's strong liquidity position, including its indebtedness and available committed facilities, is provided in note 25.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated Financial Statements are described in notes 2 and 3.

(b) New accounting policies, standards, amendments and interpretations effective or adopted in 2024

From 1 January 2024, the following standards and amendments are effective in the Group's consolidated Financial Statements:

- Amendments to IAS 1 'Presentation of Financial Statements', Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants;
- Amendments to IFRS 16 'Leases', Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures', Supplier Finance Arrangements.

There has been no material impact on the consolidated Financial Statements from any of the above amendments during the year.

(c) Standards and amendments that are issued but not yet applied by the Group

At the date of authorisation of these consolidated Financial Statements, the Group has not applied the following new and revised standards and amendments that have been issued but are not yet effective:

- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' Lack of Exchangeability, effective from 1 January 2025;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Amendments to the Classification and Measurement of Financial Instruments, effective from 1 January 2026;
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity, effective from 1 January 2026;
- IFRS 18 'Presentation and Disclosure in Financial Statements', effective from 1 January 2027; and
- IFRS 19 'Subsidiaries without Public Accountability', effective from 1 January 2027.

The potential impact of IFRS 18 'Presentation and Disclosure in Financial Statements', and the amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures' in respect of Nature-dependent Electricity are given below.

IFRS 18 'Presentation and Disclosure in Financial Statements'

IFRS 18 will replace IAS 1 'Presentation of Financial Statements' and become effective on 1 January 2027. IFRS 18 will introduce five new requirements on presentation and disclosure in the financial statements, with a focus on the income statement and reporting of

1. Basis of preparation and summary of significant new accounting policies and reporting changes

financial performance. Income and expenses in the income statement will be classified into five categories – operating, investing, financing, income taxes and discontinued operations. Two new subtotals will be presented: 'Operating profit or loss' and 'Profit or loss before financing and income tax'.

IFRS 18 will also require disclosures about management-defined performance measures in the financial statements and disclosure of information based on enhanced general requirements on aggregation and disaggregation.

The Group is currently assessing the impact of IFRS 18 and tentatively notes that the presentation of the Group's share of profits and losses of joint ventures and associates is expected to be shown within investing activities, rather than Group operating profit or loss. The Group's assessment remains ongoing and further changes upon the implementation of IFRS 18 may be required.

Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) has introduced targeted amendments to IFRS 9 and IFRS 7 aimed at resolving the challenges in accounting for electricity contracts, such as power purchase agreements, dependent on uncontrollable natural factors, such as weather conditions. The amendments clarify how entities should assess whether these contracts qualify for the 'own-use' exemption available under IFRS 9. Key considerations include whether the entity is a net purchaser over a reasonable time frame, taking into account variability in electricity generation. Amendments to hedge accounting have also been made to allow entities to designate a variable nominal volume of forecasted purchases or sales as the hedged item, provided certain conditions are met.

The Group is currently assessing the impact of these amendments which become effective on 1 January 2026.

Management does not currently expect the other issued but not effective amendments or standards, or standards not discussed above to have a material impact on the consolidated Financial Statements.

2. Centrica specific accounting measures

This section sets out the Group's specific accounting measures applied in the preparation of the consolidated Financial Statements. These measures enable the users of the accounts to understand the Group's underlying and statutory business performance separately.

(a) Use of adjusted performance measures

The Directors believe that reporting adjusted measures (revenue, margin, profit, earnings per share and cash flow) provides additional useful information on business performance and underlying trends. These measures are used for internal performance purposes, are not defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies.

Management uses adjusted revenue, adjusted gross margin and adjusted operating profit to evaluate segment performance. They are defined as revenue/gross margin/operating profit before:

- Exceptional items; and
- Certain re-measurements.

Exceptional items and certain re-measurements are excluded to enable the Directors to convey to the users an enhanced understanding of the Group's business performance. See section (b) of this note for further details. Segmental adjusted gross margin and adjusted operating profit exclude the impact of the colleague profit share because management considers it unrelated to segmental business performance. Similarly, because Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board (Chief Operating Decision Maker), the elimination on consolidation of the internal margin and indirect costs on smart meter installation recognised in British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy is also excluded.

Adjusted earnings is defined as earnings before:

- Exceptional items net of taxation; and
- Certain re-measurements net of taxation.

A reconciliation of adjusted earnings and adjusted earnings per share is provided in note 10.

Free cash flow is used by management to assess the cash-generating performance of each segment. Segmental free cash flow is defined as net cash flow from operating and investing activities before:

- Deficit reduction payments made to the UK defined benefit pension schemes;
- Movements in variation margin and collateral;
- Interest received;
- Sale, settlement and purchase of securities; and
- Taxes paid and refunded.

Segmental free cash flow as assessed by management excludes cash flows relating to tax. This is because the effect of Group relief and similar reliefs could distort the measure of segment performance. As a Group-wide measure, free cash flow includes taxes paid and refunded.

Free cash flow gives a measure of the cash generation performance of the business after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in variation margin and collateral, which are predominantly triggered by wider market factors and, in the case of collateral and margin movements, represent timing differences, free cash flow gives a measure of the underlying performance of the Group.

Interest received and cash flows from the sale, settlement and purchase of securities are excluded from free cash flow as these items are included in the Group's adjusted net cash/(debt) measure and are therefore viewed by the Directors as related to the manner in which the Group finances its operations.

Adjusted net cash/(debt) is used by management to assess the underlying indebtedness of the business. Adjusted net cash/(debt) is defined as cash and cash equivalents, net of bank overdrafts, borrowings, leases, interest accruals and related derivatives. This is adjusted for:

- Securities; and
- Sub-lease assets.

(b) Exceptional items and certain re-measurements

The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide users with this clear and consistent presentation, the effects of 'certain re-measurements' of financial instruments, and 'exceptional items', are reported in a different column in the Group Income Statement.

The Group is an integrated energy business. This means that it utilises its knowledge and experience across the gas and power (and related commodity) value chains to make profits across the core markets in which it operates. As part of this strategy, the Group enters into a number of forward energy trades to protect and optimise the value of its underlying production, generation, storage and transportation assets and contracts (and similar capacity or offtake arrangements including Liquefied Natural Gas (LNG)), as well as to meet the future needs of its customers (downstream demand). These trades are designed to reduce the risk of holding such assets, contracts or downstream demand and are subject to strict risk limits and controls.

Primarily because some of these trades include terms that permit net settlement, they are prohibited from being designated as 'own use' and so IFRS 9 'Financial Instruments' requires them to be individually fair valued.

Fair value movements on these commodity derivative trades do not reflect the underlying performance of the business because they are economically related to our upstream assets, capacity/offtake contracts or downstream demand, which are typically not fair valued. Similarly, where our downstream customer supply contracts or our LNG procurement contracts have become onerous as a result of significant market price movements (and the fact any associated commodity hedges have separately been recognised at fair value under IFRS 9 and therefore the onerous supply/LNG contract assessment must reflect the reversal of those gains in subsequent periods), Movements in the required provision are also reflected as a certain re-measurement in the 'Cost of sales' line item and separately disclosed in note 7.

Movements in this provision do not reflect the underlying performance of the business because they are economically related to both the hedges as well as forecast future profitability of the portfolio as a whole, in the case of the supply/LNG procurement contracts. Therefore, these certain re-measurements are reported separately and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. This enables the Group to convey the performance of the business both with and without the impact of such items.

The effects of these certain re-measurements are presented within either revenue or cost of sales when recognised in business performance depending on the nature of the contract. They are managed separately from proprietary energy trading activities where trades are entered into speculatively for the purpose of making profits in their own right. These proprietary trades are included in revenue in the business performance column of the Group Income Statement.

2. Centrica specific accounting measures

The Group's result for the year presents both realised and unrealised fair value movements on all derivative energy contracts within the 'Re-measurement and settlement of derivative energy contracts' line item.

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Again, to ensure the business performance column reflects the underlying results of the Group, these exceptional items are also reported in the separate column in the Group Income Statement. Items that may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, debt repurchase/refinancing costs, legacy contract costs associated with business activities that have ceased, certain pension past service credits/costs, asset impairments/write-backs, and the tax effects of these items.

The Group distinguishes between business performance asset impairments/write-backs and exceptional impairments/write-backs on the basis of the underlying driver of the impairment, as well as the magnitude of the impairment. Drivers that are deemed to be outside of the control of the Group (e.g. commodity price changes) give rise to exceptional impairments. Additionally, impairment charges that are of a one-off nature (e.g. reserve downgrades or one-time change in intended use of an asset) and significant enough value to distort the underlying results of the business are considered to be exceptional. Other impairments that would be expected in the normal course of business are reflected in business performance.

3. Critical accounting judgements and key sources of estimation uncertainty

This section sets out the key areas of judgement and estimation that have the most significant effect on the amounts recognised in the consolidated Financial Statements.

(a) Critical judgements in applying the Group's accounting policies

Management has made the following key judgements in applying the Group's accounting policies that have the most significant effect on the consolidated Group Financial Statements.

Spirit Energy consolidation

The Group judges that through its Board majority, it can control the relevant activities that most significantly influence the variable returns of the Spirit Energy business, including Board Reserved Matters. Consequently, Spirit Energy is fully consolidated. This assessment was carried out when the Group acquired Bayerngas Norge's exploration and production business and combined this with the Group's existing exploration and production business to form the Spirit Energy business in 2017 and is considered annually to ensure consolidation remains appropriate.

The Group holds a 69% interest in Spirit Energy. The 31% minority interest shareholder does have some influence over decision-making activities, but does not possess any controlling rights over the Spirit Energy business.

Liquefied Natural Gas (LNG) contracts

The Group is active in the LNG market, both procuring long-term LNG supply arrangements and transacting in shorter-term LNG cargoes. As part of its operations in the market, the Group optimises its contractual positions in order to meet customer demand for physical commodity. In response to the continuing development of the global LNG market which, consistent with prior years, is not considered to be active, the Group has reviewed its portfolio of LNG transactions and contracts. It has judged that its activities are carried out for the purpose of receipt or delivery of physical commodity in accordance with its expected purchase and sale requirements. As a result, the Group's contracts to buy and sell LNG are outside the scope of IFRS 9 and are accounted for on an accruals basis. As a consequence of this judgement, the LNG contracts are also assessed as to whether they may be onerous.

The Group considers it a critical judgement as to whether any onerous contract costs arising should be presented as a certain re-measurement until such time that the physical cargoes are delivered, or within business performance. The same judgement applies to the recognition, and timing, of unrealised hedging gains or losses relating to those contracts.

The onerous contract assessment ignores the portfolio of hedges associated with the LNG contracts because the hedges are separately marked to market. See note 2(b) for further details on the accounting treatment of LNG onerous contracts and hedging derivatives within certain re-measurements. In some instances, hedges may realise (with gains/losses recognised in the business performance column of the Group Income Statement) in advance of cargo delivery because of the pricing terms within the cargo contracts. In 2024, hedge gains of £52 million were realised and recorded within business performance which are notionally associated with cargo purchases that will be delivered in the first quarter of 2025. These cargo purchases are expected to result in a loss of a similar amount in 2025. This forecast loss, whilst included as part of the onerous contract provision at the balance sheet date, has not been recognised in business performance, as the LNG contracts are hedged on a portfolio basis and so the Group does not expect an unavoidable loss in business performance once future physical cargoes, and hedging re-measurements, are delivered and realised respectively. The portfolio is forecast to remain profitable in 2025 and beyond. See note 7.

(b) Key sources of estimation uncertainty

The sections below detail the assumptions the Group makes about the future and other major sources of estimation uncertainty when measuring its assets and liabilities at the reporting date. The information given relates to the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to those assets and liabilities in the next financial year. In some cases, the matter involves both a critical judgement as well as a key source of estimation uncertainty. That is, there is more than one judgemental aspect related to the matter. In these instances, all critical judgements and key sources of estimation uncertainty related to each area are discussed in the same section to provide a comprehensive understanding of the overall nature of the uncertainties involved.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these estimates and associated assumptions are based on management's best knowledge of current events and circumstances, actual results may differ. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Electricity Generator Levy

At the end of 2022, the Government announced the implementation of the Electricity Generator Levy (EGL), a new, temporary levy applicable to receipts that the Group realises from electricity generation in the UK from nuclear and renewable sources in the period from 1 January 2023 to 31 March 2028. It was legislated in the Finance (No 2) Act 2023. The levy applies a 45% charge on receipts generated from the production of wholesale electricity sold at an average price in excess of £75/MWh (adjusted for inflation prospectively), exceeding an annual threshold of £10 million. The benchmark rate for 2024 was £77.94/MWh. It applies to generators whose generation exceeds 50GWh annually, as well as off-take arrangements with significant minority shareholders in such generators (e.g. generation within our Nuclear associate and potentially our off-take from that associate).

During the year, the Group's share of its Nuclear associate's EGL liabilities amounted to £86 million (31 December 2023: £41 million).

3. Critical accounting judgements and key sources of estimation uncertainty

This is recorded within the share of profit after tax from associates. The Group has also made payments on account to HMRC of £80 million (31 December 2023: £285 million) in relation to its estimated EGL liabilities for its minority shareholder Nuclear offtake arrangements during the year ended 31 December 2024 and recognised an expense of £80 million (31 December 2023: £285 million) within the Group Income Statement, as part of Cost of sales.

The Group continues to determine that the accounting for the levy falls within the scope of IAS 37 'Provisions, contingent liabilities, and contingent assets' and IFRIC 21 'Levies' on the basis that the levy represents a legislative liability imposed by the Government, calculated with reference to revenue generated. The Group recognises the levy progressively over time, as the related electricity is sold. The Group also considered the applicability of IAS 12 'Income Taxes', however the EGL is based on revenue generated, and not taxable profit and is therefore outside the scope of IAS 12.

The Group continues to review the EGL legislation and its application. The EGL legislation is new, and its interpretation and application is unclear in respect of the Group's minority shareholder Nuclear offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a lower amount may eventually be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within Cost of sales in the Group Income Statement, when it became probable that the asset would be recoverable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date.

There is a key source of estimation uncertainty in relation to the amount of levy the Group owes for both 2023 and 2024 of up to £150 million, related to the assessment of the proportion of generation that can be ascribed to a wholesale purchase and therefore whether a related tax deposit asset should be recorded for the recovery of payments on account made to HMRC of up to £150 million. Whilst a material change in the accounting could occur in the next financial period, ultimate resolution of this uncertainty may take a number of years.

Credit provisions for trade and other receivables

The commodity price environment during the second half of 2024 has trended upwards and macroeconomic conditions including both higher interest rates and higher inflation remain challenging.

These factors result in the assessment and adequacy of credit provisions for trade and other receivables to continue to be a key source of estimation uncertainty given that the current macroeconomic conditions are expected to increase the probability of default and the overall loss allowance. See note 17 for further information.

The Group utilises a range of factors, including both internal and external, historic and forward-looking, to assess the adequacy of the Group's credit provisions. Whilst the Group utilises a matrix output model to record provision coverage, management recognises that the model does not always adequately capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges. This was particularly applicable in the prior year. In the current year, the Group has continued to assess the model and has recorded a macroeconomic credit provision of £49 million (31 December 2023: £175 million) primarily on the basis that the upward trend in the commodity price environment in the second half of 2024 and resultant ability of customers to pay may not be fully reflected in the model. The assumptions included in the macroeconomic provision include the impact of the increase to Ofgem's Energy Price Cap, the continued cost of living challenges, higher level of interest rates and the fact that certain enforcement activity remains suspended. This results in a total credit provision for trade and other receivables at 31 December 2024 of £1,532 million (31 December 2023: £1,309 million).

Pensions and other post-employment benefits

The cost of providing benefits under defined benefit pension schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the year in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits. Where a net pension scheme asset arises, recognition of the asset is permitted because the Group has an unconditional right to a refund on any winding up of the schemes or if gradual settlement of liabilities over time is assumed.

The Group's defined benefit schemes hold part of their plan asset portfolio as unquoted assets. These include private equity and property interests that are typically subject to valuation uncertainty. The valuation of these assets is based on the latest asset manager views and other relevant benchmarks.

The key source of estimation uncertainty is the assessment of the value of the pension liabilities (under IAS 19) within the scheme valuations. Key assumptions are the discount rate, inflation and life expectancy.

Further details, including sensitivities to these assumptions, are provided in note 22.

Impairment and impairment reversals of long-lived assets

The Group makes judgements in considering whether the carrying amounts of its long-lived assets (principally Upstream gas production assets, Nuclear investment (20% economic interest accounted for as an investment in associate), Batteries, Solar assets, Gas peakers and Goodwill) or cash-generating units (CGUs) are recoverable and estimates their recoverable amounts. See note 7(b) for details.

A key assumption in these judgements is forecast future commodity prices. For the first four years, observable market prices are used and thereafter an estimation of longer-term prices is required. During the year, the Group has refined the estimation methodology applied to forecasting these longer-term commodity prices. As the Group has announced its intention to invest between £600-800 million in capital expenditure annually over the next few years, including in assets with long-term commodity price exposure, it was considered important to derive a Centrica view of long-term prices to help assess both asset values and inform impairment assessments rather than continue to utilise an average of third-party comparator median curves. An internal review was conducted to map Centrica's beliefs around the evolution of each commodity market to specific, reputable, third party curve providers. This review evolved during the year and resulted in a more refined view using a balance of curve providers more aligned to our long-term view. Accordingly these long-term price assumptions are expected to help facilitate a better estimation of the recoverable amount of long-lived assets. The year-end price assumptions were broadly aligned with those that would have been calculated under the previous methodology. As a result, the outcome if the prior year methodology for deriving longer-term commodity prices was retained, would not be materially different to the new methodology used in the current year. The overall effect on future periods from this methodology change cannot be estimated because it will depend on the relative changes to future price forecasts from the third-party providers. The assets where the recoverable amount is determined by forecast future commodity prices and hence whose recoverable amounts are a key source of estimation uncertainty are:

3. Critical accounting judgements and key sources of estimation uncertainty

Upstream gas assets

Forward prices for gas are a key input in the determination of the recoverable amount of the Group's gas production assets. 2024 has seen increases in the prices of this commodity, both in terms of observable market prices and forecast forward prices. Impairment headroom remains for the Group's significant fields at the year-end. As at 31 December 2024, this remains a key source of estimation uncertainty due to potential future price decreases. As a sensitivity, were gas prices in the liquid period (2025-29) to fall by 50%, a post-tax impairment of £116 million would arise. Potential future price increases give rise to less estimation uncertainty, as the recoverable amounts of the Group's gas assets are capped at depreciated historic cost.

Further details of the assumptions used in determining the recoverable amounts and sensitivities to the assumptions are provided in note 7.

Nuclear investment

The recoverable amount of the Nuclear investment is based on the value of the existing UK nuclear fleet operated by EDF. The existing fleet value is calculated by discounting pre-tax cash flows derived from the stations based on forecast power generation and power prices, whilst taking account of outages and the likely operational lives of the stations. During the year, the recoverable amount has decreased, predominantly due to a fall in power prices both on a forecast and actuals basis, offset by the impact of life extensions at four of the stations. This has resulted in an impairment of £48 million.

The key source of estimation uncertainty is power price forecasts, other input assumptions include production levels, application of the Electricity Generator Levy and station lives. Further details of these uncertainties, together with the methodology, assumptions and impairment booked during the year are provided in note 7, together with related sensitivities.

Revenue recognition – unread gas and electricity meters

Revenue for energy supply activities includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue. It is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

An assessment is also made of any factors that are likely to materially affect the ultimate economic benefits that will flow to the Group, including bill cancellation and re-bill rates. Estimated revenue is restricted to the amount the Group expects to be entitled to in exchange for energy supplied. The judgements applied, and the assumptions underpinning these judgements, are considered to be appropriate. However, a change in these assumptions would have an impact on the amount of revenue recognised. The primary source of estimation uncertainty relating to unread revenue arises in the respect of gas and electricity sales to UK downstream customers in British Gas Energy and Centrica Business Solutions, including where changes in customer behaviour in response to elevated prices affect estimated consumption. At 31 December 2024 unread revenue arising from these customers amounted to £2,732 million (2023: £2,992 million). A change in these assumptions of 2% would impact revenue and profit by £55 million. Additionally, there is some risk this change could be higher when considering the assumptions implicit in unread revenue and the extent to which revenue is constrained through the application of the IFRS 15 requirements.

Decommissioning costs

The estimated cost of decommissioning at the end of the producing lives of gas fields is reviewed periodically and is based on reserves, price levels and technology at the balance sheet date. Provision is made for the estimated cost of decommissioning at the balance sheet date. The payment dates of total expected future decommissioning costs are uncertain and dependent on the lives of the facilities, but are currently anticipated to be predominantly incurred by 2035.

The level of provision held is sensitive to both the estimated decommissioning costs (in particular for the non-operated assets and non-contracted expenditure) and the discount rate, hence each input is considered to be a key source of estimation uncertainty. During the year, there has been an increase in government gilt yields appropriate to the forecast profile of the decommissioning expenditure, and therefore the real discount rate used to discount the decommissioning liabilities at 31 December 2024 increased to 2% (31 December 2023: 1%). A 1% increase in the discount rate reduces the decommissioning liability by approximately £70 million whilst a 1% decrease in the discount rate would increase the provision by approximately £76 million. A 10% increase in forecast decommissioning costs would increase the provision by approximately £146 million.

Gas and liquids reserves

The volume of proven and probable (2P) gas and liquids reserves is an estimate that affects the unit of production method of depreciating producing gas and liquids property, plant and equipment (PP&E) as well as being a significant estimate affecting decommissioning and impairment calculations.

The impact of a change in estimated 2P reserves is dealt with prospectively by depreciating the remaining book value of producing assets over the expected future production. If 2P reserves estimates are revised downwards, earnings could be affected by higher depreciation expense or an immediate write-down (impairment) of the asset's book value. A change in reserves estimates could also change the timing of decommissioning activity, which could change the carrying value of the Group's provisions. The complex interaction of field-specific factors means that it is not possible to give a meaningful sensitivity of the Group's financial position or performance to gas and liquids reserves estimates. The factors impacting gas and liquids estimates, the process for estimating reserve quantities and reserve recognition and details of the Group's 2P reserves are given on page 281. Details of impairments of exploration and production fields and goodwill, along with associated sensitivities, are given in note 7.

Determination of fair values – energy derivatives

The fair values of energy derivatives classified as Level 3 in accordance with IFRS 13 'Fair Value Measurement' are determined to be a key source of estimation uncertainty as they are not actively traded and their values are estimated by reference in part to published price quotations in active markets and in part by using complex valuation techniques. The key source of estimation uncertainty is future commodity prices and their inclusion in the reliable estimation of the unobservable components of the Group's Level 3 derivatives in an elevated and volatile commodity price environment. More detail on the assumptions used in determining fair valuations of energy derivatives is provided in note S6 and on the sensitivities to these assumptions in note S3.

3. Critical accounting judgements and key sources of estimation uncertainty

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change in the context of the risks and opportunities identified in the Task Force on Climate-related Financial Disclosures (TCFD) disclosures on pages 67 to 77. There has been no material impact identified on the financial reporting judgements and estimates. The Directors specifically considered the impact of climate change in the following areas:

- Cash flow forecasts used in the impairment assessment of non-current assets, including goodwill and the Nuclear investment;
- Carrying value and useful economic lives of property, plant and equipment;
- Recoverability of deferred tax assets; and
- Going concern and viability of the Group over the next three years.

Whilst there is no short-term impact expected from climate change, the Directors are aware of the risks and regularly assess these risks against judgements and estimates made in preparation of the Group's financial statements.

Further detail is provided in the 'Climate change' note below.

3. Critical accounting judgements and key sources of estimation uncertainty

(c) Climate change

The Group's assessment of how climate-related issues might affect the business has been integrated into its annual strategic and financial planning process. At the same time, the Group reviews the potential impact of the material risks and opportunities and its Climate Transition Plan on both the current balance sheet position and its accounting policies (including the useful economic lives of its assets).

Summary of our most material risks and opportunities

Climate-related trend	Potential impact
Transition away from fossil fuelled heating	Risk: Reduced GM from the sale and servicing of natural gas residential boilers and commercial Combined Heat and Power (CHP) units
Growth in low carbon heating market	Opportunity: Increased sales and servicing of electric and hydrogen fuelled heating systems Associated opportunities in fabric upgrade including insulation
Transition away from natural gas and energy efficiency	Risk: Reduced GM from the sale of natural gas and energy efficiency
Growth in low carbon heating market	Opportunity: Increased sales of electricity and green or low carbon hydrogen
Growth of EV transport market	Opportunity: Access to new and growing value pools related to EV charging installations, operation and maintenance (O&M) alongside energy supply
Growth in demand for renewable energy	Opportunity: Strong growth in solar and battery markets driven by decarbonisation
Rising mean temperatures	Risk: Reduced sales of natural gas and electricity for heat

IFRS dictates how each asset or liability should be accounted for (e.g. cost, fair value or other measurement criteria) and accordingly, there is a fundamental difference between the holistic forward-looking risk and opportunities business analysis (see TCFD disclosure on pages 67 to 77), and the possible sensitivity of current accounting carrying values to these risks and opportunities.

For example, whilst the activity of supplying gas to customers or servicing/installing gas boilers is clearly subject to climate-related risks (and opportunities), the balance sheet does not reflect an overall value of those businesses (aside from an element of goodwill). Instead, accounting balances related to these businesses generally manifest themselves in short-term working capital assets and liabilities associated with procuring and selling gas or servicing/installing boilers; with those balances generally settled within six months and so specifically less exposed to climate risks.

In a similar vein, Upstream assets are tested for impairment in accordance with relevant IFRS accounting standards. These generally require the recoverable amount of the asset to be calculated based on a best estimate of long-term forecast commodity prices, which the Group estimates based on current market prices and Centrica's view of long-term prices using a balance of reputable commodity pricing consultants' forecasts. However, these estimates are not consistent with net zero scenarios from the consultants (as they do not factor in any prospective, yet to be announced legislative or market changes that would be required to meet temperature targets) and hence impairment reviews are not based on net zero scenario forward prices. The Group instead discloses the impact on the carrying value of Upstream assets by way of sensitivity analysis (see note 7(c)).

3. Critical accounting judgements and key sources of estimation uncertainty

Accordingly, the Group is mindful of these dynamics when it considers which areas of the balance sheet are exposed to key estimation uncertainty from climate-related issues. The Group considers which assets are most exposed to impairment from climate risks and similarly whether there are any liabilities that are either currently unrecognised or might increase as a result of those risks.

The Group's assets/liabilities have been segmented into three tranches, grading each balance's exposure to climate risks/opportunities:

(i) Higher risk – As the consumption of gas and power is intrinsically linked to carbon emissions, their pricing is consequently exposed to climate and legislative risk. Accordingly, where assets or contract values have a key dependency on commodity price assumptions, those assets (or contracts) are deemed higher risk.

(ii) Medium risk – Gross margin energy transition considerations and their potential impact on forward-looking balances (e.g. Supply and Services and Energy Trading goodwill) and decommissioning balances in E&P.

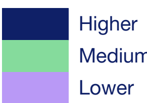
(iii) Lower risk – No significant risk identified on the basis that positions are short-term in nature or are specifically linked to the energy transition or are immaterial.

The key non-current asset (and decommissioning provision) balance sheet items have been presented in more granular detail below, together with the groupings into the above risks and with rationale set out below the table:

As at 31 December 2024 (£m):	Goodwill	Intangibles	Investment in associates	Property, plant & equipment	Deferred tax assets	Decommissioning provision
Energy Supply	277					
Application software		104				
Meter assets				112		
Energy Services	63					
Brand (mainly Dyno-Rod)		57				
Application software		114				
Battery storage				116		
Electric vehicles (vans/cars)				45		
Non-electric vehicles (vans/cars)				41		
Energy Trading	138					
Application software		26				
LNG vessel leases				70		
Gas Assets (E&P and Storage)						
E&P fields (Spirit)				789	142	(1,139)
E&P tax losses (Spirit)					54	
Gas storage facility (Rough)				–	149	(302)
Power Assets						
Nuclear investment			794			
Gas-fired power stations/engines (i)				365		(18)
Combined Heat and Power (CHP)/other power assets				60		
Solar				40		
Group/Other						
Customer relationships		17				
Land & buildings (ii)				139		
Derivatives deferred tax (ii)					20	
Other (ii)				82	(26)	
Total (notes 13-16 and 21)	**478**	**318**	**794**	**1,859**	**339**	**(1,459)**

(i) The Property, plant and equipment balance includes £269 million in Bord Gáis, and £96 million in Centrica Business Solutions.

(ii) Land & buildings, Other Derivatives deferred tax and Other Property, plant & equipment/Deferred tax have not been allocated out across business type, and includes a £19 million elimination adjustment of internal margin and indirect costs on smart meter installation capitalised in the meter asset provider business within British Gas Energy. See note 4.



Higher
Medium
Lower

3. Critical accounting judgements and key sources of estimation uncertainty

All items noted above may be impacted by climate-related risks but are not currently considered to be key areas of judgement or sources of estimation uncertainty in the current financial year.

Higher risk

E&P field valuations are dependent on forecast commodity prices. Climate change risk means that there is uncertainty over gas demand and forecast prices. This climate change risk is not currently a key source of estimation uncertainty because current liquid commodity prices mean that there is impairment headroom over current carrying values. Nonetheless, valuation sensitivity information based on a net zero price forecast has been provided in note 7(c) to show field values can move significantly. (Note that the Group's intention is to run-off remaining fields with most production forecast in the next five years. Decommissioning obligations will be substantively met by the early 2030s, whilst further investment in exploring for new gas fields has ceased.) Recoverability of E&P deferred tax assets associated with historic losses is dependent on future field profitability and so is subject to climate change risk.

The valuation of the investment in Nuclear is also highly dependent on forecast commodity prices. Climate change risks and opportunities means there is uncertainty over electricity demand and forecast prices. The underlying Nuclear stations, which produce electricity with no carbon emissions, have different useful economic lives, with the last station forecast to cease operating in 2055. Valuation sensitivity information based on a net zero price forecast has been provided in note 7(c).

Medium risk

The Group's gas-fired power stations and engines (including Gas peakers) are exposed to climate change risk, with valuations dependent on forecast gas and electricity prices and electricity demand. However, they are deemed medium risk as a significant proportion of the overall carrying value relates to the Irish single electricity market, where the characteristics of the market and the capacity arrangements provide additional risk mitigation.

Similarly the Group's investment in CHP and other power assets are also exposed to climate risk. They have useful economic lives of up to 40 years but they do not, individually or in total, have material carrying values.

The Group's meter assets are exposed to climate change risk because they record usage of both gas and power. They are deemed medium risk because they are subject to contractual arrangements that provide for ongoing revenue security from suppliers.

LNG Vessels on the balance sheet are exposed to risk from climate change, but as they are leased assets with the current term remaining less than five years, this risk is reduced to medium.

The Group is in the process of transitioning to an electrified vehicle fleet. Non-electric vehicles are deemed medium risk because their remaining useful economic lives are generally quite short.

Decommissioning provisions are generally longer-term but this could be brought forward for E&P and Storage assets if the energy transition accelerates. However, as the decommissioning discount rate is only 2% (real), the balance sheet and income statement impact of earlier decommissioning would not be material.

Deferred tax associated with field accelerated capital allowances and decommissioning in E&P and Storage is not considered high risk due to the length of carry-back rules for decommissioning and the mechanical unwind of other temporary differences. Deferred tax assets associated with derivatives are considered medium risk as the derivatives generally realise within two years.

Energy Supply, Energy Services and Energy Trading Goodwill and Application Software are categorised as medium risk because the businesses are exposed to energy transition risk as a result of climate change. However, there are also significant opportunities for these businesses and the carrying values are not material.

Lower risk

All other assets denoted in the table above are considered lower risk because they are either specifically related to the energy transition (e.g. electric vehicles, battery storage, solar) or are immaterial. Note that designation as Lower risk does not mean these assets are not at risk of impairment (e.g. from reduced residual values or commodity price movements) but instead is an assessment of specific exposure to climate change risks.

Other contracts

The Group also has long-term LNG supply contracts with Cheniere, Delfin, Mozambique and Repsol. These are not reflected on the balance sheet but the Group has certain purchase commitments. The Group also has two long-term gas sale and purchase agreements with Coterra Energy, which similarly has long-term commitments (see note 23). The contracts currently have significant value (when considered together) because of gas price locational spreads but are exposed to climate-change risk and therefore could ultimately become onerous in net zero scenarios. The commitments note provides detail of the length of the contracts and commodity purchase commitments.

4. Segmental analysis

The Group's reporting segments are those used internally by management to run the business and make decisions. The Group's segments are based on products and services as well as the major factors that influence the performance of these products and services across the geographical locations in which the Group operates.

(a) Segmental structure

The types of products and services from which each reportable segment derived its income during the year are detailed below. All reportable segments are operating segments. Income sources are reflected in total Group revenue unless otherwise stated:

Segment	Description
British Gas Services & Solutions	• The installation, repair and maintenance of domestic central heating and related appliances (including smart meters), and the provision of fixed-fee maintenance/breakdown service and insurance contracts in the UK; and • the supply of new technologies and energy efficiency solutions in the UK.
British Gas Energy	• The supply of gas and electricity to residential and small business customers in the UK; and • the smart meter asset provider business.
Bord Gáis Energy	• The supply of gas and electricity to residential, commercial and industrial customers in the Republic of Ireland; • the installation, repair and maintenance of domestic central heating and related appliances in the Republic of Ireland; • the procurement, trading and optimisation of energy in the Republic of Ireland [(i)]; and • power generation in the Republic of Ireland.
Centrica Business Solutions	• The supply of gas and electricity to business customers in the UK [(i)]; • the supply of energy services and solutions to large organisations in the UK, Europe and North America; and • the development and operation of large-scale power assets in the UK and Europe.
Centrica Energy	• The procurement, trading and optimisation of energy in the UK and Europe [(i)]; and • the global procurement and sale of LNG.
Upstream	• The production and processing of gas and liquids principally within Spirit Energy [(i)]; • the sale of power generated from nuclear assets in the UK; and • gas storage in the UK.

(i) Where income is generated from contracts in the scope of IFRS 9, this is included in re-measurement and settlement of derivative energy contracts.

4. Segmental analysis
(b) Revenue

Gross segment revenue includes revenue generated from the sale of products and services to other reportable segments of the Group. Total Group revenue reflects only the sale of products and services to third parties. Sales between reportable segments are conducted on an arm's length basis.

	2024			2023		
Year ended 31 December	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m	Gross segment revenue £m	Less inter-segment revenue £m	Total Group revenue £m
British Gas Services & Solutions	1,563	(136)	1,427	1,597	(57)	1,540
British Gas Energy	12,065	—	12,065	17,742	—	17,742
Bord Gáis Energy	1,271	—	1,271	1,815	—	1,815
Centrica Business Solutions	2,551	(8)	2,543	3,522	(6)	3,516
Centrica Energy	6,128	(405)	5,723	7,732	(476)	7,256
Upstream	2,628	(1,021)	1,607	2,935	(1,430)	1,505
Total Group revenue included in business performance	26,206	(1,570)	24,636	35,343	(1,969)	33,374
Less: revenue arising on contracts in scope of IFRS 9 included in business performance			(4,723)			(6,916)
Total Group revenue			19,913			26,458

The table below shows the total Group revenue arising from contracts with customers, and therefore in the scope of IFRS 15, and revenue arising from contracts in the scope of other standards. The key economic factors impacting the nature, timing and uncertainty of revenue and cash flows are considered to be driven by the type and broad geographical location of the customer. The analysis of IFRS 15 revenue below reflects these factors.

	2024				
Year ended 31 December	Revenue from contracts with customers in scope of IFRS 15 [(i)] £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy services and solutions	627				
British Gas Services & Solutions	627	800	1,427	—	1,427
Energy supply – UK	12,065				
British Gas Energy	12,065	—	12,065	—	12,065
Energy supply – Republic of Ireland	1,021				
Bord Gáis Energy	1,021	—	1,021	250	1,271
Energy supply – UK	1,963				
Energy services	182				
Centrica Business Solutions	2,145	2	2,147	396	2,543
Energy sales to trading and energy procurement counterparties	3,077				
Centrica Energy	3,077	15	3,092	2,631	5,723
Gas and liquid production	161				
Upstream	161	—	161	1,446	1,607
	19,096	817	19,913	4,723	24,636

(i) As part of the finalisation process of the government support schemes, revenue of £21 million was reversed during the year in relation to the Energy Price Guarantee scheme for domestic customers in the British Gas Energy segment. During 2023, revenue of £3,698 million was recognised in relation to this scheme, whilst it was ongoing. A further £13 million (2023: £448 million) of revenue has been recognised in respect of non-domestic schemes. £8 million (2023: £320 million) of this total relates to Centrica Business Solutions customers and £5 million (2023: £128 million) relates to non-domestic customers in the British Gas Energy segment.

4. Segmental analysis

Year ended 31 December	2023				
	Revenue from contracts with customers in scope of IFRS 15 £m	Revenue from fixed-fee service and insurance contracts in scope of IFRS 17, and leasing contracts in scope of IFRS 16 £m	Total Group revenue £m	Revenue in business performance arising from contracts in scope of IFRS 9 £m	Total Group revenue included in business performance £m
Energy services and solutions	727				
British Gas Services & Solutions	727	813	1,540	—	1,540
Energy supply – UK	17,742				
British Gas Energy	17,742	—	17,742	—	17,742
Energy supply – Republic of Ireland	1,438				
Bord Gáis Energy	1,438	—	1,438	377	1,815
Energy supply – UK	2,232				
Energy services	208				
Centrica Business Solutions	2,440	4	2,444	1,072	3,516
Energy sales to trading and energy procurement counterparties	3,132				
Centrica Energy	3,132	29	3,161	4,095	7,256
Gas and liquid production	133				
Upstream	133	—	133	1,372	1,505
	25,612	846	26,458	6,916	33,374

Geographical analysis of revenue and non-current assets

The Group monitors and manages performance by reference to its operating segments and not solely on a geographical basis. However, provided below is an analysis of revenue and certain non-current assets by geography.

Year ended 31 December	Total Group revenue (based on location of customer)		Non-current assets (based on location of assets) (i)	
	2024 £m	2023 £m	**2024 £m**	2023 £m
UK	**16,240**	22,207	**2,860**	2,875
Republic of Ireland	**1,021**	1,438	**325**	229
Europe (excluding UK and Republic of Ireland)	**1,423**	1,733	**376**	484
Rest of the world	**1,229**	1,080	**15**	12
	19,913	26,458	**3,576**	3,600

(i) Non-current assets comprise goodwill, other intangible assets, PP&E, interests in joint ventures and associates and non-financial assets within trade and other receivables, and contract-related assets.

4. Segmental analysis
(c) Adjusted gross margin and adjusted operating profit

The measure of profit used by the Group is adjusted operating profit. Adjusted operating profit is operating profit before exceptional items and certain re-measurements. This includes business performance results of equity-accounted interests.

This note also details adjusted gross margin. Both measures are reconciled to their statutory equivalents.

	Adjusted gross margin		Adjusted operating profit	
Year ended 31 December	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**633**	616	**67**	47
British Gas Energy	**1,521**	2,141	**297**	751
Bord Gáis Energy	**207**	139	**63**	1
Centrica Business Solutions	**258**	309	**73**	104
Centrica Energy	**536**	1,016	**307**	774
Upstream	**681**	999	**789**	1,083
Segmental adjusted gross margin/adjusted operating profit	**3,836**	5,220	**1,596**	2,760
Reconciling items to Group Income Statement:				
Colleague profit share (i)	**(9)**	(3)	**(25)**	(8)
Meter asset provider consolidation adjustment (ii)	**(19)**	—	**(19)**	—
Total Group adjusted gross margin/adjusted operating profit	**3,808**	5,217	**1,552**	2,752
Certain re-measurements (note 7):				
Onerous energy supply/LNG contract provision movement	**(142)**	833	**(142)**	833
Derivative contracts	**421**	3,573	**421**	3,573
Share of re-measurement of certain associates' energy contracts (net of taxation)	**—**	—	**—**	(1)
Gross profit	**4,087**	9,623		
Exceptional items in operating profit			**(128)**	(645)
Operating profit after exceptional items and certain re-measurements			**1,703**	6,512

(i) The impact of the colleague profit share is excluded because management considers it unrelated to segmental business performance.

(ii) In accordance with IFRS 8, Segmental adjusted gross margin and adjusted operating profit are presented as managed by the Board (Chief Operating Decision Maker) and accordingly the internal margin and indirect costs on smart meter installation recognised by British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy, are eliminated on consolidation and reported as a reconciling item to the Group Income Statement.

4. Segmental analysis

(d) Included within adjusted operating profit

Presented below are certain items included within adjusted operating profit, including a summary of impairments of property, plant and equipment and intangibles.

	Depreciation and impairments of property, plant and equipment		Amortisation and impairments of intangibles	
Year ended 31 December	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**(31)**	(42)	**(12)**	(12)
British Gas Energy	**(5)**	(3)	**(37)**	(54)
Bord Gáis Energy	**(8)**	(9)	**(8)**	(11)
Centrica Business Solutions	**(12)**	(11)	**(12)**	(26)
Centrica Energy	**(29)**	(30)	**(10)**	(18)
Upstream	**(288)**	(281)	**—**	—
Other (i)	**(36)**	(28)	**(8)**	(17)
	(409)	(404)	**(87)**	(138)

(i) The Other segment includes corporate functions, subsequently recharged.

Impairments of property, plant and equipment

During 2024, £22 million of impairments of property, plant and equipment (2023: £9 million) were recognised within business performance.

Impairments of intangible assets

During 2024, £1 million of impairments of other intangible assets (2023: £15 million) were recognised within business performance.

4. Segmental analysis
(e) Capital expenditure

Capital expenditure represents additions, other than assets acquired as part of business combinations or asset purchase agreements, to property, plant and equipment and intangible assets. Capital expenditure has been reconciled to the related cash outflow.

	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets other than goodwill	
Year ended 31 December	**2024 £m**	2023 £m	**2024 £m**	2023 £m
British Gas Services & Solutions	**11**	45	**19**	32
British Gas Energy	**114**	—	**628**	565
Bord Gáis Energy	**119**	69	**3**	7
Centrica Business Solutions	**133**	80	**206**	193
Centrica Energy	**7**	5	**9**	14
Upstream	**51**	95	**28**	18
Other	**37**	79	**—**	—
Segmental capital expenditure	**472**	373	**893**	829
Meter asset provider consolidation adjustment (i)	**(19)**	—	**—**	—
Total Group capital expenditure	**453**	373	**893**	829
Capitalised borrowing costs (note 8)	**(11)**	(2)	**—**	—
Inception of new leases and movements in payables and prepayments related to capital expenditure	**(62)**	(89)	**(1)**	4
Purchases of emissions allowances and renewable obligation certificates (note 15) (ii)	**—**	—	**(856)**	(780)
Net cash outflow	**380**	282	**36**	53

(i) In accordance with IFRS 8, Segmental capital expenditure is presented as managed by the Board (Chief Operating Decision Maker) and accordingly the internal margin and indirect costs on smart meter installation recognised by British Gas Services & Solutions and subsequently capitalised in the meter asset provider business within British Gas Energy is eliminated on consolidation and reported as a reconciling item to Total Group capital expenditure.

(ii) Purchases of emissions allowances and renewable obligation certificates of £624 million (2023: £565 million) in British Gas Energy, £204 million (2023: £193 million) in Centrica Business Solutions, £28 million (2023: £18 million) in Upstream, and £nil (2023: £4 million) in Centrica Energy.

4. Segmental analysis
(f) Free cash flow

Free cash flow is used by management to assess the cash-generating performance of each segment, after taking account of the need to maintain its capital asset base. By excluding deficit reduction payments and movements in collateral and margin cash, which are predominantly triggered by wider market factors, and in the case of collateral and margin movements, represent timing movements, free cash flow is used by management as an adjusted measure of the cash generation of the business. Free cash flow excludes investing cash flows that are related to adjusted net cash/debt. This measure is reconciled to the net cash flow from operating and investing activities.

Year ended 31 December	2024 £m	2023 £m
British Gas Services & Solutions	**102**	64
British Gas Energy (i)	**(303)**	302
Bord Gáis Energy	**(35)**	(146)
Centrica Business Solutions	**(3)**	220
Centrica Energy (ii)	**649**	1,354
Upstream (iii)	**1,215**	1,236
Other (iv)	**—**	(20)
Segmental free cash flow excluding tax	**1,625**	3,010
Taxes paid	**(636)**	(803)
Total free cash flow	**989**	2,207
UK pension deficit payments (note 22)	**(176)**	(180)
Movements in variation margin and collateral (note 25)	**131**	585
Interest received	**317**	267
Settlement of securities (note 25)	**400**	—
Purchase of securities (note 25)	**(19)**	(12)
	1,642	2,867
Net cash flow from operating activities	**1,149**	2,752
Net cash flow from investing activities	**493**	115
Total cash flow from operating and investing activities	**1,642**	2,867

(i) British Gas Energy free cash flow in 2024 includes working capital outflows of £533 million driven by settling prior year commodity costs and refunding customer credit balances, both largely related to the impact of falling commodity prices. British Gas Energy free cash flow in 2023 includes significant working capital outflows of approximately £500 million largely related to the impact of falling commodity prices.

(ii) Centrica Energy free cash flow in 2024 includes operating cash inflows of £325 million (2023: £580 million) driven by profit on prior year derivative positions cash settling during the year.

(iii) Upstream free cash flow in 2024 includes inflows of £355 million (2023: £220 million) relating to dividends received from joint ventures and associates.

(iv) The Other segment includes corporate functions.

5. Costs

This section details the types of costs the Group incurs and the number of employees in each of our operations.

(a) Analysis of costs by nature

Year ended 31 December	2024 Cost of sales and settlement of certain energy contracts £m	2024 Operating costs £m	2024 Total costs £m	2023 Cost of sales and settlement of certain energy contracts £m	2023 Operating costs £m	2023 Total costs £m
Transportation, distribution, capacity market and metering costs	**(4,764)**	**—**	**(4,764)**	(4,813)	—	(4,813)
Commodity costs	**(13,109)**	**—**	**(13,109)**	(20,258)	—	(20,258)
Depreciation, amortisation and impairments	**(313)**	**(183)**	**(496)**	(324)	(218)	(542)
Employee costs	**(443)**	**(867)**	**(1,310)**	(608)	(777)	(1,385)
Other direct costs	**(2,199)**	**(1,089)**	**(3,288)**	(2,154)	(1,077)	(3,231)
Costs included within business performance before credit losses on financial assets	**(20,828)**	**(2,139)**	**(22,967)**	(28,157)	(2,072)	(30,229)
Credit losses on financial assets (net of recovered amounts) (note 17)	**—**	**(373)**	**(373)**	—	(602)	(602)
Total costs included within business performance	**(20,828)**	**(2,512)**	**(23,340)**	(28,157)	(2,674)	(30,831)
Adjustment for gross cost of settled energy contracts in the scope of IFRS 9 and onerous energy supply and LNG contract provisions (note 7)	**9,064**	**—**	**9,064**	17,497	—	17,497
Exceptional items and re-measurement and settlement of derivative energy contracts (note 7)	**(4,062)**	**(128)**	**(4,190)**	(6,175)	(645)	(6,820)
Total costs within Group operating profit	**(15,826)**	**(2,640)**	**(18,466)**	(16,835)	(3,319)	(20,154)

(b) Employee costs

Further information on key management personnel and Directors' remuneration is disclosed in note S8.

Year ended 31 December	2024 £m	2023 £m
Wages and salaries	**(1,050)**	(1,105)
Social security costs	**(122)**	(146)
Pension and other post-employment benefits costs (note 22)	**(138)**	(118)
Share scheme costs (note S4)	**(47)**	(31)
	(1,357)	(1,400)
Capitalised employee costs	**47**	15
Employee costs recognised in business performance in the Group Income Statement	**(1,310)**	(1,385)

5. Costs

(c) Average number of employees during the year

Year ended 31 December	2024 Number	2023 Number
British Gas Services & Solutions	**12,151**	12,309
British Gas Energy	**4,527**	3,979
Bord Gáis Energy	**438**	395
Centrica Business Solutions	**1,334**	1,334
Centrica Energy	**834**	780
Upstream	**721**	699
Group Functions	**1,699**	1,518
	21,704	21,014

6. Share of results of joint ventures and associates

Share of results of joint ventures and associates represents the results of businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates principally arises from its interest in Nuclear – Lake Acquisitions Limited, an associate, reported in the Upstream segment.

	2024			2023		
Year ended 31 December	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the year £m	Share of business performance £m	Share of exceptional items and certain re-measurements £m	Share of results for the year £m
Income	**808**	**—**	**808**	680	—	680
Expenses before depreciation, amortisation, exceptional items and certain re-measurements	**(295)**	**—**	**(295)**	(265)	—	(265)
Depreciation and amortisation	**(139)**	**—**	**(139)**	(132)	—	(132)
Exceptional items and re-measurement of certain contracts	**—**	**—**	**—**	—	(1)	(1)
Operating profit/(loss)	**374**	**—**	**374**	283	(1)	282
Taxation on profit/(loss)	**(118)**	**—**	**(118)**	(74)	—	(74)
Share of post-taxation results of joint ventures and associates	**256**	**—**	**256**	209	(1)	208

Further information on the Group's investments in joint ventures and associates is provided in notes 14 and S10.

7. Exceptional items and certain re-measurements

(a) Certain re-measurements

Certain re-measurements are the fair value movements on energy contracts entered into to meet the future needs of our customers or to sell the energy produced from our upstream assets. These contracts are economically related to our upstream assets, capacity/offtake contracts or downstream demand, which are typically not fair valued, and are therefore separately identified in the current period and reflected in business performance in future periods when the underlying transaction or asset impacts the Group Income Statement.

If the future costs to fulfil customer supply contracts, including the mark-to-market reversal of any energy hedging contracts entered into to meet this demand, exceed the charges recoverable from customers, an onerous contract provision will be recognised. Similarly, if the future revenues from LNG procurement contracts, including the mark-to-market reversals of hedging contracts entered into related to these purchases, do not exceed the purchase cost, an onerous contract provision will be recognised. Because the associated, unrealised hedging gains or losses will be recognised in certain re-measurements, the movements in these onerous provisions will also be recognised in certain re-measurements.

Year ended 31 December	2024 £m	2023 £m
Certain re-measurements recognised in relation to energy contracts:		
Net gains arising on delivery of contracts	**377**	3,529
Net gains arising on market price movements and new contracts	**44**	44
Net re-measurements included within gross profit before onerous supply contract provision	**421**	3,573
Onerous energy supply and LNG contracts provision movement (i)(ii)	**(142)**	833
Net re-measurements included within gross profit	**279**	4,406
Net loss arising on re-measurement of certain associates' contracts (net of taxation)	**—**	(1)
Net re-measurements included within Group operating profit	**279**	4,405
Taxation on certain re-measurements (note 9) (iii)	**161**	(1,649)
Certain re-measurements after taxation	**440**	2,756

(i) The onerous energy supply contract provision is based on the future costs to fulfil customer contracts on a current market price basis. This provision had fully unwound by 31 December 2023 and remains at £nil on 31 December 2024. However, the acquisition of AvantiGas ON Limited in 2022, included an opening balance sheet onerous contract provision, which is unwound to the business performance column of the Group Income Statement on a pre-determined acquisition date basis, to ensure this column reflects the true profit/loss relative to the acquisition date values. At each reporting date, the closing balance sheet value of the onerous contract provision is then updated to reflect actual market prices, with the required remaining movement in the provision posted to the certain re-measurements column. Because commodity prices generally fell after the 2022 acquisition, this meant that balance sheet onerous contract provision fell more quickly than originally expected. This led to a £69 million onerous contract provision movement credit in certain re-measurements column in 2023. Accordingly, there is a £60 million debit in this column in 2024, as this position has now mostly unwound. See note 2(b) for further details.

(ii) The onerous LNG contracts provision movement amounted to £82 million debit (2023: £nil). Cumulatively over time the onerous energy supply and LNG contracts provision movement will net to £nil. See notes 2(b) and 3(a) for further details.

(iii) Taxation on onerous energy supply and LNG contracts provision movement amounted to a £35 million credit (2023: £196 million debit) and taxation on other certain re-measurements amounted to a £126 million credit (2023: £1,453 million debit).

Year ended 31 December	2024 £m	2023 £m
Total re-measurement and settlement of derivative energy contracts	**(4,062)**	(6,175)
Excluding:		
IFRS 9 business performance revenue	**(4,723)**	(6,916)
IFRS 9 business performance cost of sales	**9,206**	16,664
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	**421**	3,573
Onerous contract provision movement (cost of sales)	**(142)**	833
Total certain re-measurements	**279**	4,406

The table below reflects the certain re-measurement derivative movements by business segment:

Year ended 31 December	2024 £m	2023 £m
UK Energy Supply (British Gas Energy and Centrica Business Solutions)	**1,975**	506
Upstream/Centrica Energy/Bord Gáis	**(1,554)**	3,067
Unrealised certain re-measurements recognised in relation to energy contracts included in gross profit	**421**	3,573

7. Exceptional items and certain re-measurements

(b) Exceptional items

Exceptional items are those items that, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include disposals of businesses or significant assets, business restructuring, pension change costs or credits, significant debt repurchase costs and asset impairments and write-backs.

Year ended 31 December	2024 £m	2023 £m
Impairment of power assets [i]	(75)	(563)
Impairment of gas storage asset	—	(82)
Legacy contract costs [ii]	(53)	—
Exceptional items included within Group operating profit [iii]	(128)	(645)
Debt repurchase costs included within financing costs [iv]	(68)	—
Exceptional items included within Group profit before taxation	(196)	(645)
Net exceptional item taxation (note 9) [v]	78	54
Total exceptional items recognised after taxation	(118)	(591)

(i) In the Upstream segment, an impairment of the Nuclear investment of £48 million (post-tax £48 million) (2023: £549 million (post-tax £549 million)) has been recorded predominantly as a result of the reduction in both forecast and actual power prices partially offset by life extensions at four stations. In the Centrica Business Solutions segment, an impairment of £27 million (post-tax £20 million) (2023: £14 million (post-tax £11 million)) has been recorded, predominantly related to Battery storage and Solar assets, also following lower forecast power price capture, together with an increase in discount rate and an increase to operating and capital expenditure forecasts. See note 7(c).

(ii) Contracts associated with business activity that ceased a number of years ago, predominantly related to construction services, have led to an increase in provisions of £53 million (post-tax £45 million) during the period.

(iii) Exceptional items for 2024 included within Group operating profit, are non-cash. The cash flows recorded as payments relating to exceptional charges of £6 million (2023: £6 million) in the Group Cash Flow Statement relate to previous years' exceptional restructuring costs.

(iv) Exceptional financing costs have been recognised in relation to debt repurchase and refinancing exercises. £370 million of debt instruments have been repurchased in advance of their maturity date. Due to the premium paid above existing carrying value, and transaction fees, a one-off cost in the Group Income Statement of £50 million (post-tax £38 million) has been incurred. Refinancing of the 2075 hybrid bond, designated in a fair value hedge relationship, and with a carrying-value of £435 million, and repayment value of £453 million (including fees), has resulted in a one-off financing cost in the Group Income Statement of £18 million (post-tax £13 million).

(v) Exceptional item taxation includes a credit of £46 million associated with deferred tax in exploration and production, in the Upstream segment. This predominantly relates to an increase in the deferred tax asset position related to the recovery of abandonment tax losses, investment allowance and a re-measurement of the energy profits levy deferred tax liability, as a result of changes in forecast production profiles and commodity prices, and legislative changes. This item is unrelated to the other exceptional items.

7. Exceptional items and certain re-measurements

(c) Impairment accounting policy, process and sensitivities

The information provided below relates to the assets and CGUs (or groups of CGUs) that have been subject to impairment during the year and/or whose recoverable amount is a key source of estimation uncertainty. See note 3(b).

Exceptional impairment of assets measured on a value-in-use (VIU) basis

Segment	Asset/CGU	Basis for impairment assessment	Recoverable amount £m	Impairment £m
Upstream	Nuclear (i)	Decrease in forecast and actual baseload power prices partially offset by the impact of life extensions at Heysham 1 & 2, Torness and Hartlepool stations.	794	48

(i) During the year ended 31 December 2023, an impairment of £549 million was booked in relation to the Nuclear investment. The recoverable amount at the end of 2023 was £903 million.

Nuclear

A VIU calculation has been used to determine the recoverable amount of the Group's investment in Nuclear. The cash flows incorporated in the valuation are based on detailed business forecasts in the short term, extrapolated to future years to account for the expected generation profile of the fleet for its remaining life. Assumptions include forward commodity prices, capacity rates, fuel and network costs, and operating and capital expenditure requirements. Price assumptions are based on liquid market prices for 2025 to 2028 which are then blended over a one-year period to long-term price forecasts. Long-term price assumptions are based on Centrica's view of long-term prices, derived from a third-party market curve.

The Electricity Generator Levy, applying a 45% tax rate to revenues generated over £75/MWh (adjusted for inflation) until 31 March 2028, based on the above price assumptions, has also been included in the assessment. See note 3.

In December 2024, the Nuclear business announced that estimated operating lifetimes at the Heysham 2 and Torness stations would be extended by two years to March 2030, and at Heysham 1 and Hartlepool would be extended by one year to March 2027. Based on prices at 31 December 2024, the lifetime extensions increased the value of the Group's investment in Nuclear by £138 million.

The VIU calculation assumes that the Sizewell plant operates until 2055, reflecting a 20-year extension beyond its original design life. In the absence of this extension, the carrying value of the Group's investment in Nuclear based on cash flows from 2035 to 2055 would be reduced by £152 million. All other stations' life assumptions are aligned to lifetime closure dates announced by the operator (being between March 2027 and March 2030). A further adjustment of one year to the lifetime of two Advanced Gas-Cooled Reactor (AGR) stations would impact carrying value by £42 million.

The VIU calculation is also sensitive to changes in outage assumptions, and the base level generation volumes assumed for the fleet were increased during the period based on a review of planned and unplanned outages. An increase or reduction of 3% in the unplanned outage rate applied to volumes across the Nuclear fleet would lead to an impairment/write-back of £80 million.

The future pre-tax cash flows generated by the investment in the associate are discounted using a pre-tax nominal discount rate of 15.3% (2023: 17.3%). This equated to a post-tax rate of 8.5% (2023: 8.5%). The post-tax discount rate is initially derived from the Group weighted average cost of capital as adjusted for the risks associated with the asset and with reference to comparator companies. The pre-tax rate is then back-calculated by removing tax cash flows and assessing the rate that would give the same result as the post-tax rate. As baseload power prices for the liquid period remain higher than longer-term forecast prices, the near-term cash flows are elevated, which caused the pre-tax discount rate to remain high. A 1% increase in the post-tax discount rate would lead to an impairment of £37 million (when compared with the year-end carrying value). Similarly, a 1% reduction in the post-tax discount rate would lead to a write-back of £43 million.

The asset is particularly sensitive to changes in commodity price and the table below details average prices for the first 5- and 10-year periods and associated sensitivities. Note that the asset is valued based on cash flows arising over its entire economic life and not just this 15-year period.

	Five-year liquid and blended-period price (i)		Ten-year long-term average price (i)		Change in pre/post-tax write-back/(impairment) (ii)			
					+10%		-10%	
	2025-2029	2024-2028	2030-2039	2029-2038				
	31 December 2024 £/MWh	31 December 2023 £/MWh	**31 December 2024 £/MWh**	31 December 2023 £/MWh	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
Baseload power	**71**	77	**61**	61	**190**	148	**(193)**	(191)
					+50% Five-year liquid and blended-period only		**-50% Five-year liquid and blended-period only**	
					436		**(632)**	

(i) Prices are shown in 2023 real terms.
(ii) A 10% change was historically deemed to represent a reasonably possible variation across the entire period covered by the liquid market and comparator curves used in the nuclear impairment test. Given the volatility in commodity prices during recent years, a further sensitivity has been included based on a 50% change in liquid and blend-period commodity prices only. Sensitivities are impacted by the effect of the Electricity Generator Levy threshold of £75/MWh (adjusted for inflation).

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on both power demand and forecast prices. As a result, a further sensitivity is disclosed below based on the average forecast prices aligned to the net zero price curves issued by Aurora and Baringa (power analytics providers), which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. This sensitivity retains the prices for the liquid period (four years) but replaces the longer term thereafter with the average of Aurora and Baringa's forecast prices for net zero.

7. Exceptional items and certain re-measurements

	Ten-year long-term average price (i)	Change in pre/post-tax impairment (ii)
	2030-2039	
	2024	£m
Baseload power (£/MWh)	**56**	**(97)**

(i) Prices shown in 2023 real terms.
(ii) Change would lead to a further write-off of the carrying value.

Exceptional impairment of assets measured on a FVLCD basis

Segment	Asset/CGU (or group of CGUs)	Basis for impairment assessment	Recoverable amount (ii) £m	FV hierarchy	Impairment £m
Centrica Business Solutions	Batteries, Gas peakers and Solar assets (i)	The reduction in forecast price capture, together with an increase in discount rate and forecast capital and operating expenditure.	252	L3	27

(i) During the year ended 31 December 2023, an impairment of £14 million was booked in relation to the Centrica Business Solutions Batteries, Gas peakers and Solar assets.
(ii) Recoverable amount is for the portfolio of assets and relates to the Property, Plant and Equipment balance only.

Fair value less costs of disposal (FVLCD) is determined by discounting the post-tax cash flows expected to be generated by the assets or CGU, net of associated selling costs, taking into account those assumptions that market participants would use in estimating fair value. Post-tax cash flows used in the FVLCD calculation are based on the Group's Board-approved business plans and longer-term strategic plans together with, where relevant, long-term production, asset usage and cash flow forecasts. These calculations are then benchmarked back to market transactions, where available, to assess alignment with typical market participant views.

Centrica Business Solutions assets

An exceptional impairment has been recorded in 2024 for Centrica Business Solutions assets measured on a FVLCD basis.

For Batteries, post-tax cash flows are derived from projected revenue streams associated with wholesale power, balancing, reserve, response and capacity markets over the life of the asset. Where forward market prices are not available, prices are determined based on third-party price forecasts, together with an assessment of extrinsic value capture.

For Gas peakers, post-tax cash flows are derived from an assessment of the clean spark-spread, which is the difference between the power revenues from generation and the cost of generation (gas and carbon costs), together with other revenue streams associated with balancing mechanism and capacity and availability markets. Where forward market prices are not available, prices are determined based on third-party price forecasts.

The future post-tax cash flows for both Batteries and Gas peakers are discounted using a post-tax nominal discount rate of 8.0% (2023: 7.5%).

For Solar assets, post-tax cash flows are derived from an assessment of expected solar activity and the ability to capture future baseload power prices. Prices are determined based on a third-party capture price forecast.

The future post-tax cash flows for Solar assets, are discounted using a post-tax nominal discount rate of 6.0% (2023: 6.0%).

For all assets, post-tax cash flows also include an assessment of forecast capital and operating expenditure.

Upstream gas production assets

No Upstream gas production assets have been impaired during the year but they still have a significant carrying value on the balance sheet (see note 13) and accordingly further sensitivities are provided below.

For Upstream gas production assets post-tax cash flows are derived from projected production profiles of each field, taking into account forward prices for gas and liquids over the relevant period. Where forward market prices are not available (i.e. outside the active period for each commodity), prices are determined based on Centrica's view of long-term prices, derived from a third-party market curve. The date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, production costs, the contractual duration of the licence area and the selling price of the gas and liquids produced. As each field has specific reservoir characteristics and economic circumstances, the post-tax cash flows for each field are computed using individual economic models. Price assumptions are critical and use liquid market prices for 2025 to 2028, blended over a one-year period to long-term price forecasts. Long-term price assumptions are Centrica's view of long-term prices as derived from a third-party market curve and are deemed best aligned with pricing that a reasonable market participant would use. Following the implementation of the Energy Profits Levy, the increased tax rates have been included in the FVLCD calculations until the sunset date of 31 March 2030.

The future post-tax cash flows are discounted using a post-tax nominal discount rate of 11.0% (2023: 11.0%).

As forward commodity prices are a key assumption in these valuations, average prices and associated impairment sensitivities for the Group's upstream gas assets are shown below. Note that the fields are valued over their respective economic lives and the 5- and 10-year pricing information shown below is just to provide context. Note that the asset portfolio reserves are predominantly gas (rather than liquids) and therefore only NBP gas prices have been shown on the next page.

7. Exceptional items and certain re-measurements

	Five-year liquid and blended-period price [i]		Ten-year long-term average price [i]		Change in post-tax write-back/(impairment) [ii] [iii]			
					+10%		-10%	
	2025-2029	2024-2028	2030-2039	2029-2038				
	31 December 2024	31 December 2023	**31 December 2024**	31 December 2023	**31 December 2024 £m**	31 December 2023 £m	**31 December 2024 £m**	31 December 2023 £m
NBP (p/th)	**82**	76	**70**	66	**—**	6	**—**	(5)
					+50% Five-year liquid and blended-period only		**-50% Five-year liquid and blended-period only**	
					—		**(116)**	

(i) Prices are shown in 2023 real terms.

(ii) Sensitivity relates to Upstream exploration and production assets and CGUs. A 10% change was historically deemed to represent a reasonably possible variation across the entire period covered by both the liquid market and longer-term forecasts used in upstream gas impairment tests. Given the significant movements in commodity prices during the last few years, a further sensitivity has been included based on a 50% change in liquid and blend-period commodity prices only. The changes shown relate to further write-backs or impairments and are restricted because the most material fields have already been written back to their depreciated historic cost and have excess impairment headroom.

(iii) Whilst no write-back or impairment would be required with a +/-10% price movement, the post-tax recoverable amounts would move by +£62 million/-£64 million.

Furthermore, there is also uncertainty due to climate change and international governmental intervention to reduce CO_2 emissions and the likely impact this will have on gas demand and forecast prices. As a result, a further sensitivity is disclosed below based on forecast prices aligned to an average of the International Energy Agency's (IEA), Bloomberg NEF, Aurora and Baringa's net zero emissions by 2050, which assumes governmental policies are put in place to achieve the temperature and net zero goals by 2050. This sensitivity retains the prices for the liquid period (four years) but replaces the longer term thereafter with the average of these forecast prices for net zero emissions by 2050.

	Ten-year long-term average price [i]	Change in post-tax impairment [ii]
	2030-2039	
	2024	**£m**
NBP (p/th)	**61**	**—**

(i) Prices shown in 2023 real terms.

(ii) Change in impairment is restricted due to the most material fields having already been written back to their depreciated historic cost and having excess impairment headroom, as well as most hydrocarbon production being in the liquid period and hence unaffected by net zero pricing.

8. Net finance income/(cost)

Financing costs mainly comprise interest on bonds and bank debt, the results of hedging activities used to manage foreign exchange and interest rate movements on the Group's borrowings and notional interest arising from the discounting of decommissioning provisions and pensions. An element of financing cost is capitalised on qualifying projects.

Investment income predominantly includes interest received from short-term investments in money market funds, bank deposits and government bonds.

	2024			2023		
Year ended 31 December	**Financing costs £m**	**Investment income £m**	**Total £m**	Financing costs £m	Investment income £m	Total £m
Financing (cost)/income from net debt:						
Interest income	**—**	**313**	**313**	—	269	269
Interest cost on bonds, bank loans and overdrafts	**(235)**	**—**	**(235)**	(262)	—	(262)
Interest cost on lease liabilities	**(13)**	**—**	**(13)**	(12)	—	(12)
	(248)	**313**	**65**	(274)	269	(5)
Net losses on revaluation	**—**	**—**	**—**	(2)	—	(2)
Notional interest arising from discounting	**(23)**	**—**	**(23)**	(14)	—	(14)
	(271)	**313**	**42**	(290)	269	(21)
Other interest charges [i]	**(9)**	**—**	**(9)**	(20)	—	(20)
Capitalised borrowing costs [ii]	**11**	**—**	**11**	2	—	2
Financing (cost)/income before exceptional items	**(269)**	**313**	**44**	(308)	269	(39)
Exceptional items [iii]	**(68)**	**—**	**(68)**	—	—	—
Financing (cost)/income	**(337)**	**313**	**(24)**	(308)	269	(39)

(i) Other interest charges includes interest charged on cash collateral, and fees for letters of credit. The cash flow associated is £16 million (2023: £20 million).

(ii) Borrowing costs have been capitalised using an average rate of 8.54% (2023: 8.39%).

(iii) During the year the Group repurchased £370 million of debt instruments and refinanced a hybrid bond designated in a fair value hedge relationship, resulting in an exceptional financing cost of £68 million (2023: £nil). See notes 7(b) and 25 for further details.

9. Taxation

The taxation note details the different tax charges and rates, including current and deferred tax arising in the Group. The current tax charge is the tax payable on this year's taxable profits together with amendments in respect of tax provisions made in earlier years. This tax charge excludes the Group's share of taxation on the results of joint ventures and associates. Deferred tax represents the tax on differences between the accounting carrying values of assets and liabilities and their tax bases. These differences are temporary and are expected to unwind in the future.

(a) Analysis of tax charge

	2024			2023		
Year ended 31 December	Business performance £m	Exceptional items and certain re-measurements £m	Results for the year £m	Business performance £m	Exceptional items and certain re-measurements £m	Results for the year £m
Current tax						
UK corporation tax	**(383)**	**146**	**(237)**	(535)	105	(430)
UK energy profits levy	**(243)**	**—**	**(243)**	(160)	11	(149)
UK petroleum revenue tax	**37**	**—**	**37**	1	—	1
Non-UK tax	**(35)**	**(17)**	**(52)**	(100)	—	(100)
Adjustments in respect of prior years – UK	**(1)**	**(50)**	**(51)**	3	(26)	(23)
Adjustments in respect of prior years – non-UK	**(7)**	**—**	**(7)**	2	—	2
Total current tax	**(632)**	**79**	**(553)**	(789)	90	(699)
Deferred tax						
Origination and reversal of temporary differences – UK	**(8)**	**(22)**	**(30)**	(92)	(1,312)	(1,404)
UK energy profits levy	**70**	**188**	**258**	34	(376)	(342)
Change in UK tax rate	**—**	**—**	**—**	(2)	(3)	(5)
UK petroleum revenue tax	**(2)**	**—**	**(2)**	—	52	52
Origination and reversal of temporary differences – non-UK	**2**	**(9)**	**(7)**	4	(20)	(16)
Adjustments in respect of prior years – UK	**14**	**3**	**17**	7	(26)	(19)
Adjustments in respect of prior years – non-UK	**3**	**—**	**3**	—	—	—
Total deferred tax	**79**	**160**	**239**	(49)	(1,685)	(1,734)
Total UK tax	**(516)**	**265**	**(251)**	(744)	(1,575)	(2,319)
Total non-UK tax	**(37)**	**(26)**	**(63)**	(94)	(20)	(114)
Total taxation on profit for the year (i)	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)

(i) Total taxation on profit excludes taxation on the Group's share of results of joint ventures and associates.

UK tax rates

Most activities in the UK are subject to the standard rate for UK corporation tax of 25% (2023: 23.5%). Upstream gas production activities are taxed at a rate of 30% (2023: 30%), a supplementary charge of 10% (2023: 10%), plus the Energy Profits Levy of 35% from 1 January 2024 to 31 October 2024 and 38% from 1 November 2024 to 31 December 2024 (2023: 35%) to give an overall tax rate of 75.5% (2023: 75%). Certain upstream gas production assets in the UK are subject to the UK petroleum revenue tax (PRT) regime at the current tax rate of 0% (2023: 0%).

Non-UK tax rates

Taxation in non-UK jurisdictions, where the Group has a substantial presence, is calculated at the rate prevailing in those respective jurisdictions.

The main non-UK rates of corporation tax are 12.5% (2023: 12.5%) plus a top-up tax of 2.5% (2023: 0%) in the Republic of Ireland, 22% (2023: 22%) in Denmark and 17% (2023: 17%) in Singapore.

Prior year adjustments reflect changes made to estimates or to judgements when further information becomes available.

Movements in deferred tax liabilities and assets are disclosed in note 16. Tax on items taken directly to equity is disclosed in note S4.

9. Taxation

(b) Factors affecting the tax charge

The Group is expected to continue carrying out most of its business activities in the UK and accordingly considers the standard UK rate to be the appropriate reference rate.

The differences between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation are as follows:

Year ended 31 December	**2024** Business performance £m	**2024** Exceptional items and certain re-measurements £m	**2024** Results for the year £m	2023 Business performance £m	2023 Exceptional items and certain re-measurements £m	2023 Results for the year £m
Profit before taxation	**1,596**	**83**	**1,679**	2,713	3,760	6,473
(Deduct)/add back share of (profits)/losses of joint ventures and associates, net of interest and taxation	**(256)**	**–**	**(256)**	(209)	1	(208)
	1,340	**83**	**1,423**	2,504	3,761	6,265
Tax on profit at standard UK corporation tax rate of 25% (2023: 23.5%)	**(335)**	**(21)**	**(356)**	(588)	(884)	(1,472)
Effects of:						
Depreciation/impairment on non-qualifying assets	**–**	**(12)**	**(12)**	(1)	(129)	(130)
Other permanent differences	**5**	**1**	**6**	(16)	1	(15)
Electricity Generator Levy	**(20)**	**–**	**(20)**	(67)	–	(67)
Higher rates applicable to Upstream profits/losses	**(61)**	**121**	**60**	(44)	(180)	(224)
Energy Profits Levy charge for the year	**(173)**	**177**	**4**	(133)	(395)	(528)
Energy Profits Levy re-measurement of deferred tax balances	**–**	**11**	**11**	7	30	37
Petroleum revenue tax	**20**	**–**	**20**	–	52	52
Non-UK tax rates (excluding Upstream)	**10**	**16**	**26**	6	17	23
Movements in uncertain tax provisions	**–**	**–**	**–**	(1)	–	(1)
Write-back/(impairment) of deferred tax assets relating to Upstream losses and decommissioning	**–**	**13**	**13**	–	(55)	(55)
Changes in UK tax rate	**–**	**–**	**–**	(2)	(3)	(5)
Prior year adjustment	**9**	**(47)**	**(38)**	12	(52)	(40)
Other (non-tax deductible)/non-taxable items	**(8)**	**(20)**	**(28)**	(11)	3	(8)
Taxation on profit	**(553)**	**239**	**(314)**	(838)	(1,595)	(2,433)
Less: movement in deferred tax	**(79)**	**(160)**	**(239)**	49	1,685	1,734
Total current tax	**(632)**	**79**	**(553)**	(789)	90	(699)

The Group is subject to taxation in a number of jurisdictions. The complexity of applicable rules may result in legitimate differences of interpretation between the Group and taxing authorities (or between different taxing authorities) especially where an economic judgement or valuation is involved. Resolution of these differences typically takes many years. The uncertain tax provisions represent multiple layers of estimation for different time periods and different jurisdictions.

The Group has applied IFRIC 23 'Uncertainty over Income Tax Treatments'. The interpretation requires consideration of the likelihood that the relevant taxing authority will accept an uncertain tax treatment in order to determine the measurement basis. The value is calculated in accordance with the rules of the relevant tax authority when acceptance is deemed probable.

The Group's uncertain tax provision relates to differences in the interpretation of tax legislation in the UK and Canada. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ. The uncertain tax provision represents management's assessment of the likely outcome of each issue.

At 31 December 2024 the provision for uncertain tax items was £42 million (2023: £43 million). The Group provided an indemnity to Sval Energi following the sale of Spirit Energy's Norwegian business and the transfer of the legal liabilities in respect of open tax disputes. Any movement in the underlying indemnity (excluding movements attributable to foreign exchange rates) will be recorded through the profit before tax of the Group. As at 31 December 2024 the indemnity in respect of the tax disputes was £100 million (2023: £123 million).

9. Taxation

(c) Factors that may affect future tax charges

The Group's effective tax rates are impacted by changes to the mix of activities and profitability across the territories in which it operates. Effective tax rates may also fluctuate where profits and losses cannot be offset for tax purposes. For example, losses arising in one territory cannot be offset against profits in another. The Group's effective tax rate is dependent on the proportion of Group profits and losses arising from its UK upstream and nuclear activities relative to lower taxed UK and other jurisdictions' profits and losses. The headline rate of tax on ring fence profits from gas production in the UK was 75.5% (consisting of ring fence corporation tax of 30%, supplementary charge of 10%, and the Energy Profits Levy of 35% to 31 October 2024 and 38% thereafter) versus 25% UK statutory corporation tax rate.

The Energy Profits Levy is a temporary measure and will apply to gas production profits until 31 March 2028. The Budget on 30 October 2024 announced that the Government would extend the Energy Profit Levy until 31 March 2030. The Finance Bill 2024 was not substantively enacted by 31 December 2024 and as a result the Group's deferred tax balances have not been re-measured to reflect the extension of the Energy Profit Levy. See note 16 for an estimate of the impact of the re-measurement of the Group's deferred tax balances that will arise as a result of the enactment of the Finance Bill 2024.

On 9 June 2023 the UK Government announced the Energy Security Investment Mechanism. As a result, the Energy Profits Levy will cease to apply if average oil and gas prices fall to historically normal levels for two consecutive quarters. Based on 20-year averages, normal levels would be achieved where both average oil and gas prices fall to, or below, US$71.40 per barrel for oil and 54 pence per therm for gas. If the Energy Profits Levy ceases to apply, the headline rate on ring fence profits will reduce to 40%. Based on the independent Office for Budget Responsibility's forecast, the Energy Security Investment Mechanism is not expected to be triggered before the planned end date for Energy Profits Levy of 31 March 2030.

PRT is set at 0% but may still give rise to historical refunds from the carry-back of excess reliefs (for example, from decommissioning).

The Electricity Generator Levy applies from 1 January 2023 to 31 March 2028 at the tax rate of 45% to electricity generation revenues, which will be determined by reference to revenue from sales exceeding a benchmark price of £77.94/MWh (2023: £75/MWh). The benchmark price is indexed on 1 April each year by reference to Consumer Price Index for the previous December. The Electricity Generator Levy is not an income tax for accounting purposes and therefore is included in the Group's cost of sales and share of the results of joint ventures' and associates' operating profits and is not deductible for the purposes of UK corporation tax. The Electricity Generator Levy legislation is complex and there remains some uncertainty over how the provisions are to be applied and consequently the amount of levy payable. See note 3(b) for details of the uncertainties regarding the application of the Electricity Generator Levy to the Group's revenues.

The Group monitors income tax developments in all the jurisdictions in which the Group operates, including the OECD Base Erosion and Profit Shifting (BEPS) initiative (Pillar 2), which may affect the Group's tax liabilities.

The Governments of the UK, Republic of Ireland, Denmark and Singapore (the main jurisdictions in which the Group operates) have legislated for a minimum tax rate of 15% to apply with effect from 1 January 2024 (or 1 January 2025 in Singapore).

The Group does not expect its tax liabilities to be materially increased as a result of the implementation of the Pillar 2 rules. The Group is currently assessing their detailed impact, but the Republic of Ireland is the only jurisdiction that is likely to be affected. The impact on the Group's effective tax rate based on 2024 profits is less than 1%.

(d) Relationship between current tax charge and taxes paid

Year ended 31 December	2024 UK £m	2024 Non-UK £m	2024 Total £m	2023 UK £m	2023 Non-UK £m	2023 Total £m
Current tax charge/(credit):						
Corporation tax	**531**	**59**	**590**	602	98	700
Petroleum revenue tax	**(37)**	**—**	**(37)**	(1)	—	(1)
Total tax on results for the year (per note 9(b))	**494**	**59**	**553**	601	98	699
Current tax included in other comprehensive income (i)	**(36)**	**—**	**(36)**	(29)	—	(29)
Total tax charge	**458**	**59**	**517**	572	98	670
Taxes paid/(refunded):						
Corporation tax	**493**	**144**	**637**	690	116	806
Petroleum revenue tax	**(1)**	**—**	**(1)**	(3)	—	(3)
	492	**144**	**636**	687	116	803
Included in the following lines of the Group Cash Flow Statement:						
Taxes paid			**636**			803
Included in Cost of Sales in the Group Income Statement:						
Electricity generator levy payable and paid (ii)			**80**			285

(i) Current tax movements relating to pension deficit payments are reported in other comprehensive income.
(ii) This excludes £86 million share of Electricity Generator Levy recognised in the Nuclear associate.

Differences between current tax charged and taxes paid arose principally due to the following factors:

- Corporation tax payments are generally made by instalment, based on estimated taxable profits, or the prior period's profits. Fluctuations in profits from year to year, one-off items and mark-to-market movements within the year may therefore give rise to divergence between the charge for the year and the taxes paid. In certain jurisdictions advance tax payments are required (based on estimated tax liabilities) which can result in overpayments. These are included as tax assets, to be refunded in a subsequent period; and
- PRT refunds are based on results in the preceding six-monthly PRT period, therefore PRT cash movements will reflect refunds on a six-month delay.

10. Earnings per ordinary share

Earnings per share (EPS) is the amount of profit or loss attributable to each share. Basic EPS is the amount of profit or loss for the year divided by the weighted average number of shares in issue during the year. Diluted EPS includes the impact of outstanding share options.

Basic earnings per ordinary share has been calculated by dividing the profit attributable to equity holders of the Company for the year of £1,332 million (2023: £3,929 million) by the weighted average number of ordinary shares in issue during the year of 5,187 million (2023: 5,569 million). The number of shares excludes 573 million ordinary shares (2023: 339 million), being the weighted average number of the Company's own shares held in the employee share trust and treasury shares repurchased during the year by the Group as part of the share buyback programme. These 573 million shares do not include shares expected to be repurchased as part of the Group's share buyback programme during 2025. See note S4.

The Directors believe that the presentation of adjusted basic earnings per ordinary share, being the basic earnings per ordinary share adjusted for certain re-measurements and exceptional items, assists with understanding the underlying performance of the Group, as explained in note 2.

Information presented for diluted and adjusted diluted earnings per ordinary share uses the weighted average number of ordinary shares as adjusted for 119 million (2023: 91 million) potentially dilutive ordinary shares as the denominator, unless it has the effect of increasing the profit or decreasing the loss attributable to each ordinary share.

Basic to adjusted basic earnings per ordinary share reconciliation

	2024		2023	
Year ended 31 December	£m	Pence per ordinary share	£m	Pence per ordinary share
Earnings – basic	**1,332**	**25.7**	3,929	70.6
Net exceptional items after taxation (notes 2 and 7) (i)	**132**	**2.5**	600	10.8
Certain re-measurement gains after taxation (notes 2 and 7) (i)	**(480)**	**(9.2)**	(2,670)	(48.0)
Earnings – adjusted basic	**984**	**19.0**	1,859	33.4
Earnings – diluted	**1,332**	**25.1**	3,929	69.4
Earnings – adjusted diluted	**984**	**18.5**	1,859	32.8

(i) Net exceptional items after taxation and certain re-measurement gains after taxation are adjusted to reflect the share attributable to non-controlling interests.

11. Dividends

Dividends represent the return of profits to shareholders. Dividends are paid as an amount per ordinary share held. The Group retains part of the profits generated to meet future investment plans or to fund share buyback programmes.

	2024			2023		
	£m	Pence per ordinary share	Date of payment	£m	Pence per ordinary share	Date of payment
Prior year final dividend	**141**	**2.67**	**11 Jul 2024**	113	2.00	20 Jul 2023
Interim dividend	**78**	**1.50**	**14 Nov 2024**	73	1.33	16 Nov 2023
	219			186		

The Directors propose a final dividend of 3.00 pence per ordinary share for the year ended 31 December 2024 (which would total £153 million based on shareholding at that date). The dividend will be paid on 5 June 2025 to those shareholders registered on 2 May 2025.

The Company has sufficient distributable reserves to pay dividends to its ultimate shareholders. Distributable reserves are calculated on an individual legal entity basis and the ultimate parent company, Centrica plc, currently has adequate levels of realised profits within its retained earnings to support dividend payments. Refer to the Centrica plc Company Balance Sheet on page 271. At 31 December 2024, Centrica plc's Company-only distributable reserves were c.£4.0 billion (2023: c.£4.5 billion). On an annual basis, the distributable reserve levels of the Group's subsidiary undertakings are reviewed and dividends paid up to Centrica plc as appropriate to replenish its reserves.

12. Acquisitions and disposals

This section details business combinations, asset acquisitions and disposals made by the Group.

(a) Business combinations and asset acquisitions

During the year, Centrica Business Solutions acquired a number of companies with existing grid connections for the purpose of building power assets in line with the Group's strategy of being a flexible energy provider. The total consideration was £13 million with the transactions being accounted for as asset acquisitions.

On 29 July 2024 the Group announced the acquisition of 100% of the issued share capital of Ensek Holdings Limited , a leading provider of digital transformation services in the energy sector, and its innovative customer account management platform, Ignition, for £91 million in cash consideration. The transaction completed on 20 September 2024. The acquisition will deliver strong returns aligned with the Group's capital allocation framework and investment thresholds and will enhance the Group's ability to offer innovative propositions to its customers as the energy system continues to develop.

There have been no material updates to the fair value of assets and liabilities recognised for businesses acquired in 2023.

Provisional fair value of the identifiable assets and liabilities

	Ensek Holdings Limited £m
Balance Sheet items:	
Intangible assets	31
Current assets (including £12 million of cash and cash equivalents)	30
Current liabilities	(51)
Net identifiable assets acquired	10
Goodwill	81
Net assets acquired	91
Consideration comprises:	
Cash consideration	91
Income Statement items:	
Revenue recognised since the acquisition date in the Group Income Statement [(i)]	1
Loss since the acquisition date in the Group Income Statement [(i)]	(17)

(i) Post-acquisition revenue recognised by Ensek included £11 million of intra-group trading, which has been eliminated on consolidation. The loss since the acquisition date reported by Ensek, including this internal revenue, totalled £6 million.

The goodwill is attributable to the workforce and the cost savings arising from owning and controlling the Ignition customer account management platform. It will not be deductible for tax purposes.

Pro forma information

The pro forma consolidated results of the Group, assuming the acquisitions had been made at the beginning of the year, would show revenue of £19,916 million (compared to reported revenue of £19,913 million) and profit after taxation of £1,327 million (compared to reported profit after taxation of £1,365 million).

(b) Disposals

During the year there have been no material disposals either individually or in aggregate.

13. Property, plant and equipment

PP&E includes significant investment in power generating assets, storage assets and gas and liquid production assets. Once operational, all assets are depreciated over their useful lives.

(a) Carrying amounts

	2024					2023				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Cost										
1 January	294	825	372	11,674	**13,165**	235	691	199	11,517	12,642
Acquisitions (note 12)	—	12	1	—	**13**	1	7	70	—	78
Additions and capitalised borrowing costs	11	203	188	51	**453**	53	123	108	89	373
Disposals/retirements	(8)	(33)	(9)	—	**(50)**	(8)	(33)	(3)	—	(44)
Decommissioning liability and dilapidations revisions and additions (note 21)	2	1	—	(10)	**(7)**	4	—	2	92	98
Lease modifications and re-measurements	18	(9)	—	4	**13**	12	50	—	8	70
Exchange adjustments	(5)	—	(16)	(68)	**(89)**	(3)	(13)	(4)	(32)	(52)
31 December	**312**	**999**	**536**	**11,651**	**13,498**	294	825	372	11,674	13,165
Accumulated depreciation and impairment										
1 January	149	464	55	10,651	**11,319**	131	396	45	10,322	10,894
Charge for the year [(i)]	24	80	13	270	**387**	24	85	12	274	395
Impairments	8	22	13	6	**49**	3	18	2	82	105
Disposals/retirements	(8)	(33)	(9)	—	**(50)**	(8)	(32)	(3)	—	(43)
Exchange adjustments	—	—	(1)	(65)	**(66)**	(1)	(3)	(1)	(27)	(32)
31 December	**173**	**533**	**71**	**10,862**	**11,639**	149	464	55	10,651	11,319
NBV at 31 December	**139**	**466**	**465**	**789**	**1,859**	145	361	317	1,023	1,846

(i) Depreciation of £313 million (2023: £324 million) has been recognised in cost of sales, and £74 million (2023: £71 million) in operating costs before exceptional items.

13. Property, plant and equipment

(b) Assets in the course of construction included in above carrying amounts

31 December	2024 £m	2023 £m
Plant, equipment and vehicles	**150**	99
Gas production and storage	**11**	29
Power generation	**295**	166

(c) Additional information relating to right-of-use assets included in the above

	2024					2023				
	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m	Land and buildings £m	Plant, equipment and vehicles £m	Power generation £m	Gas production and storage £m	Total £m
Additions	**11**	**14**	**—**	**15**	**40**	47	41	—	—	88
Depreciation charge for the year	**(23)**	**(59)**	**—**	**(11)**	**(93)**	(23)	(65)	—	(10)	(98)
NBV at 31 December	**122**	**163**	**—**	**22**	**307**	123	223	—	14	360

Further information on the Group's leasing arrangements is provided in note 23.

14. Interests in joint ventures and associates

Investments in joint ventures and associates represent businesses where we exercise joint control or significant influence and generally have an equity holding of up to 50%. These include the investment in Lake Acquisitions Limited, which owns the existing UK nuclear power station fleet.

(a) Interests in joint ventures and associates

	2024 Investments in joint ventures and associates £m	2023 Investments in joint ventures and associates £m
1 January	**903**	1,580
Additions	**—**	9
Impairments (i)	**(48)**	(549)
Share of profit for the year	**256**	208
Share of other comprehensive income/(loss) (ii)	**38**	(95)
Dividends	**(355)**	(220)
Disposals	**—**	(28)
Other movements	**—**	(2)
31 December	**794**	903

(i) The £48 million in 2024 relates to the Nuclear investment impairment (2023: £549 million). See note 7 for further details.
(ii) Share of other comprehensive income/(loss) mainly relates to actuarial changes on pension schemes within the Nuclear investment.

(b) Share of joint ventures' and associates' assets and liabilities

31 December	2024 £m	2023 £m
Share of non-current assets	**4,278**	3,888
Share of current assets	**758**	780
	5,036	4,668
Share of current liabilities	**(305)**	(270)
Share of non-current liabilities	**(2,843)**	(2,449)
	(3,148)	(2,719)
Cumulative impairment	**(1,094)**	(1,046)
Interests in joint ventures and associates	**794**	903
Net cash included in share of net assets	**73**	99

Further information on the Group's investments in joint ventures and associates is provided in notes 6 and S10.

15. Other intangible assets and goodwill

The Group Balance Sheet contains significant intangible assets. Goodwill, customer relationships and brands usually arise when we acquire a business. Goodwill is attributable to enhanced geographical presence, cost savings, synergies, growth opportunities, the assembled workforce and also arises from items such as deferred tax. Goodwill is not amortised but is assessed for recoverability each year.

The Group uses European Union Allowances (EUAs) and Renewable Obligation Certificates/Renewable Energy Certificates (ROCs/RECs) to satisfy its related obligations.

Upstream exploration and evaluation expenditure is capitalised as an intangible asset until development of the asset commences, at which point it is transferred to PP&E or is deemed not commercially viable and is written down.

(a) Carrying amounts

	2024					2023					
	Customer relationships and brands £m	Application software (i)(ii) £m	EUA/ ROC/ REC (iii) £m	Goodwill £m	Total £m	Customer relationships and brands £m	Application software (i)(ii) £m	EUA/ ROC/ REC (iii) £m	Exploration and evaluation expenditure £m	Goodwill £m	Total £m
Cost											
1 January	164	1,515	293	673	**2,645**	208	1,510	280	121	680	2,799
Acquisitions (note 12)	—	31	—	81	**112**	4	—	—	—	—	4
Additions and capitalised borrowing costs	—	37	856	—	**893**	—	49	780	—	—	829
Disposals/retirements and surrenders	—	(54)	(830)	—	**(884)**	(46)	(38)	(767)	(121)	—	(972)
Exchange adjustments	(3)	(4)	—	(10)	**(17)**	(2)	(6)	—	—	(7)	(15)
31 December	**161**	**1,525**	**319**	**744**	**2,749**	164	1,515	293	—	673	2,645
Accumulated amortisation and impairment											
1 January	84	1,255	—	268	**1,607**	111	1,180	—	121	271	1,683
Amortisation (iv)	5	81	—	—	**86**	16	107	—	—	—	123
Disposals/retirements and surrenders	—	(54)	—	—	**(54)**	(46)	(38)	—	(121)	—	(205)
Impairments	—	1	—	—	**1**	5	10	—	—	—	15
Exchange adjustments	(2)	(2)	—	(2)	**(6)**	(2)	(4)	—	—	(3)	(9)
31 December	**87**	**1,281**	**—**	**266**	**1,634**	84	1,255	—	—	268	1,607
NBV at 31 December	**74**	**244**	**319**	**478**	**1,115**	80	260	293	—	405	1,038

(i) Application software includes assets under construction with a cost of £28 million (2023: £110 million).

(ii) The remaining amortisation period of individually material application software assets, which have a carrying value of £132 million (2023: £65 million), is up to 15 years. Additionally, there is £13 million (2023: £82 million) of individually material software assets under construction.

(iii) The Group has assessed the expected submission dates of EUA/ROC/RECs currently held and where they are expected to be surrendered within a year of purchase, they are presented within current assets, otherwise as non-current. At 31 December 2024, £319 million (2023: £293 million) is presented within current assets.

(iv) Amortisation of £86 million (2023: £123 million) has been recognised in operating costs before exceptional items.

15. Other intangible assets and goodwill

(b) Carrying amount of goodwill and intangible assets with indefinite useful lives allocated to CGUs

Goodwill acquired through business combinations, and indefinite-lived intangible assets, have been allocated for impairment testing purposes to individual CGUs or groups of CGUs, each representing the lowest level within the Group at which the goodwill or indefinite-lived intangible asset is monitored for internal management purposes. See note S2 for further details on impairment assumptions.

		2024			2023		
31 December	Principal acquisitions to which goodwill and intangibles with indefinite useful lives relate	**Carrying amount of goodwill £m**	**Carrying amount of indefinite-lived intangible assets [i] £m**	**Total £m**	Carrying amount of goodwill £m	Carrying amount of indefinite-lived intangible assets [i] £m	Total £m
CGUs							
British Gas Services & Solutions	AlertMe/Dyno-Rod	**63**	**57**	**120**	63	57	120
British Gas Energy	Enron Direct/Electricity Direct/ Ensek	**202**	**—**	**202**	121	—	121
Centrica Business Solutions							
– Energy supply	Enron Direct/Electricity Direct	**60**	**—**	**60**	60	—	60
Bord Gáis Energy	Bord Gáis Energy	**15**	**—**	**15**	16	—	16
Centrica Energy	Neas Energy	**138**	**—**	**138**	145	—	145
		478	**57**	**535**	405	57	462

(i) The indefinite-lived intangible assets relate mainly to the Dyno-Rod brand.

The Group has considered the impact of climate change on the carrying value of goodwill, including the impact of the risks and opportunities. See note 3(c).

16. Deferred tax liabilities and assets

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities. The principal deferred tax assets and liabilities recognised by the Group relate to capital investments, decommissioning assets and provisions, tax losses, fair value movements on derivative financial instruments, petroleum revenue tax (PRT) and pensions.

	Accelerated tax depreciation (corporation tax) £m	Net decommissioning (i) £m	Losses carried forward (ii) £m	Other timing differences £m	Marked-to-market positions £m	Net deferred PRT (iii) £m	Retirement benefit obligation £m	Total £m
1 January 2023	(595)	455	216	4	1,713	29	(121)	1,701
Credit/(charge) to income	115	(13)	(122)	(6)	(1,738)	52	(22)	(1,734)
Credit to equity	—	—	—	6	—	—	64	70
Exchange and other adjustments	—	—	—	(5)	—	—	—	(5)
31 December 2023	(480)	442	94	(1)	(25)	81	(79)	**32**
Credit/(charge) to income	71	48	(33)	54	110	(2)	(9)	**239**
Charge to equity	—	—	—	(4)	—	—	(7)	**(11)**
Exchange and other adjustments	(5)	—	—	(4)	—	—	—	**(9)**
31 December 2024	**(414)**	**490**	**61**	**45**	**85**	**79**	**(95)**	**251**

(i) Net decommissioning includes deferred tax assets of £605 million (2023: £617 million) in respect of decommissioning provisions.
(ii) The losses arise principally from accelerated allowances for upstream investment expenditure, for which equivalent deferred tax liabilities are included under accelerated tax depreciation.
(iii) The deferred PRT amounts include the effect of deferred corporation tax as PRT is chargeable to corporation tax.

Certain deferred tax assets and liabilities have been offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2024		2023	
31 December	**Assets £m**	**Liabilities £m**	Assets £m	Liabilities £m
Gross deferred tax balances	**791**	**(540)**	1,007	(975)
Offsetting deferred tax balances	**(452)**	**452**	(551)	551
Net deferred tax balances (after offsetting for financial reporting purposes)	**339**	**(88)**	456	(424)

Deferred tax assets arise typically on decommissioning provisions, trading losses carried forward, retirement benefit obligations and marked-to-market positions. Forecasts indicate that there will be suitable taxable profits to utilise those deferred tax assets not offset against deferred tax liabilities. Specific legislative provisions applicable to gas production provide assurance that deferred tax assets relating to decommissioning costs and certain trading losses will be utilised.

The UK upstream deferred tax assets and liabilities were measured at the headline rate of tax of 78% applicable to the UK gas profits, consisting of 30% ring fence corporation tax, 10% supplementary charge and 38% Energy Profits Levy.

The Budget on 30 October 2024 announced that the Government would extend the Energy Profit Levy until 31 March 2030 from 31 March 2028. The Finance Bill 2024 was not substantively enacted by 31 December 2024 and as a result the Group's deferred tax balances have not been re-measured to reflect the extension of the Energy Profit Levy. It is estimated that the Group's deferred tax liabilities will increase by £79 million following substantive enactment of Finance Bill 2024.

At the balance sheet date, the Group had £1,295 million (2023 revised: £1,438 million) unrecognised deductible temporary differences related to carried forward tax losses and other temporary differences available for utilisation against future taxable profits.

At the balance sheet date, no taxable temporary differences existed in respect of the Group's overseas investments (2023: £nil).

We have applied the mandatory exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar 2 income taxes in accordance with the amendments to IAS 12 adopted by the UK Endorsement Board on 19 July 2023.

17. Trade and other receivables and contract-related assets

Trade and other receivables include accrued income, and are amounts owed by our customers for goods we have delivered or services we have provided. These balances are valued net of expected credit losses. Other receivables include payments made in advance to our suppliers. Contract-related assets are balances arising as a result of the Group's contracts with customers in the scope of IFRS 15.

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Financial assets:				
Trade receivables	**3,270**	**—**	2,991	—
Unbilled downstream energy income	**968**	**—**	1,065	—
Trading and energy procurement accrued income (i)	**1,653**	**—**	1,782	—
Other accrued income	**71**	**—**	76	—
Cash collateral posted	**191**	**—**	260	—
Other receivables (including contract assets) (ii)	**264**	**52**	221	104
	6,417	**52**	6,395	104
Less: provision for credit losses	**(1,532)**	**—**	(1,309)	—
	4,885	**52**	5,086	104
Non-financial assets: prepayments, other receivables and costs to obtain a contract with a customer (iii)	**319**	**127**	323	106
	5,204	**179**	5,409	210

(i) Trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, are settled in a short period of time and expected credit losses are not significant.

(ii) Other receivables includes amounts owed to Bord Gáis under public service obligation schemes of £90 million (2023: £97 million).

(iii) Includes costs of £28 million (2023: £10 million) incurred to obtain contracts with customers in the British Gas Energy and British Gas Services & Solutions segments. Costs are amortised over the expected tenure of the customer contract. See note S2.

The amounts above include gross amounts receivable arising from the Group's IFRS 15 contracts with customers of £3,195 million (2023: £2,782 million). Additionally, accrued income of £1,032 million (2023: £1,115 million) arising under IFRS 15 contracts is included.

Trade and other receivables include financial assets representing the contractual right to receive cash or other financial assets from residential customers, business customers and treasury, trading and energy procurement counterparties as follows:

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Financial assets by business type:				
Residential customers	**2,897**	**—**	2,725	3
Business customers	**1,517**	**50**	1,516	98
Treasury, trading and energy procurement counterparties	**2,003**	**2**	2,154	3
	6,417	**52**	6,395	104
Less: provision for credit losses	**(1,532)**	**—**	(1,309)	—
	4,885	**52**	5,086	104

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

The impairment charge in trade receivables is stated net of credits for the release of specific provisions made in previous years, which are no longer required. These relate primarily to residential and business customers in the UK. Movements in the provision for credit losses by business type are as follows:

	2024				2023			
	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	**Total £m**	Residential customers £m	Business customers £m	Treasury, trading and energy procurement counterparties £m	Total £m
1 January	(850)	(443)	(16)	**(1,309)**	(567)	(305)	—	(872)
Increase in impairment of trade receivables (predominantly related to credit impaired trade receivables) (i) (ii) (iii)	(245)	(132)	(6)	**(383)**	(396)	(198)	(16)	(610)
Receivables written off (iv)	111	46	3	**160**	113	60	—	173
31 December	**(984)**	**(529)**	**(19)**	**(1,532)**	(850)	(443)	(16)	(1,309)

(i) Includes £364 million (2023: £587 million) of credit losses related to trade receivables resulting from contracts in the scope of IFRS 15.
(ii) All loss allowances reflect the lifetime expected credit losses on trade receivables and contract assets.
(iii) Excludes recovery of previously written-off receivables of £10 million (2023: £8 million). Due to the large number of individual receivables and the matrix approach employed, any reduction in provision is reflected in a reduced charge for the relevant period, rather than in separately identifiable reversals of previous provisions.
(iv) Materially all write-offs relate to trade receivables where enforcement activity is ongoing. The gross carrying value of write-offs related to trade receivables where enforcement activity is ongoing was £122 million (2023: £142 million).

Year ended 31 December	**2024 £m**	2023 £m
Increase in impairment provision for trade receivables (per above)	**(383)**	(610)
Less recovery of previously written-off receivables	**10**	8
Credit losses on financial assets (per Group Income Statement)	**(373)**	(602)

Enforcement activity continues in respect of balances that have been written off unless there are specific known circumstances (such as bankruptcy) that render further action futile.

17. Trade and other receivables and contract-related assets

Credit loss charge for trade and other receivables and contract assets

Receivables from residential and business customers are generally considered to be credit impaired when the payment is past the contractual due date. The Group applies different definitions of default for different groups of customers, ranging from sixty days past the due date to six to twelve months from the issuance of a final bill. Receivables are generally written off only once a period of time has elapsed since the final bill. Contractual due dates range from falling due upon receipt to falling due in thirty days from receipt.

The table below shows credit impaired balances in gross receivables (those that are past due) and those that are not yet due and therefore not considered to be credit impaired.

Gross trade and other receivables

31 December	2024 £m	2023 £m
Balances that are not past due	**4,091**	4,403
Balances that are past due [(i)]	**2,326**	1,992
	6,417	6,395

(i) The majority of balances that are past due relate to residential and business customers, ageing of these receivables is included in the credit risk tables in the sections below.

The IFRS 9 impairment model is applicable to the Group's financial assets including trade receivables, contract assets and other financial assets using the simplified approach as described in note S3. As the majority of the relevant balances are trade receivables and contract assets to which the simplified model applies, this disclosure focuses on these balances.

The provision for credit losses for trade receivables and contract assets is based on an expected credit loss model that calculates the expected loss applicable to the receivable balance over its lifetime. Expected credit losses on receivables due from treasury, trading and energy procurement counterparties are not significant (see note S3 for further analysis of this determination). For residential and business customers default rates are calculated initially by considering historical loss experience and applied to trade receivables within a provision matrix. The matrix approach allows application of different default rates to different groups of customers with similar characteristics. These groups are determined by a number of factors including: the nature of the customer, the payment method selected and, where relevant, the sector in which they operate. The characteristics used to determine the groupings of receivables are the factors that have the greatest impact on the likelihood of default. The rate of default increases once the balance is thirty days past due.

Concentration of credit risk in trade and other receivables

Treasury, trading and energy procurement counterparty receivables are typically with customers with external, published credit ratings. Such receivables have typically much lower credit risk than downstream counterparties, and that risk is assessed primarily by reference to the credit ratings rather than to the ageing of the relevant balance. Counterparty credit rating information is given in note S3.

The Group's posted cash collateral balance has decreased to £191 million in 2024 (2023: £260 million). Collateral counterparties typically have strong credit ratings and accordingly have low credit risk; the Group does not expect credit losses to arise on these balances. See note S3.

The majority of the Group's credit exposure arises in the British Gas Energy and Centrica Business Solutions segments and relates to residential and business energy customers. The credit risk associated with these customers is assessed as described above, using a combination of the age of the receivable in question, internal ratings based on a customer's payment history, and external data from credit rating agencies and wider macroeconomic information. The disclosures below reflect the information that is reported internally for credit risk management purposes in these segments.

17. Trade and other receivables and contract-related assets

British Gas Energy credit risk

Of the Group total of £3,270 million (2023: £2,991 million) billed trade receivables, the British Gas Energy reporting segment contributes £2,768 million (2023: £2,380 million). British Gas Energy includes small business customers on the basis that their profile closely matches those of residential customers. As described above, credit risk is concentrated in receivables from energy customers who pay in arrears. Gross receivables from British Gas Energy residential customers amount to £1,945 million (2023: £1,651 million) and are analysed below.

Trade receivables due from British Gas residential energy customers as at 31 December (i)	2024					2023				
Days beyond invoice date (ii)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Direct debits (iii)										
Gross receivables	303	67	227	**597**		310	55	171	536	
Provision	—	—	(10)	**(10)**		—	—	(7)	(7)	
Net	303	67	217	**587**	**2%**	310	55	164	529	1%
Payment on receipt of bill (iii)										
Gross receivables	89	56	815	**960**		114	71	650	835	
Provision	(4)	(8)	(445)	**(457)**		(4)	(9)	(412)	(425)	
Net	85	48	370	**503**	**48%**	110	62	238	410	51%
Final bills (iv)										
Gross receivables	19	22	347	**388**		21	27	232	280	
Provision	(7)	(14)	(311)	**(332)**		(4)	(12)	(199)	(215)	
Net	12	8	36	**56**	**86%**	17	15	33	65	77%
Total net British Gas residential energy customers trade receivables	**400**	**123**	**623**	**1,146**	**41%**	437	132	435	1,004	39%

(i) The receivables information presented in this table relates to downstream customers who pay energy bills using the methods presented. It excludes low residual credit risk amounts, such as balances in the process of recovery through pay-as-you-go energy (PAYGE) arrangements and amounts receivable from PAYGE energy vendors. Gross amounts in the process of recovery through PAYGE arrangements at 31 December 2024 are £114 million (2023: £154 million), against which a provision of £92 million is held (2023: £117 million).

(ii) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to residential energy customers. Amounts paid on receipt of a bill (PORB), which are settled using bank transfers, cash or cheques are typically due within fourteen days of invoicing. Direct debit customers typically pay in equal instalments over a twelve-month period.

(iii) Receivables settled by direct debit are deemed to present a lower credit risk than PORB amounts. This is reflected in the relative level of provision held for these types of receivables.

(iv) Final bill customers are those who are no longer customers of the Group and have switched energy supplier. These balances are deemed to have the highest credit risk.

17. Trade and other receivables and contract-related assets

Gross receivables from British Gas Energy small business customers amount to £709 million (2023: £575 million) and are analysed below.

Trade receivables due from British Gas small business energy customers as at 31 December	**2024**					2023				
Days beyond invoice date (i)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Small businesses										
Gross receivables	116	59	534	**709**		115	53	407	575	
Provision	(3)	(10)	(405)	**(418)**		(3)	(8)	(302)	(313)	
Total net British Gas small business energy customers trade receivables	**113**	**49**	**129**	**291**	**59%**	112	45	105	262	54%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Standard credit terms for small business customers are ten working days.

Unbilled downstream energy income at 31 December 2024 includes gross balances of £670 million (2023: £693 million) in respect of British Gas energy customers against which a provision of £56 million (2023: £56 million) is held.

Centrica Business Solutions energy credit risk

Of the Group total of £3,270 million (2023: £2,991 million) billed trade receivables, the Centrica Business Solutions reporting segment contributes £238 million (2023: £313 million). As described above, credit risk is concentrated in receivables from business energy customers who pay in arrears, the remaining balances being immaterial in disaggregation. Gross receivables from these customers amount to £201 million (2023: £269 million) and are analysed below.

Trade receivables due from Centrica Business Solutions business energy customers as at 31 December	**2024**					2023				
Days beyond invoice date (i)	<30 days £m	30-90 days £m	>90 days £m	**Total £m**	Percentage of credit risk	<30 days £m	30-90 days £m	>90 days £m	Total £m	Percentage of credit risk
Risk profile										
Commercial and industrial (ii)										
Gross receivables	22	4	15	**41**		75	9	26	110	
Provision	—	—	(10)	**(10)**		—	—	(13)	(13)	
Net	22	4	5	**31**	**24%**	75	9	13	97	12%
Medium-sized entities										
Gross receivables	41	14	105	**160**		50	19	90	159	
Provision	—	—	(64)	**(64)**		—	(1)	(57)	(58)	
Net	41	14	41	**96**	**40%**	50	18	33	101	36%
Total net Centrica Business Solutions business energy customers trade receivables	**63**	**18**	**46**	**127**	**37%**	125	27	46	198	26%

(i) This ageing analysis is presented relative to invoicing date and presents receivables according to the oldest invoice outstanding with the customer. There are a range of payment terms extended to business energy customers. Standard credit terms for medium-sized entity customers are ten working days. Credit terms for commercial and industrial customers are bespoke and are set based on the commercial agreement with each customer.
(ii) This category includes low credit risk receivables, including those from public sector and customers with high turnover (greater than £100 million).

Unbilled downstream energy income at 31 December 2024 includes gross balances of £148 million (2023: £239 million) in respect of Centrica Business Solutions business energy customers against which a provision of £6 million (2023: £14 million) is held.

The remaining reporting segments which are not shown above are not considered to have material credit risk.

17. Trade and other receivables and contract-related assets

Sensitivity to changes in assumptions

Typically, the most significant assumption included within the expected credit loss provisioning model that gives rise to estimation uncertainty is that future performance will be reflective of past performance and that there will be no significant change in the payment profile or recovery rates within each identified group of receivables. To address this risk, the Group reviews and updates default rates, by group, on a regular basis to ensure they incorporate the most up to date assumptions along with forward-looking information where available and relevant. The Group also considers regulatory changes and customer segment specific factors that may have an impact, now or in the future, on the recoverability of the balance.

The specific consideration of forward-looking information in the impairment model does not usually give rise to significant changes in the levels of credit losses. However, wholesale gas and electricity costs have trended upwards during 2024 and continue to cause uncertainty in economic outlook; there remains a level of estimation uncertainty inherent in determining credit loss provisions for the Group's trade receivables.

Where customers experience difficulties in settling balances, the increased ageing of these amounts results in an increase in provisions held in respect of them under the provision matrix approach employed. The Group has also considered changes in customer payment patterns, the specific circumstances of the customers and the economic impacts of the factors identified above, on the sectors in which they operate. Whilst economic recovery is expected, a level of unpredictability remains apparent.

Customers are facing continued pressures relating to their cost of living, including increased energy bills and higher interest rates. The Group has considered macroeconomic forecasts and sensitivities, as well as disposable income analysis from a credit rating agency, to model and determine the level of provisions for credit losses.

During 2024 the Group recognised credit losses of £373 million (2023: £602 million) in respect of financial assets, representing 1.9% of total Group revenue (2023: 2.3%) and 1.5% (2023: 1.8%) of total Group revenue from business performance. As described above, the majority of the Group's credit exposure arises in respect of downstream energy receivables in British Gas Energy and Centrica Business Solutions. Credit losses in respect of these assets amounted to £359 million (2023: £554 million). This represents 2.5% (2023: 2.6%) of total UK downstream energy supply revenue from these segments of £14,424 million (2023: £21,046 million). Further details of segmental revenue are provided in note 4.

Due to the different level of risks presented by billed and unbilled receivables, these asset groups are considered separately in the analysis below.

Billed trade receivables

	31 December 2024 £m	31 December 2023 £m
Trade receivables	3,270	2,991
Provision	(1,471)	(1,240)
Net balance	1,799	1,751

	31 December 2024 %	31 December 2023 %
Provision coverage	45	41
Sensitivity	£m	£m
Impact on billed receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage [(i)]	(33)/33	(30)/30

(i) Credit risk in the Group is impacted by a large number of interacting factors.

17. Trade and other receivables and contract-related assets

The commodity price environment during the second half of 2024 has trended upwards, keeping the operating landscape challenging in line with wider macroeconomic conditions including higher interest rates and higher than targeted inflation rates. Total provision coverage has increased during the year primarily due to the continued deterioration in the collection performance of customers who pay on receipt of their bill. This decline is driven by older aged debt, accrued during the cost of living crisis. Improving the recovery of debt within this cohort of customers is a key focus for British Gas Energy. As a percentage of debt, the total provision has remained largely consistent compared to prior year. The increase in the provision coverage is also due to a change in the mix of debt within the portfolio as the proportion of unbilled debt has decreased due to shorter billing cycles processed by the Group's newly acquired digital customer management platform, Ensek.

Limited field activity has resumed during the year, although warrant visits remain suspended, with only a minimal level of voluntary credit to prepayment meter exchanges taking place. This has been partially mitigated by the resumption of litigation activity during the year, however debt levels relating to distressed customer accounts are continuing to increase. Final billed provision coverage has also increased during the year due to a decrease in the recovery of debt relating to change of tenancy customers. The increase in provision coverage in the Group's business portfolio has been driven primarily due to the change in mix of customers with typically lower-risk large customers making up a smaller proportion of business credit provisions as a result of management's strategic decision to exit this market. Similar to the residential portfolio, the lack of significant warrant activity during the year has an adverse impact on business collection performance, particularly in relation to older aged debt.

There remains significant uncertainty around the persistent impact of macroeconomic conditions on bad debt. Although leading debt indicators including the new customers going into debt, insolvency volumes in business and direct debit cancellation rates in residential have started to level off during 2024, they remain at levels higher than before the cost of living crisis. The delayed impact on customer payments are now broadly reflected in the underlying matrix output model used to record provision coverage, hence the reduction in the additional macroeconomic provision to £49 million (2023: £175 million). Management considers the impact of specific cohorts of customers referenced in the previous tables when making this assessment, recognising the different credit terms and different risk profiles that exist. This assessment also utilises a range of factors, both internal and external, historic and forward-looking, and considers the sensitivities of these to help management estimate the likely recovery of debt.

It remains uncertain as to when and how these factors will reduce the collectability of debt and at what scale. Future changes in commodity prices may also impact this. The table above and the unbilled section below provide details of the sensitivity of moving the debt provision by a further 1%.

The Group's services, upstream and trading operations are less susceptible to credit risk. No significant deterioration of credit risk has been experienced or is expected in the relevant segments in respect of billed trade receivables recognised at 31 December 2024, taking into account cash collection cycles in those areas of the Group and credit rating information (see note S3).

Unbilled downstream energy income

The table below shows the IFRS 15 unbilled downstream energy income for the Group as a whole.

	31 December 2024 £m	31 December 2023 £m
Gross unbilled receivables	**968**	1,065
Provision	**(61)**	(69)
Net balance	**907**	996

	31 December 2024 %	31 December 2023 %
Provision coverage	**6**	6
Sensitivity	**£m**	£m
Impact on unbilled receivables/operating profit from 1 percentage point (increase)/decrease in provision coverage [(i)]	**(10)/10**	(11)/11

(i) Credit risk in the Group is impacted by a large number of interacting factors.

Unbilled downstream energy income is typically provided at a significantly lower rate than billed debt. This is because a large proportion of this debt once billed will be subject to the very short cash collection cycles of the Group's downstream energy supply businesses.

18. Inventories

Inventories represent assets that we intend to use in future periods, either by selling the asset itself (e.g. gas in storage) or by using it to provide a service to a customer.

31 December	**2024 £m**	2023 £m
Gas in storage and transportation [(i)]	**745**	824
Other raw materials and consumables	**120**	120
Finished goods and goods for resale	**39**	135
	904	1,079

(i) Includes gas in storage held at fair value of £364 million (2023: £263 million).

The Group consumed £1,806 million of inventories (2023: £1,912 million) during the year. Write-downs amounting to £14 million (2023: £5 million) were charged to the Group Income Statement in the year.

19. Derivative financial instruments

The Group generally uses derivative financial instruments to manage the risk arising from fluctuations in the value of certain assets or liabilities associated with treasury management and energy sales and procurement, and for proprietary energy trading purposes. The Group also uses derivatives to hedge exchange risk.

For accounting purposes, derivatives are either classified as held for trading, in which case changes in their fair value are recognised in the Group Income Statement, or they are designated in hedging relationships. Where derivatives are in hedging relationships, the treatment of changes in their fair value depends on the nature of that relationship, and whether it represents a fair value hedge or a cash flow hedge. Note S5 provides further detail on the Group's hedge accounting. The table below gives a high-level summary of the Group's accounting for its derivative contracts.

Purpose	Classification	Accounting treatment
Proprietary energy trading and treasury management.	Held for trading and fair value hedges.	Changes in fair value recognised in the Group's business performance results for the year.
Treasury management.	Cash flow hedges.	Effective portion of hedge initially recognised in the Group Statement of Other Comprehensive Income. Gains and losses are recycled to the Group Income Statement when the hedged item impacts profit or loss. Ineffective portions of the hedge are recognised immediately in the Group's business performance results for the year.
Energy procurement and optimisation.	Held for trading.	Changes in fair value recognised in the Group's exceptional items and certain re-measurements results for the year.

The carrying values of derivative financial instruments by product type for accounting purposes are as follows:

31 December	2024 Assets £m	2024 Liabilities £m	2023 Assets £m	2023 Liabilities £m
Derivative financial instruments – held for trading under IFRS 9:				
Energy derivatives – for procurement/optimisation	**530**	**(251)**	1,733	(1,715)
Energy derivatives – for proprietary trading	**886**	**(913)**	1,418	(993)
Foreign exchange derivatives	**128**	**(83)**	85	(144)
Derivative financial instruments in hedge accounting relationships:				
Interest rate derivatives	**—**	**(134)**	—	(136)
Foreign exchange derivatives	**32**	**(6)**	36	(18)
Total derivative financial instruments	**1,576**	**(1,387)**	3,272	(3,006)
Included within:				
Derivative financial instruments – current	**1,309**	**(932)**	2,373	(2,391)
Derivative financial instruments – non-current	**267**	**(455)**	899	(615)

The contracts included within energy derivatives are subject to a wide range of detailed specific terms, but comprise the following general components, analysed on a net carrying value basis:

31 December	2024 £m	2023 £m
Short-term forward market purchases and sales of gas and electricity:		
UK and Europe	**125**	1,163
Other derivative contracts including structured gas sale and purchase arrangements	**127**	(720)
Net total	**252**	443

Net gains/(losses) on derivative financial instruments due to change in fair value

31 December	2024 Income Statement £m	2024 Equity £m	2023 Income Statement £m	2023 Equity £m
Financial assets and liabilities measured at fair value:				
Derivative financial instruments – held for trading	**20**	**—**	3,024	—
Derivative financial instruments in hedge accounting relationships	**(14)**	**(8)**	48	(13)
	6	**(8)**	3,072	(13)

20. Trade and other payables and contract liabilities

Trade and other payables include accruals and are principally amounts we owe to our suppliers. Financial deferred income represents monies received from customers in advance of the delivery of goods or services that may be returned to the customer if future delivery does not occur. For example, downstream customers with a credit balance may request repayment of the outstanding amount in cash, rather than taking delivery of commodity. By contrast, contract liabilities and non-financial deferred income arise when the Group receives consideration from a customer in advance of performance, and has a non-financial liability to deliver future goods or services in return.

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Financial liabilities:				
Trade payables	**(363)**	**(3)**	(474)	(4)
Deferred income (i)	**(935)**	**—**	(1,178)	—
Capital payables	**(137)**	**—**	(152)	—
Cash collateral received	**(162)**	**—**	(184)	—
Other payables (ii)	**(375)**	**(91)**	(389)	(197)
Accruals:				
Commodity costs	**(2,272)**	**—**	(2,464)	—
Transportation, distribution and metering costs	**(335)**	**—**	(319)	—
Operating and other accruals	**(887)**	**(77)**	(942)	—
	(3,494)	**(77)**	(3,725)	—
	(5,466)	**(171)**	(6,102)	(201)
Non-financial liabilities:				
Other payables and accruals (iii)	**(832)**	**—**	(761)	—
Contract liabilities	**(33)**	**—**	(30)	(3)
Deferred income	**(61)**	**(4)**	(107)	(3)
	(6,392)	**(175)**	(7,000)	(207)

(i) Includes downstream customer credit balances for amounts billed in advance of energy supply. The amount naturally peaks over summer as customers consume less and will unwind as consumption of gas and electricity increases over winter.

(ii) Other payables includes contingent consideration of £100 million (2023: £123 million) and the share buyback liability of £75 million (2023: £94 million). See S4 for further details on the share buyback programme.

(iii) Other non-financial payables and accruals includes ROCs creditors of £660 million (2023: £600 million).

Maturity profile of financial liabilities within current trade and other payables

31 December	2024 £m	2023 £m
Less than 90 days	**(5,090)**	(5,653)
90 to 182 days	**(128)**	(194)
183 to 365 days	**(248)**	(255)
	(5,466)	(6,102)

21. Provisions for liabilities and charges

Provisions are recognised when an obligation exists that can be reliably measured, but where there is uncertainty over the timing and/or amount of the payment. The main provisions relate to decommissioning costs for upstream assets we own, or have owned, which require restoration or remediation, along with onerous supply contracts. Further provisions relate to restructuring costs, and legal and regulatory matters.

	1 January 2024 £m	Charged in the year £m	Notional interest £m	Unused and reversed in the year £m	Utilised £m	Revisions and additions £m	Transfers [iv] £m	Exchange adjustments £m	**31 December 2024 £m**
Current									
Restructuring costs	(11)	(7)	—	5	5	—	—	—	**(8)**
Decommissioning costs [i] [ii]	(132)	—	—	—	80	—	(51)	—	**(103)**
Onerous contracts provision	(30)	(86)	—	14	6	—	(8)	—	**(104)**
Other [iii]	(106)	(103)	—	31	25	—	—	—	**(153)**
Total	**(279)**	**(196)**	**—**	**50**	**116**	**—**	**(59)**	**—**	**(368)**

	1 January 2024 £m	Charged in the year £m	Notional interest £m	Unused and reversed in the year £m	Revisions and additions £m	Transfers [iv] £m	Exchange adjustments £m	**31 December 2024 £m**
Non-current								
Restructuring costs	(4)	(3)	—	—	—	—	—	**(7)**
Decommissioning costs [i] [ii]	(1,395)	(21)	(23)	18	9	51	5	**(1,356)**
Onerous contracts provision	(25)	—	—	2	—	8	—	**(15)**
Other [iii]	(45)	(71)	—	3	(2)	—	—	**(115)**
Total	**(1,469)**	**(95)**	**(23)**	**23**	**7**	**59**	**5**	**(1,493)**

Included within the above liabilities are the following financial liabilities:

	2024		2023	
31 December	**Current £m**	**Non-current £m**	Current £m	Non-current £m
Restructuring costs	**(8)**	**(7)**	(11)	(4)
Provisions other than restructuring costs	**(249)**	**(113)**	(123)	(60)
	(257)	**(120)**	(134)	(64)

Maturity profile of decommissioning provisions

31 December	**2024 £m**
2025-2029	**(642)**
2030-2034	**(717)**
2035-2039	**(88)**
2040-2044	**(9)**
2045-2049	**(2)**
2050-2054	**(1)**
	(1,459)

(i) Provision has been made for the estimated net present cost of decommissioning gas production facilities at the end of their useful lives. The estimate has been based on 2P reserves, price levels and technology at the balance sheet date. The payment dates of decommissioning costs are dependent on the lives of the facilities, but utilisation of the provision is expected to occur until the 2050s. The maturity profile of total decommissioning provisions is analysed above. The rate used to discount decommissioning provisions is 2% (2023: 1%). See note 3.

(ii) Included in the provision balance as at 31 December 2024 is £1,139 million held in Spirit Energy, £302 million in relation to the Rough field, and £18 million in the remainder of the business.

(iii) Other provisions have been made for dilapidations, insurance, legal, warranty and various other claims.

(iv) Relates to amounts transferred between current and non-current provisions.

22. Post-retirement benefits

The Group manages a number of final salary and career average defined benefit pension schemes. It also has defined contribution schemes. The majority of these schemes are in the UK.

(a) Summary of main post-retirement benefit schemes

Name of scheme	Type of benefit	Status	Country	Number of active members as at 31 December 2024	Total membership as at 31 December 2024
Centrica Engineers Pension Scheme	Defined benefit final salary pension	Closed to new members in 2006	UK	1,372	8,369
	Defined benefit career average pension	Closed to new members in 2022	UK	2,522	7,104
Centrica Pension Plan	Defined benefit final salary pension	Closed to new members in 2003	UK	1,323	8,382
Centrica Pension Scheme	Defined benefit final salary pension	Closed to new members in 2003	UK	1	10,037
	Defined benefit career average pension	Closed to new members in 2008	UK	713	4,143
Centrica Savings Plan (i)	Defined contribution pension	Open to new members	UK	13,103	14,636
Centrica Leavers Savings Plan (i)	Defined contribution pension	Deferred members only	UK	—	9,746
Bord Gáis Energy Company Defined Benefit Pension Scheme	Defined benefit final salary pension	Closed to new members in 2014	Republic of Ireland	85	168
Bord Gáis Energy Company Defined Contribution Pension Plan	Defined contribution pension	Open to new members	Republic of Ireland	335	498

(i) In March 2024, the Centrica Leavers Savings Plan (CLSP), a defined contribution pension scheme, was established and the deferred membership in the Centrica Savings Plan at that time was transferred across. Ongoing, there will be a regular process to transfer the deferred membership in the Centrica Savings Plan to the CLSP.

The Centrica Engineers Pension Scheme (CEPS), Centrica Pension Plan (CPP) and Centrica Pension Scheme (CPS) form the significant majority of the Group's defined benefit obligation and are referred to below as the 'Registered Pension Schemes'. The other schemes are individually, and in aggregate, immaterial.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

Within the reporting period, the latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at the following dates: the Registered Pension Schemes at 31 March 2021 and the Bord Gáis Energy Company Defined Benefit Pension Scheme at 1 January 2023. These valuations have been updated to 31 December 2024 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g). These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

Governance

The Registered Pension Schemes are managed by trustee companies whose boards consist of both company-nominated and member-nominated Directors. Each scheme holds units in the Centrica Combined Common Investment Fund (CCCIF), which holds the majority of the combined assets of the Registered Pension Schemes. The board of the CCCIF is currently comprised of seven directors: two independent directors (including the Chair), two directors appointed by Centrica plc and one director appointed by each of the three Registered Pension Schemes.

Under the terms of the Pensions Act 2004, Centrica plc and each trustee board must agree the funding rate for its defined benefit pension scheme and a recovery plan to fund any deficit against the scheme-specific statutory funding objective. This approach was first adopted for the triennial valuations completed at 31 March 2006, and has been reflected in subsequent valuations, including the 31 March 2024 valuation.

22. Post-retirement benefits

(b) Risks

The Registered Pension Schemes expose the Group to the following risks:

Asset volatility

The pension liabilities are calculated using a discount rate set with reference to AA corporate bond yields. If the growth in plan assets is lower than this, this will create an actuarial loss within other equity. The CCCIF is responsible for managing the assets of each scheme in line with the risk tolerances that have been set by the trustees of the schemes, and invests in a diversified portfolio of assets. The schemes are relatively young in nature (the schemes opened in 1997 on the formation of Centrica plc on demerger from BG plc (formerly British Gas plc)), and only took on past service liabilities in respect of active employees.

The trustees reduce their tolerance to scheme valuation risk by hedging a significant majority of the long term inflation and interest rate risk. This de-risking includes the use of physical gilts and collateralised gilt holdings in the schemes' Liability-Driven Investment (LDI) portfolio (shown in the Pension scheme asset table in section (f) of this note within Liability matching assets). Since the last quarter of 2022, following significant volatility in gilt yields, the trustees have significantly reduced the levels of leverage within the LDI portfolio. The schemes also benefit from further hedging arising from the other long-dated income unquoted asset portfolio.

Interest rate

A decrease in bond interest rates will increase the net present value of the pension liabilities. The relative immaturity of the schemes means that the duration of the liabilities is longer than average for typical UK pension schemes, resulting in a relatively higher exposure to interest rate risk. This risk is reduced via the hedging referred to in the Asset volatility section.

Inflation

Pensions in deferment, pensions in payment and pensions accrued under the career average schemes increase in line with the Retail Prices Index (RPI) and the Consumer Prices Index (CPI). Therefore, scheme liabilities will increase if inflation is higher than assumed, although in some cases caps are in place to limit the impact of significant movements in inflation. Furthermore, a pension increase exchange (PIE) option implemented in 2015 is available to future retirees, which gives the choice to receive a higher initial pension in return for giving up certain future increases linked to RPI, again limiting the impact of significant movements in inflation. Inflation risk is reduced via the hedging referred to in the Asset volatility section.

Longevity

The majority of the schemes' obligations are to provide benefits for the life of scheme members and their surviving spouses; therefore increases in life expectancy will result in an increase in the pension liabilities. The relative immaturity of the schemes means that there is comparatively little observable mortality data to assess the rates of mortality experienced by the schemes, and means that the schemes' liabilities will be paid over a long period of time, making it particularly difficult to predict the life expectancy of the current membership. Furthermore, pension payments are subject to inflationary increases, resulting in a higher sensitivity to changes in life expectancy.

Salary

Pension liabilities are calculated by reference to the future salaries of active members, and hence salary rises in excess of assumed increases will increase scheme liabilities. During 2011, changes were introduced to the final salary sections of CEPS and CPP such that annual increases in pensionable pay are capped to 2%, resulting in a reduction in salary risk. During 2016, a salary cap on pensionable pay for the CPS career average and CPP schemes was implemented, and in 2019 a similar change took place for CEPS. All of the 2011, 2016 and 2019 changes result in a reduction in salary risk.

High Court ruling

In June 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case may have implications for other defined benefit schemes in the UK. Based on a review undertaken and advice obtained by the trustees of the Registered Pension Schemes, the outcome of which they have shared with the Company and the Company's own consideration of that outcome, the Group does not believe there will be a material impact on the schemes as a result of this ruling.

Foreign exchange

Certain assets held by the CCCIF are denominated in foreign currencies, and hence their values are subject to exchange rate risk. The CCCIF has long-term hedging policies in place to manage interest rate, inflation and foreign exchange risks. The table below analyses the total liabilities of the Registered Pension Schemes, calculated in accordance with accounting principles, by type of liability, as at 31 December 2024.

22. Post-retirement benefits

Total liabilities of the Registered Pension Schemes

31 December	2024 %
Actives – final salary – capped	**11**
Actives – final salary – uncapped and crystallised benefits	**5**
Actives – career average	**4**
Deferred pensioners	**38**
Pensioners	**42**
	100

(c) Accounting assumptions

The accounting assumptions for the Registered Pension Schemes are given below:

Major assumptions used for the actuarial valuation

31 December	2024 %	2023 %
Rate of increase in employee earnings:		
Subject to 2% cap	**1.6**	1.6
Other not subject to cap	**2.8**	2.6
Rate of increase in pensions in payment	**3.1**	3.0
Rate of increase in deferred pensions:		
In line with CPI capped at 2.5%	**2.5**	2.3
In line with RPI	**3.1**	2.9
Discount rate	**5.4**	4.6

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date have been based on a combination of standard actuarial mortality tables, scheme experience and other relevant data, and include an allowance for future improvements in mortality. The longevity assumptions for members in normal health are as follows:

Life expectancy at age 65 for a member

31 December	2024		2023	
	Male Years	Female Years	Male Years	Female Years
Currently aged 65	**22.2**	**23.7**	22.0	23.5
Currently aged 45	**23.4**	**24.8**	23.2	24.6

The other demographic assumptions have been set having regard to the latest trends in scheme experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuations of the pension schemes.

For the Registered Pension Schemes, marginal adjustments to the assumptions used to calculate the pension liability, or significant swings in bond yields or stock markets, can have a large impact in absolute terms on the net assets of the Group. Reasonably possible changes as at 31 December to one of the actuarial assumptions would have affected the scheme liabilities as set out below:

Impact of changing material assumptions

31 December	2024		2023	
	Increase/ decrease in assumption	Indicative effect on scheme liabilities %	Increase/ decrease in assumption	Indicative effect on scheme liabilities %
Rate of increase in employee earnings subject to 2% cap	**1.00%**	**+/-1**	1.00%	+/-1
Rate of increase in pensions in payment and deferred pensions	**1.00%**	**+13/-11**	1.00%	+15/-12
Discount rate	**1.00%**	**-14/+18**	1.00%	-16/+20
Inflation assumption	**1.00%**	**+14/-12**	1.00%	+15/-12
Longevity assumption	**1 year**	**+/-2**	1 year	+/-3

The indicative effects on scheme liabilities have been calculated by changing each assumption in isolation and assessing the impact on the liabilities. For the reasonably possible change in the inflation assumption, it has been assumed that a change to the inflation assumption would lead to corresponding changes in the assumed rates of increase in uncapped pensionable pay, pensions in payment and deferred pensions.

The remaining disclosures in this note cover all of the Group's defined benefit schemes.

22. Post-retirement benefits

(d) Amounts included in the Group Balance Sheet

31 December	2024 £m	2023 £m
Fair value of plan assets	5,563	6,143
Present value of defined benefit obligation	(5,584)	(6,260)
Recognised in the Group Balance Sheet	(21)	(117)
Presented in the Group Balance Sheet as:		
Retirement benefit assets	129	64
Retirement benefit liabilities	(150)	(181)

The Trust Deed and Rules for the Registered Pension Schemes provide the Group with a right to a refund of surplus assets assuming the full settlement of scheme liabilities. The Trustees do not have the unilateral right to wind-up the schemes and cannot unilaterally enhance member benefits. The Group has not recognised any liability in relation to future contributions under its minimum funding agreement with the Trustees. No asset ceiling restrictions have been applied in the consolidated Financial Statements.

(e) Movements in the year

	2024		2023	
	Pension liabilities £m	Pension assets £m	Pension liabilities £m	Pension assets £m
1 January	(6,260)	6,143	(6,272)	6,312
Items included in the Group Income Statement:				
Current service cost	(18)	—	(22)	—
Contributions by employer in respect of employee salary sacrifice arrangements (i)	(24)	—	(24)	—
Total current service cost	(42)	—	(46)	—
Interest (expense)/income	(282)	283	(291)	300
Termination (cost)/benefit	(1)	—	1	—
Items included in the Group Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	—	(830)	—	(474)
Actuarial (loss)/gain from changes to demographic assumptions	(16)	—	357	—
Actuarial gain/(loss) from changes in financial assumptions	721	—	(49)	—
Actuarial gain/(loss) from experience adjustments	12	—	(215)	—
Items included in the Group Cash Flow Statement:				
Employer contributions	—	227	—	236
Contributions by employer in respect of employee salary sacrifice arrangements	—	24	—	24
Other movements:				
Benefits paid from schemes	284	(284)	257	(257)
Other	—	—	(2)	2
31 December	(5,584)	5,563	(6,260)	6,143

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

In addition to current service cost on the Group's defined benefit pension schemes, the Group also charged £95 million (2023: £72 million) to operating profit in respect of defined contribution pension schemes. This included contributions of £39 million (2023: £25 million) paid via a salary sacrifice arrangement.

22. Post-retirement benefits

(f) Pension scheme assets

The market values of plan assets were:

31 December	2024 Quoted £m	2024 Unquoted £m	2024 Total £m	2023 Quoted £m	2023 Unquoted £m	2023 Total £m
Equities	**19**	**491**	**510**	23	503	526
Corporate bonds	**12**	**—**	**12**	6	—	6
High-yield debt	**14**	**1,063**	**1,077**	18	1,238	1,256
Liability matching assets	**2,388**	**—**	**2,388**	2,860	—	2,860
Other long-dated income assets	**—**	**1,025**	**1,025**	—	1,204	1,204
Property	**—**	**303**	**303**	—	305	305
Cash pending investment	**248**	**—**	**248**	391	—	391
Loan and interest	**—**	**—**	**—**	—	(405)	(405)
	2,681	**2,882**	**5,563**	3,298	2,845	6,143

Unquoted private equity, other long-dated income assets and debt funds are valued at fair value as calculated by the investment manager at the latest valuation date in accordance with generally accepted guidelines, adjusted for cash flow in the intervening period. Investment properties are valued in accordance with guidelines by independent valuers. These valuations are reviewed annually as part of the CCCIF audit and receive greater scrutiny now that unquoted assets make up a greater proportion of the scheme portfolio. Included within equities are £nil (2023: £nil) of ordinary shares of Centrica plc via pooled funds that include a benchmark allocation to UK equities. Included within corporate bonds are £nil (2023: £nil) of bonds issued by Centrica plc, albeit minor exposure may be held within pooled funds over which the CCCIF has no ability to direct investment decisions. Apart from the investment in the Scottish Limited Partnerships which form part of the asset-backed contribution arrangements described in section (g) of this note, no direct investments are made in securities issued by Centrica plc or any of its subsidiaries or property leased to or owned by Centrica plc or any of its subsidiaries. The corporate bond, high-yield debt and liability matching asset categories headings above have segregated portfolio mandates which include the cash, cash funds and derivatives associated with the mandates.

The liability matching assets in the table above relate to the quoted LDI and gilts portfolio used to hedge against movements in interest rates and inflation. The other long-dated income assets are unquoted investments in infrastructure and similar assets.

Included within the Group Balance Sheet within non-current securities are £108 million (2023: £104 million) of investments, held in trust on behalf of the Group, as security in respect of the Centrica Unapproved Pension Scheme. Of the pension scheme liabilities above, £48 million (2023: £49 million) relate to this scheme. More information on the Centrica Unapproved Pension Scheme is included in the Remuneration Report on pages 116 to 147.

(g) Pension scheme contributions

The Group estimates that it will pay £31 million of ordinary employer contributions during 2025 for its defined benefit schemes, together with £15 million of contributions paid via a salary sacrifice arrangement.

The actuarial valuation as at 31 March 2024 for the Registered Pensions Schemes has been agreed with the Pension Trustees. As at that date, the technical provisions deficit (funding basis) was £504 million. The Group committed to annual cash contributions to fund this pension deficit. The overall deficit contributions committed to, including the previously disclosed asset-backed contribution arrangements, totalled £175 million in 2024 (of which £99 million was after 31 March 2024), £146 million in 2025, £139 million in 2026 and £140 million in 2027; with a balancing payment of £44 million in 2028. Separately, a pension strain payment of £1 million associated with employee redundancies was also contributed in 2024 (2023: £5 million).

On a pure roll-forward basis, from 31 March 2024, using the same methodology and consequent assumptions, the technical provisions deficit (funding basis) would be around £450 million on 31 December 2024. Note that the valuation methodology and assumptions used for future assessments may differ from those previously used.

At the beginning of 2022, the Group had provided security of £745 million of letters of credit and £250 million cash in escrow to the Registered Pension Schemes. In October 2022, as part of a £400 million loan arrangement from Centrica plc to the Registered Pension Schemes to support the schemes' liquidity in the LDI portfolio at that time, this security was reduced by £545 million, so that only £450 million of letters of credit remained. This loan was repaid in October 2024, and replacement security was provided so that £819 million of letters of credit/surety bonds are in place at the year-end.

23. Leases, commitments and contingencies

(a) Commitments and leases

Commitments are not held on the Group's Balance Sheet as these are executory arrangements, and relate to amounts that we are contractually required to pay in the future as long as the other party meets its contractual obligations.

The Group's commitments in relation to commodity purchase contracts disclosed below are stated net of amounts receivable under commodity sales contracts where there is a right of offset with the counterparty, and are based on the expected minimum quantities of gas and other commodities that the Group is contracted to buy at estimated future prices.

The commitments in this note differ in scope and in basis from the maturity analysis of energy derivatives disclosed in note S3, as only certain procurement and sales contracts are within the scope of IFRS 9 and included in note S3, and the volumes used in calculating the maturity analysis in note S3 are estimated using valuation techniques, rather than being based on minimum contractual quantities.

The Group's 20-year agreement with Cheniere to purchase 89bcf per annum of LNG volumes for export from the Sabine Pass liquefaction plant in the US commits the Group to capacity payments of £3.2 billion (included in 'LNG capacity' below) between 2024 and 2039. It also allows the Group to make up to £4.6 billion of commodity purchases based on market gas prices and foreign exchange rates as at the reporting date.

During 2019, the Group signed a 20-year agreement to purchase LNG volumes from Mozambique LNG1 Company. The commercial start date is 2029 and under this agreement the Group is committed to make commodity purchases expected to amount to £7.9 billion based on market gas and oil prices at the reporting date.

During 2023, the Group signed a 15-year agreement to purchase LNG volumes from Delfin LNG. The provisional commencement date is 2029 and under this agreement the Group is committed to make commodity purchases expected to amount to £4.7 billion based on market gas prices at the reporting date.

During 2024, the Group signed a 3-year agreement to purchase LNG volumes from Repsol LNG Holding between 2025 and 2027. Under this agreement the Group is committed to make commodity purchases amounting to £556 million based on market gas prices and foreign exchange rates at the reporting date. The Group also signed two 10-year natural gas sale and purchase agreements with Coterra Energy and its subsidiary, Cimarex Energy, commencing in 2028. Under these agreements, the Group is committed to purchase natural gas amounting to £1.5 billion based on market gas prices and foreign exchange rates at the reporting date.

These LNG contracts are deemed to be own use and therefore are accounted for on an accruals basis. Based on forecast gas spreads, they are predicted to be profitable but due to their duration are exposed over a long period of time to the impact of governmental policy decisions in relation to climate change.

The Group has numerous renewable power purchase arrangements where renewable obligation certificates are purchased as power is produced. This gives rise to the commitments below.

31 December	2024 £m	2023 £m
Commitments in relation to the acquisition of PP&E	**72**	56
Commitments in relation to the acquisition of intangible assets:		
Renewable obligation certificates	**2,786**	3,369
Other intangible assets	**261**	323
Other commitments:		
Commodity purchase contracts	**32,461**	40,908
LNG capacity	**4,171**	4,230
Transportation capacity	**187**	266
Other long-term commitments (i)	**328**	414

(i) Other long-term commitments include amounts in respect of executory contracts and the smart meter roll-out programme.

The maturity analysis for commodity purchase contract commitments at 31 December is given below:

	Commodity purchase contract commitments			
	Fixed price commodity commitments		Commodity commitments that float with indices	
31 December	2024 £bn	2023 £bn	2024 £bn	2023 £bn
<1 year	**5.3**	5.9	**4.6**	6.3
1–2 years	**0.9**	1.3	**1.3**	5.0
2–3 years	**0.2**	0.2	**0.9**	1.9
3–4 years	**–**	0.2	**0.6**	1.6
4–5 years	**–**	–	**1.3**	1.2
>5 years	**–**	0.1	**17.4**	17.2
	6.4	7.7	**26.1**	33.2

23. Leases, commitments and contingencies

The Group enters into lease arrangements for assets including property, vehicles, vessels and assets used within the exploration and production business.

The carrying amount, additions and depreciation charge associated with right-of-use assets is disclosed in note 13 and the interest expense arising on the Group's lease liability is disclosed in note 8. The total Group cash outflow in the year for capital and interest from lease arrangements was £108 million (2023: £105 million), and the maturity analysis of cash flows associated with the Group's lease liability at the reporting date is shown in note S3.

The table below provides further information on amounts not included in the lease liability and charged to the Group Income Statement during the year.

Year ended 31 December	**2024 £m**	2023 £m
Expense related to short-term leases	**37**	71
Expense related to variable lease payments	**9**	9

During the year, the Group's expense related to short-term lease commitments predominantly related to the hire of LNG vessels and exploration and production drilling rigs. The commitment at the balance sheet date also relates to assets of a similar nature. The Group has £4 million of operating sub-lease arrangements mainly for LNG vessels. The Group does not have any material arrangements in which it acts as a lessor.

(b) Guarantees and indemnities

This section discloses any guarantees and indemnities that the Group has given, where we may have to provide security in the future against existing and future obligations that will remain for a specific period.

In connection with the Group's energy trading, transportation and upstream activities, certain Group companies have entered into contracts under which they may be required to prepay, provide credit support or provide other collateral in the event of a significant deterioration in creditworthiness. The extent of credit support is contingent upon the balance owing to the third party at the point of deterioration.

As at 31 December 2024 £401 million (2023: £279 million) of letters of credit and on-demand payment bonds have been issued in respect of decommissioning obligations included in the Group Balance Sheet.

(c) Contingent liabilities

The Group has no material contingent liabilities.

24. Other investments

Other investments include equity investments, where we do not have the ability to control or significantly influence the investment, and debt investments. Minority equity investments are measured at fair value with changes recognised in Other comprehensive income (FVOCI) or through the Group Income Statement (FVTPL). Convertible debt investments are measured at fair value with changes recognised through the Group Income Statement. Debt instruments are measured at amortised cost.

	2024					2023			
	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Debt instruments amortised cost £m	Total £m	Equity investments FVOCI £m	Equity investments FVTPL £m	Convertible debt investments FVTPL £m	Total £m
1 January	54	6	1	—	61	—	—	—	—
Transfer of other investments from securities	—	—	—	—	—	20	6	1	27
Interest receivable	—	—	1	—	1	—	—	—	—
Additions [(i)] [(ii)]	27	—	26	3	56	35	2	—	37
Revaluation	(30)	—	—	—	(30)	1	—	—	1
Exchange adjustments	—	(1)	—	—	(1)	(2)	(2)	—	(4)
31 December	51	5	28	3	87	54	6	1	61

(i) Equity investment additions during 2024 of £27 million (2023: £35 million) comprise amounts invested into the Gresham House fund.

(ii) Convertible debt investment additions during 2024 included £25 million in convertible loan notes and ordinary shares which the Group has invested in Highview Enterprises Limited, which is developing a new cryogenic energy storage plant. The Group also provided financing to CryoBattery One Limited, a subsidiary of Highview Enterprises Limited, in the form of a £45 million senior debt facility of which £3 million has been drawn down at 31 December 2024 and is measured at amortised cost. When built, this will consist of a long duration storage process using patented Liquid Air Energy Storage (LAES) technology.

25. Sources of finance

(a) Capital structure

The Group seeks to maintain an efficient capital structure with a balance of debt and equity as shown in the table below:

31 December	2024 £m	2023 £m
Gross debt	2,974	3,408
Shareholders' equity	4,422	3,877
Capital	7,396	7,285

Debt levels are restricted to limit the risk of financial distress and, in particular, to maintain a strong credit profile. The Group's credit standing is important for several reasons: to maintain a low cost of debt, limit collateral requirements in energy trading, hedging and decommissioning security arrangements, and to ensure the Group is an attractive counterparty to energy producers and long-term customers.

The Group monitors its current and projected capital position on a regular basis, considering a medium-term view of at least three years, and different stress case scenarios, including the impact of changes in the Group's credit ratings and significant movements in commodity prices. A number of financial ratios are monitored, including those used by the credit rating agencies.

The level of debt that can be raised by the Group is restricted by the Company's Articles of Association. Borrowing is limited to the higher of £10 billion and a gearing ratio of three times shareholders' equity. The Group funds its long-term debt requirements through issuing bonds in the capital markets and taking bank debt. Short-term debt requirements are met primarily through commercial paper or short-term bank borrowings. The Group maintains substantial committed facilities and uses these to provide liquidity for general corporate purposes, including short-term business requirements and back-up for commercial paper.

British Gas Insurance Limited (BGIL) is required to hold a minimum capital amount under PRA regulations and has complied with this requirement since its inception. BGIL's capital risk appetite, which is approved by the board, exceeds the PRA capital requirements.

BGIL's capital management policy and plan are subject to review and approval by the BGIL board. Reporting processes provide relevant and timely capital information to management and the board. A medium-term capital management plan forms part of BGIL's planning and forecasting process, embedded into approved timelines, management reviews and board approvals.

25. Sources of finance

(b) Liquidity risk management and going concern

The Group has a number of treasury and risk policies to monitor and manage liquidity risk. Cash forecasts identifying the Group's liquidity requirements are produced regularly and are stress-tested for different scenarios, including, but not limited to, reasonably possible increases or decreases in commodity prices and the potential cash implications of a credit rating downgrade. The Group seeks to ensure that sufficient financial headroom exists for at least a twelve-month period to safeguard the Group's ability to continue as a going concern, and as at the reporting date, the analysis performed by the Group extends to 31 December 2027. It is the Group's policy to maintain committed facilities and/or available surplus cash resources of at least £1,500 million, raise at least 75% of its gross debt (excluding non-recourse debt) in the capital market and to maintain an average term to maturity in the recourse long-term debt portfolio greater than five years.

At 31 December 2024 the Group had undrawn committed credit facilities of £3,293 million (2023: £3,784 million) and £5,578 million (2023: £5,525 million) of unrestricted cash and cash equivalents, net of outstanding overdrafts. 77% (2023: 80%) of the Group's gross debt has been raised in the long-term debt market and the average term to maturity of the long-term debt portfolio was 9.6 years (2023: 10.5 years). The Group's liquidity is impacted by the cash posted or received under margin and collateral agreements. The terms and conditions of these agreements depend on the counterparty and the specific details of the transaction. Margin/collateral is generally posted or received to support energy trading and procurement activities. It is posted when contracts with marginable counterparties are out of the money and received when contracts are in the money. Cash is generally returned to the Group or by the Group within two days of trade settlement. At 31 December 2024 the collateral position was as follows:

31 December	**2024 £m**	2023 £m
Collateral (received)/posted included within:		
Trade and other payables	**(162)**	(184)
Trade and other receivables	**191**	260
Collateral posted extinguishing:		
Net derivative liabilities (i)	**76**	164
Net collateral posted (ii)	**105**	240

(i) Variation margin on daily settled derivatives results in the extinguishment of the net derivative asset/liability. These contracts remain outstanding until a future delivery date, and therefore the cumulative daily settlement is considered collateral until that fulfilment date.
(ii) In-year movements of net collateral posted include a foreign exchange adjustment of £4 million debit (2023: £2 million credit).

The Group utilises initial margin waiver facilities to help manage its liquidity and working capital position in relation to derivative trading. For certain types of trade, initial margin is a requirement before entering into a transaction, as it provides credit assurance for the exchange. As initial margin is not a liability of the Group and is refundable, it is reflected as a margin asset on the Group's balance sheet. Accordingly, where counterparties waive any requirement to post initial margin, the Group has no liability.

The level of undrawn committed bank facilities and available cash resources has enabled the Directors to conclude that the Group has sufficient headroom to continue as a going concern. The statement of going concern is included in the Governance section – Other Statutory Information, on page 150.

25. Sources of finance
(c) Adjusted net cash/(debt) summary

Adjusted net cash/(debt) predominantly includes capital market borrowings offset by cash, securities and certain hedging financial instruments used to manage interest rate and foreign exchange movements on borrowings. Presented in the derivatives and current and non-current borrowings, leases and interest accruals columns shown below are the assets and liabilities that give rise to financing cash flows.

				Other assets and liabilities			
	Current and non-current borrowings, leases and interest accruals £m	Derivatives £m	Gross debt £m	Cash and cash equivalents, net of bank overdrafts (i) £m	Current and non-current securities (ii) £m	Sub-lease assets £m	Adjusted net cash/(debt) £m
Group adjusted net (debt)/cash at 1 January 2023	(3,417)	(153)	(3,570)	4,242	525	2	1,199
Transfer of other investments from net debt	—	—	—	—	(27)	—	(27)
Acquisition of businesses	(13)	—	(13)	—	—	—	(13)
Cash outflow from net purchase of securities	—	—	—	(12)	12	—	—
Cash outflow for payment of capital element of leases	93	—	93	(93)	—	—	—
Cash outflow for repayment of borrowings	1,155	—	1,155	(1,155)	—	—	—
Cash inflow from borrowings	(930)	—	(930)	930	—	—	—
Net cash flow from operating activities	—	—	—	2,752	—	—	2,752
Net cash flow from other investing activities (iv)	—	—	—	106	—	—	106
Cash outflow for share buyback programme (v)	—	—	—	(613)	—	—	(613)
Net cash flow from other financing activities (v)	—	—	—	(197)	—	—	(197)
Revaluation	(59)	44	(15)	—	9	—	(6)
Interest receivable on securities	—	—	—	—	23	—	23
Interest received on securities	—	—	—	21	(21)	—	—
Financing interest paid	177	41	218	(286)	—	—	(68)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(186)	(51)	(237)	—	—	—	(237)
New lease agreements and re-measurement of existing lease liabilities	(158)	—	(158)	—	—	—	(158)
Exchange adjustments	49	—	49	(66)	—	—	(17)
Group adjusted net (debt)/cash at 31 December 2023	(3,289)	(119)	(3,408)	5,629	521	2	2,744
Cash outflow for purchase of securities	—	—	—	(19)	19	—	—
Cash inflow from settlement of securities (ii)	—	—	—	400	(400)	—	—
Cash outflow for payment of capital element of leases	97	—	97	(97)	—	—	—
Cash outflow for repayment of borrowings (iii)	842	15	857	(925)	—	—	(68)
Cash inflow from borrowings (iii)	(483)	—	(483)	483	—	—	—
Net cash flow from operating activities	—	—	—	1,149	—	—	1,149
Net cash flow from other investing activities (iv)	—	—	—	87	—	—	87
Cash outflow for share buyback programme (v)	—	—	—	(499)	—	—	(499)
Net cash flow from other financing activities (v)	—	—	—	(227)	—	—	(227)
Revaluation	13	(22)	(9)	—	5	—	(4)
Interest receivable on securities	—	—	—	—	19	—	19
Interest received on securities	—	—	—	25	(25)	—	—
Financing interest paid	171	76	247	(283)	—	—	(36)
Increase in interest payable and amortisation of borrowings, and impact of associated interest rate swaps	(168)	(57)	(225)	—	—	—	(225)
New lease agreements and re-measurement of existing lease liabilities	(53)	—	(53)	—	—	(2)	(55)
Exchange adjustments	3	—	3	(30)	—	—	(27)
Group adjusted net (debt)/cash at 31 December 2024	**(2,867)**	**(107)**	**(2,974)**	**5,693**	**139**	**—**	**2,858**

(i) Cash and cash equivalents includes £115 million (2023: £104 million) of restricted cash. This includes cash totalling £3 million (2023: £2 million) within the Spirit Energy business that is not restricted by regulation but is managed by Spirit Energy's own treasury department. Cash and cash equivalents are net of £645 million bank overdrafts (2023: £814 million).

(ii) Settlement of securities in 2024 is in relation to the repayment of £400 million of loans previously made to the pension schemes. At 31 December 2024, the Securities balance includes £nil (2023: £405 million) of loans to the pension schemes and £31 million (2023: £12 million) of other loans receivable, both measured at amortised cost, as well as £73 million (2023: £72 million) other debt instruments and £35 million (2023: £32 million) equity instruments, both measured at fair value. See note 22 for further details on pension loans now settled.

(iii) Repayment of and inflow from borrowings is in relation to debt repurchase, refinance exercises and obtaining/repayment of short-term borrowing. £370 million of debt instruments have been repurchased in advance of the maturity date. The 2075 hybrid bond designated in a fair value hedge relationship, with a bond carrying value of £435 million and derivative carrying value of £15 million, has been replaced with a 2055 hybrid bond. The 2055 hybrid bond, with a first call date in 2030, resulted in the issue of £405 million notional debt, with £2 million of capitalised transaction fees. A one-off financing cost of £68 million was paid in relation to these repurchase and refinancing exercises. See note 7(b) for further information. Additionally, £37 million of short-term borrowing obtained during December 2023 has been repaid, and £80 million of other borrowings were obtained during the year.

(iv) Cash inflow from other investing activities excludes cash outflow relating to the purchase of securities of £19 million (2023: £12 million), cash inflow from the settlement of securities of £400 million, and interest received on securities of £25 million (2023: £21 million) during the year.

(v) Cash outflow of £499 million (2023: £613 million) relates to the share buyback programme, for which there is a liability of £75 million (2023: £94 million) recognised at 31 December 2024. See note S4 for further details on the share buyback programme. Cash outflow from other financing activities includes £219 million (2023: £186 million) payments of equity dividends and £8 million (2023: £nil) payments for own shares. Cashflows from other financing activities in 2023 also include £17 million of distributions to non-controlling interests and £6 million of proceeds from exercise of share options.

25. Sources of finance

(d) Borrowings, leases and interest accruals summary

31 December	Coupon rate %	Principal m	2024 Current £m	2024 Non-current £m	2024 Total £m	2023 Current £m	2023 Non-current £m	2023 Total £m
Bank overdrafts			**(645)**	**—**	**(645)**	(814)	—	(814)
Bank loans (> 5-year maturity)			**—**	**(124)**	**(124)**	—	(130)	(130)
Other borrowings			**(61)**	**(39)**	**(100)**	(37)	(20)	(57)
Bonds (by maturity date):								
4 September 2026 (i)	6.400	£52	**—**	**(50)**	**(50)**	—	(50)	(50)
16 April 2027	5.900	US$70	**—**	**(56)**	**(56)**	—	(55)	(55)
13 March 2029 (i)	4.375	£552	**—**	**(492)**	**(492)**	—	(497)	(497)
5 January 2032 (ii)	Zero	€50	**—**	**(70)**	**(70)**	—	(71)	(71)
19 September 2033 (i) (iii)	7.000	£400	**—**	**(319)**	**(319)**	—	(703)	(703)
16 October 2043	5.375	US$367	**—**	**(288)**	**(288)**	—	(284)	(284)
12 September 2044	4.250	£550	**—**	**(539)**	**(539)**	—	(539)	(539)
25 September 2045	5.250	US$50	**—**	**(39)**	**(39)**	—	(38)	(38)
21 May 2055 (i) (iv)	6.500	£405	**—**	**(401)**	**(401)**	—	—	—
10 April 2075 (v)	5.250	£450	**—**	**—**	**—**	—	(428)	(428)
			—	**(2,254)**	**(2,254)**	—	(2,665)	(2,665)
Obligations under lease arrangements			**(104)**	**(241)**	**(345)**	(98)	(286)	(384)
Interest accruals			**(44)**	**—**	**(44)**	(53)	—	(53)
			(854)	**(2,658)**	**(3,512)**	(1,002)	(3,101)	(4,103)

(i) Bonds or portions of bonds maturing in 2026, 2029, 2033 and 2055 have been designated in a fair value hedge relationship. See note S5 for details of hedge relationships.
(ii) €50 million of zero coupon notes have an accrual yield of 4.2%, which will result in a €114 million repayment on maturity.
(iii) Before the effect of the debt repurchase exercise during the year, the notional value of the 2033 bond was £770 million.
(iv) The Group has the right to repay at par on 21 May 2030 and every interest payment date thereafter.
(v) The 2075 hybrid bond, with a right to repay at par on 10 April 2025, has been repaid during the year.

26. Share capital

Ordinary share capital represents the total number of shares issued which are publicly traded. We also disclose the number of own and treasury shares the Company holds, which the Company has bought, principally as part of share buyback programmes.

Allotted and fully paid share capital of the Company

31 December	2024 £m	2023 £m
5,568,107,214 ordinary shares of $6^{14/81}$ pence each (2023: 5,907,846,138)	**344**	365

The closing price of one Centrica ordinary share on 31 December 2024 was 133.6 pence (2023: 140.7 pence). Centrica employee share ownership trusts purchase Centrica ordinary shares from the open market and receive treasury shares to satisfy future obligations of certain employee share schemes. The movements in own and treasury shares during the year are shown below:

	Own shares (i)		Treasury shares (i)	
	2024 million shares	2023 million shares	**2024 million shares**	2023 million shares
1 January	**46.8**	30.4	**492.0**	45.7
Shares purchased	**6.8**	1.4	**—**	—
Shares cancelled (ii)	**—**	—	**(339.7)**	—
Shares transferred from treasury and placed into trust	**39.7**	34.3	**(39.7)**	(34.3)
Shares released to employees on vesting	**(10.0)**	(19.3)	**(21.2)**	(31.7)
Share buyback programme (iii)	**—**	—	**385.4**	512.3
31 December (i)	**83.3**	46.8	**476.8**	492.0

(i) Own shares are shares held in trusts to meet employee share awards. Treasury shares are shares that have been purchased from the open market and have not been cancelled. The closing balance in the treasury and own shares reserves of own shares was £93 million (2023: £44 million) and treasury shares was £642 million (2023: £606 million), these are both held at weighted average cost.

(ii) During the period, the Group has cancelled 339,738,924 ordinary shares that were being held as treasury shares. Share capital has been reduced by the nominal value of these shares of £21 million, and a corresponding amount has been credited to the capital redemption reserve. In addition, £400 million has been transferred from treasury shares to retained earnings to account for the price paid for the shares when they were originally credited to treasury shares. This value has been calculated on a first-in-first-out basis.

(iii) See note S4 for further details of the share buyback programme.

27. Events after the balance sheet date

The Group updates disclosures in light of new information being received, or a significant event occurring, in the period between 31 December 2024 and the date of this report.

The Directors propose a final dividend of 3.00 pence per ordinary share for the year ended 31 December 2024 (which would total £153 million based on shareholding at that date). The dividend will be submitted for formal approval at the Annual General Meeting to be held on 8 May 2025 and, subject to approval, will be paid on 5 June 2025 to those shareholders registered on 2 May 2025.

The Group also announced an intention to extend the existing share buyback programme of £1.5 billion by an additional £500 million.

In February 2025, the full, triennial actuarial valuations of the UK Registered Pension Schemes, as at 31 March 2024, were agreed and finalised with the Pension Trustees. See note 22 for further information, including updated prospective contribution details.

Supplementary information

Supplementary information includes additional information and disclosures we are required to make by accounting standards or regulation.

S1. General information

Centrica plc (the Company) is a public company limited by shares, domiciled and incorporated in the UK, and registered in England and Wales. The address of the registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD. The Company, together with its subsidiaries, comprise the 'Group'. The nature of the Group's operations and principal activities are set out in note 4(a) and on pages 1 to 77.

The consolidated Financial Statements of Centrica plc are presented in pounds sterling. Operations and transactions conducted in currencies other than pounds sterling are included in the consolidated Financial Statements in accordance with the foreign currencies accounting policy set out in note S2.

S2. Summary of material accounting policies

This section sets out the Group's material accounting policies in addition to the critical accounting policies applied in the preparation of these consolidated Financial Statements. Unless otherwise stated, these accounting policies have been consistently applied to the years presented.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of the Company and entities controlled by the Company. Subsidiaries are all entities (including structured entities) over which the Group has control. Control is exercised over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Transactions with non-controlling interests that relate to their ownership interests and do not result in a loss of control are accounted for as equity transactions.

The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition (at which point the Group gains control over a business as defined by IFRS 3, and applies the acquisition method to account for the transaction as a business combination) or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures to align the accounting policies with those used by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture, associate or financial asset.

Segmental reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to and regularly reviewed by the Group's Executive Committee (which is the Group's Chief Operating Decision Maker as defined by IFRS 8 'Operating segments') for the purposes of evaluating segment performance and allocating resources.

Revenue

Energy supply to business and residential customers

The vast majority of contractual energy supply arrangements have no fixed duration, and require no minimum consumption by the customer. No enforceable rights and obligations exist at inception of the contract and arise only once the cooling off period is complete and the Group is the legal supplier of energy to the customer. The performance obligation is the supply of energy over the contractual term; the units of supply represent a series of distinct goods that are substantially the same with the same pattern of transfer to the customer. The performance obligation is considered to be satisfied as the customer consumes based on the units of energy delivered. This is the point at which revenue is recognised. In respect of energy supply contracts, the Group considers that it has the right to consideration from the customer for an amount that corresponds directly with the invoiced value delivered to the customer through their consumption. The Group's assessment of the amount that it has a right to invoice includes an assessment of energy supplied to customers between the date of the last meter reading and the year-end (known as unread revenue). Unread gas and electricity comprises both billed and unbilled revenue and is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. Actual meter readings continue to be compared to system estimates between the balance sheet date and the finalisation of the accounts.

The Group holds a number of energy supply contracts that specify a minimum consumption volume over a specified contractual term. The transaction price for these contracts is the minimum supply volume multiplied by the contractually agreed price per unit of energy. Revenue from the sale of additional volumes is considered to be variable and not included in the transaction price. Revenue for these contracts continues to be recognised as invoiced.

In making disclosures under IFRS 15, the Group applies the practical expedient in paragraph 121 of IFRS 15 and therefore does not disclose information related to the transaction price allocated to remaining performance obligations on the basis that the Group recognises revenue from the satisfaction of the performance obligations within energy supply contracts in accordance with Paragraph B16.

S2. Summary of material accounting policies

Energy services provided to business and residential customers

Energy services relate to the installation, repair and maintenance of central heating, ventilation and air conditioning systems.

Delivery of an item is considered a separate performance obligation to the installation of the item, both satisfied at a point in time. Delivery is the point at which control passes to the customer as the customer takes physical possession of the asset. It is also the point at which the Group has the right to consideration. Delivery and installation usually occur at the same point in time and consequently revenue is recognised for both performance obligations simultaneously.

Costs to obtain or fulfil a contract

Under IFRS 15 'Revenue from contracts with customers', the incremental costs of obtaining a contract are recognised as an asset if they are expected to be recovered. These costs include expenditures that would not have been incurred if the contract had not been secured and typically relate to sales commissions payable in relation to both Energy supply and Energy service contracts.

Costs to fulfil a contract are recognised as an asset where they are directly related to a contract and where they generate or enhance resources of the entity that will be used in satisfying the performance obligations. Costs must be expected to be recoverable. Assets relating to costs to obtain or fulfil a contract are amortised over the period of the contract. See note 17.

Sales of Liquefied Natural Gas (LNG)

Revenue arising from sales of LNG is recognised when control of the commodity passes to the counterparty, with each cargo representing a separate performance obligation satisfied at a point in time.

Sales of own gas and liquid production

Revenue arising from the sale of produced gas is recognised in a manner consistent with energy supply contracts with the revenue recognition profile reflecting the supply of gas to the customer.

The rights and obligations identifiable within a contract where the Group holds sellers' nomination rights are considered to be enforceable from inception of the contract. The transaction price for the contract will include variable consideration based on forecast production and market prices. The point at which the performance obligation is satisfied and revenue recognised is the point at which control of the commodity passes to the customer according to the contractual trading terms, usually on shipment or delivery to a specified location.

Energy sales to trading and energy procurement counterparties

Revenue arising from the sale of energy procured from generation asset owners to trading and energy procurement counterparties is also recognised in a manner consistent with energy supply contracts. There is a single performance obligation being the supply of energy over the contractual term at spot prices and revenue is recognised at the point at which energy is supplied to the counterparty in accordance with the contractual terms.

Revenue arising from contracts outside the scope of IFRS 15

Revenue from sources other than the Group's contracts with customers is recognised in accordance with the relevant standard, as detailed below:

Fixed-fee service and insurance contracts: revenue from these contracts is recognised in the Group Income Statement with regard to the incidence of risk over the life of the contract, reflecting the seasonal propensity of claims to be made under the contracts and the benefits receivable by the customer, which span the life of the contract as a result of emergency maintenance being available throughout the contract term.

Power generation: revenue is recognised under IFRS 9 where contracts to supply power are measured at fair value.

Cost of sales

Energy supply includes the cost of gas and electricity produced and purchased during the year for own-use contracts, taking into account the industry reconciliation process for total gas and total electricity usage by supplier and related transportation, distribution, royalty costs and bought-in materials and services.

Cost of sales relating to fixed-fee service and insurance contracts includes direct labour and related overheads on installation work, repairs and service contracts in the year.

Cost of sales relating to gas production includes depreciation of assets used in production of gas, royalty costs and direct labour costs.

Cost of sales within power generation businesses includes the depreciation of assets included in generating power, fuel purchase costs, direct labour costs, electricity generator levy charges and carbon emissions costs.

Re-measurement and settlement of energy contracts

Re-measurement and settlement of energy contracts includes both realised (settled) commodity sales and purchase contracts in the scope of IFRS 9, as well as unrealised (fair value changes) on active contracts, as detailed further in note 2.

Financing costs

Financing costs that arise in connection with the acquisition, construction or production of a qualifying asset are capitalised and subsequently amortised in line with the depreciation of the related asset. Financing costs not arising in connection with the acquisition, construction or production of a qualifying asset are expensed.

S2. Summary of material accounting policies

Foreign currencies

The consolidated Financial Statements are presented in pounds sterling, the functional currency of the Company and the Group's presentational currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency of the entity at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency of the relevant entity at the rate of exchange ruling at the balance sheet date and exchange movements included in the Group Income Statement for the period.

Non-monetary items that are measured at historical cost in a currency other than the functional currency of the entity concerned are translated using the exchange rate prevailing at the dates of the initial transaction.

For the purpose of presenting consolidated Financial Statements, the assets and liabilities of the Group's non-sterling functional currency subsidiary undertakings, joint ventures and associates are translated into pounds sterling at exchange rates prevailing at the balance sheet date. The monthly results of these (generally foreign) subsidiary undertakings, joint ventures and associates are translated into pounds sterling each month at the average rates of exchange for that month. The closing exchange rates, and the average of the rates used to translate the results of foreign operations to pounds sterling are shown below.

	Closing rate at 31 December		Average rate for the year ended 31 December	
Exchange rate per pounds sterling (£)	**2024**	2023	**2024**	2023
US dollars	**1.25**	1.27	**1.28**	1.24
Canadian dollars	**1.80**	1.68	**1.75**	1.68
Euro	**1.21**	1.15	**1.18**	1.15
Norwegian krone	**14.24**	12.90	**13.75**	13.14
Danish krone	**9.02**	8.59	**8.81**	8.58

Exchange adjustments arising from the retranslation of the opening net assets and results of non-sterling functional currency operations are transferred to the Group's foreign currency translation reserve, a separate component of equity, and are reported in other comprehensive income. In the event of the disposal of a non-sterling functional currency subsidiary, the cumulative translation difference arising in the foreign currency translation reserve is charged or credited to the Group Income Statement on disposal. Where the Group utilises net investment hedging, changes in the fair value of the hedging instrument are recognised in equity and remain there until the disposal of the specific, related investments, at which point the gains and losses are recycled to profit or loss.

Employee share schemes

The Group operates a number of employee share schemes, detailed in the Remuneration Report on pages 116 to 123, under which it makes equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non-market-based vesting conditions). The fair value determined at the grant date is expensed on a straight-line basis together with a corresponding increase in equity over the vesting period, based on the Group's estimate of the number of awards that will vest, and adjusted for the effect of non-market-based vesting conditions.

The majority of the share-based payment charge arises from the Annual Incentive Plan. This scheme is applicable to senior executives, and senior and middle management. Shares issued under the scheme vest subject to continued employment within the Group in two stages (half after two years and the other half after three years). Employees leaving prior to the vesting date will normally forfeit their rights to unvested share awards. The fair value of the awards is measured using the market value at the date of grant.

More information is included in the Remuneration Report on pages 116 to 123.

S2. Summary of material accounting policies

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method (at the point the Group gains control over a business as defined by IFRS 3). The cost of the acquisition is measured as the cash paid and the aggregate of the fair values, at the date of exchange, of other assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement at the acquisition date.

Acquisition-related costs are expensed as incurred. The identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5. The Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill arising on a business combination represents the excess of the consideration transferred, the amount of the non-controlling interests and the acquisition date fair value of any previously held interest in the acquiree over the Group's interest in the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of a stake in a joint venture or an associate represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of the investee at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. The goodwill arising on an investment in a joint venture or in an associate is not recognised separately, but is shown under 'Interests in joint ventures and associates' in the Group Balance Sheet. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the Group Income Statement.

Acquisitions of joint operations that meet the definition of a business as defined in IFRS 3 are accounted for as business combinations.

On disposal of a subsidiary, associate or joint venture entity, any amount of goodwill attributed to that entity is included in the determination of the profit or loss on disposal. A similar accounting treatment is applied on disposal of assets that represent a business.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Capitalisation begins when expenditure for the asset is being incurred and activities necessary to prepare the asset for use are in progress and ceases when substantially all the activities that are necessary to prepare the asset for use are complete. Amortisation commences at the point of commercial deployment. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over their useful lives and are tested for impairment, as part of the CGU to which they relate where necessary, annually and whenever there is an indication that the asset could be impaired. The amortisation period and method for an intangible asset are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for on a prospective basis by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from their use.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually, and whenever there is an indication that the intangible asset could be impaired, either individually or at the CGU level. The indefinite life assessment is reviewed annually and, if not supportable, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

The useful economic lives for the material categories of intangible assets are as follows:

Customer relationships and other contractual assets	Up to 20 years
Strategic identifiable acquired brands	Indefinite
Application software	Up to 15 years

Strategic identifiable acquired brands are deemed to have indefinite lives where evidence suggests that the brand will generate net cash inflows for the Group for an indefinite period.

Cloud computing arrangements

The Group has a number of contracts for Software as a Service (SaaS) and Platform as a Service (PaaS) Cloud Computing Arrangements. These contracts permit the Group to access vendor-hosted software and platform services over the term of the arrangement. The Group does not control the underlying assets in these arrangements and costs are expensed as incurred.

The Group also incurs implementation costs in respect of these contracts. Implementation costs are capitalised as intangible assets where costs meet the definition and recognition criteria of an intangible asset under IAS 38. Such costs typically relate to software coding which is capable of providing benefit to the Group on a standalone basis. Other implementation costs, primarily relating to the configuration and customisation of the Cloud software solution, are assessed to determine whether the implementation activity relating to these costs is distinct from the Cloud Arrangement, in which case costs are expensed as the activity occurs. If the configuration and customisation costs relate to activity which is integral to the Cloud Arrangement such that the activity is received over the term of the Cloud Arrangement, costs are recognised as a prepayment and expensed over the term of the Cloud Arrangement.

S2. Summary of material accounting policies

UK & EU Emissions Trading Scheme

Purchased carbon dioxide emissions allowances are recognised initially at cost (purchase price) within intangible assets. The liability is measured at the cost of purchased allowances up to the level of purchased allowances held, and then at the market price of allowances ruling at the balance sheet date, with movements in the liability recognised in operating profit.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period. No amortisation is charged up to the date of surrender as the cost and residual value of the intangible asset are deemed to be the same with no consumption of economic benefit. Forward contracts for the purchase or sale of carbon dioxide emissions allowances are measured at fair value with gains and losses arising from changes in fair value recognised in the Group Income Statement.

Renewable certificates

The Group purchases renewable certificates both on a standalone basis, and through Power Purchase Agreements. The main types of renewable certificates acquired are Renewable Energy Guarantees of Origin (REGOs) which are certificates issued by Ofgem certifying that electricity has been produced from renewable sources, Renewable Obligation Certificates (ROCs) which are issued to accredited generators for the eligible renewable electricity they generate and Guarantees of Origin (GoOs) which are the EU equivalent of REGOs. The Group uses renewable certificates to meet its obligations under a number of Ofgem schemes, namely the Feed-in Tariff (FIT), the Contracts for Difference (CFD), the Fuel Mix Disclosure (FMD) and the Renewables Obligation (RO) scheme.

Purchased renewable certificates are recognised initially at cost within intangible assets as an indefinite life asset. A liability for the RO is recognised based on the level of electricity supplied to customers, and is calculated in accordance with percentages set by the UK Government and the renewable obligation certificate buyout price for that period.

The intangible asset is surrendered and the liability is extinguished at the end of the compliance period to reflect the consumption of economic benefits. Any recycling benefit related to the submission of renewable obligation certificates is recognised in the Group Income Statement when received. The Group also recognises supplier obligations for CFD and FIT schemes; renewable certificates are used to offset these liabilities.

Cash flows relating to renewable obligation certificates and similar schemes are recognised within cash flows from operating activities.

Exploration, evaluation, development and production assets

The Group used the successful efforts method of accounting for exploration and evaluation expenditure. Exploration and evaluation expenditures associated with an exploration well, including acquisition costs related to exploration and evaluation activities were capitalised initially as intangible assets. Certain expenditures such as geological and geophysical exploration costs were expensed. If the prospects were subsequently determined to be successful on completion of evaluation, the relevant expenditure was transferred to PP&E. If the prospects were subsequently determined to be unsuccessful, the associated costs were expensed in the period in which that determination was made.

All field development costs are capitalised as PP&E. Such costs relate to the acquisition and installation of production facilities and include development drilling costs, project-related engineering and other technical services costs. PP&E, including rights and concessions related to production activities, is depreciated from the commencement of production in the fields concerned, using the unit of production method, based on all of the 2P reserves of those fields. Changes in these estimates are dealt with prospectively.

The net carrying value of fields in production and development is compared annually on a field-by-field basis with the likely discounted future net revenues to be derived from the remaining commercial reserves. An impairment loss is recognised where it is considered that recorded amounts are unlikely to be fully recovered from the net present value of future net revenues. Exploration assets are reviewed annually for indicators of impairment and production and development assets are tested annually for impairment.

Interests in joint arrangements and associates

The Group's joint ventures and associates (as defined in note 6) are accounted for using the equity method.

The Group's interests in joint operations (gas exploration and production licence arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Where the Group has an equity stake or a participating interest in operations governed by a joint arrangement for which it is acting as operator, an assessment is carried out to confirm whether the Group is acting as agent or principal. As the terms and conditions negotiated between business partners usually provide joint control to the parties over the relevant activities of the gas fields that are governed by joint arrangements, the Group is usually deemed to be an agent when it is appointed as operator and not as principal as the contracts entered into presents gross liabilities and gross receivables of joint operations (including amounts due to or from non-operating partners) in the Group Balance Sheet in accordance with the netting rules of IAS 32 'Financial instruments – presentation'.

Property, plant and equipment

PP&E is included in the Group Balance Sheet at cost, less accumulated depreciation and any provisions for impairment.

Subsequent expenditure in respect of items of PP&E, such as the replacement of major parts, major inspections or overhauls, are capitalised as part of the cost of the related asset where it is probable that future economic benefits will arise as a result of the expenditure and the cost can be reliably measured. All other subsequent expenditure is expensed as incurred.

S2. Summary of material accounting policies

Freehold land is not depreciated. Other PP&E, with the exception of upstream production assets (see above), are depreciated on a straight-line basis at rates sufficient to write off the cost, less estimated residual values, of individual assets over their estimated useful lives. The depreciation periods for the material categories of assets are as follows:

Freehold and leasehold buildings	Up to 50 years
Plant	5 to 25 years
Equipment and vehicles	3 to 10 years
Power generation assets	Up to 40 years

The carrying values of PP&E are tested annually for impairment and are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Residual values and useful lives are reassessed annually and, if necessary, changes are accounted for prospectively.

Impairment assumptions

The Group tests the carrying amounts of goodwill, PP&E and intangible assets (with the exception of exploration assets) for impairment at least annually. Interests in joint ventures and associates and exploration assets are reviewed annually for indicators of impairment and tested for impairment where such an indicator arises. Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal (FVLCD).

At inception, goodwill is allocated to each of the Group's CGUs or groups of CGUs that expect to benefit from the business combination in which the goodwill arose. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. Any impairment is expensed immediately in the Group Income Statement. Any CGU impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU.

Further information on the assumptions used in the VIU calculations and FVLCD calculations that resulted in impairments during the year can be found at note 7.

VIU – Key assumptions used

Pre-tax cash flows used in the VIU calculations are derived from the Group's Board-approved business plans, and assumptions specific to the nature and life of the asset. The Group's business plans and assumptions are based on past experience and adjusted to reflect market trends, economic conditions and key risks. Commodity prices used in the planning process are based in part on observable market data and in part on estimates. Note S6 provides additional detail on the active period of each of the commodity markets in which the Group operates.

(a) VIU – Growth rates and discount rates

Unless stated otherwise in the table below, cash flows beyond the planned period have been extrapolated using long-term growth rates in the market where the CGU operates. Long-term growth rates are determined using a blend of publicly available historical data and long-term growth rate forecasts published by external analysts. Cash flows are discounted using a discount rate specific to each CGU. Discount rates reflect the current market assessments of the time value of money and are based on the estimated cost of capital of each CGU. Additionally, risks specific to the cash flows of the CGUs are reflected within cash flow forecasts. Each CGU's weighted average cost of capital is then adjusted to reflect the impact of tax in order to calculate an equivalent pre-tax discount rate.

Long-term growth rates and pre-tax discount rates used in the VIU calculations for each of the Group's CGUs are shown below.

2024	**British Gas Services & Solutions %**	**British Gas Energy %**	**Centrica Business Solutions Energy Supply %**	**Bord Gáis Energy %**	**Centrica Energy %**	**Nuclear (i) %**
Growth rate to perpetuity (including inflation)	**2.0**	**2.0**	**2.0**	**2.1**	**2.0**	**N/A**
Pre-tax discount rate	**10.0**	**10.7**	**12.0**	**9.1**	**12.0**	**15.3**

2023	British Gas Services & Solutions %	British Gas Energy %	Centrica Business Solutions Energy Supply %	Bord Gáis Energy %	Centrica Energy %	Nuclear (i) %
Growth rate to perpetuity (including inflation)	2.1	2.1	2.1	1.6	2.1	N/A
Pre-tax discount rate	10.0	10.7	12.0	10.7	12.0	17.3

(i) Cash flows arising after the plan period have been derived from forecasts to the end of the asset lives. Due to the nature of these finite-lived assets, this provides a more appropriate valuation in later years.

S2. Summary of material accounting policies

(b) VIU – Inflation rates

Inflation rates used in the business plan were based on a blend of publicly available inflation forecasts and range from 2.0% to 2.1%.

(c) Key operating assumptions by CGUs using VIU

The key operating assumptions across all CGUs are gross margin, revenues and operating costs. These assumptions are tailored to the specific CGU using management's knowledge of the environment, as shown in the table below:

CGU	Gross margin	Revenues	Operating costs
All – base assumptions	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. New customers and renewals: based on gross margins achieved in the period leading up to the date of the business plan. Both adjusted for current market conditions and cost of goods inflation. For Services businesses, future sales and related gross margins are based on planned future product sales and contract losses based upon past performance and future expectations of the competitive environment.	Existing customers: based on contractual terms. Losses are forecast based on historic data and future expectations of the market. Adjusted for: growth forecasts which are based on sales and marketing activity, recent customer acquisitions and the current economic environment in the relevant geography. Gas and electricity revenues based on forward market prices. Market share: percentage immediately prior to business plan.	Wages: projected headcount in line with expected efficiencies. Salary increases based on inflation expectations. Credit losses: historical assumptions regarding realised cash losses have been updated to reflect the current environment.
Centrica Energy	Existing and new markets: management's estimate of future trading performance.	As above.	Future development: increase in costs to support growth forecasts, adjusted for planned business process efficiencies.

Overlift and underlift

Offtake arrangements for gas produced from joint operations are often such that it is not practical for each participant to receive or sell its precise share of the overall production during the period. This results in short-term imbalances between cumulative production entitlement and cumulative sales, referred to as overlift and underlift.

An overlift payable, or underlift receivable, is recognised at the balance sheet date within trade and other payables or trade and other receivables respectively, and is measured at market value, with movements in the period recognised within cost of sales.

S2. Summary of material accounting policies

Leases

The Group assesses its contractual arrangements to determine whether they are or contain leases based on whether they convey the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The liabilities for the majority of the Group's lease portfolio are calculated using the incremental borrowing rate. This rate is calculated on a lease-by-lease basis, taking into account the credit rating of the Group at the inception of the lease and the lease term. The credit adjustment used in this calculation is modified to reflect the security implicit in a lease arrangement based on the specific class of asset being leased.

Lease payments included in the measurement of the lease liability comprise: fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate (initially measured using the index or rate as at the commencement date), amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. When considering whether the Group is reasonably certain to exercise extension or termination options, various factors are considered, such as the level of lease payments relative to the market rate, the importance of the specific asset to the Group's operations and the period remaining until the option becomes exercisable. Such judgements are reconsidered when there is a significant event or change of circumstances that is within the control of the Group. Variable lease payments that do not depend on an index or rate are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, lease-term extension or termination option. Cash flows reflecting payment of capital and interest on leases are shown in cash flows from financing activities.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group recognises the lease payments associated with short-term leases (leases expiring within twelve months from commencement) and leases of low value assets (underlying asset value less than £5,000) on a straight-line basis over the lease term.

The Group holds interests in a number of joint operations within its exploration and production business. The Group has applied judgement in identifying the customer where a lease arrangement is to be used by a jointly controlled operation.

If the leased asset is dedicated to a specific joint operation and its usage is dictated by the joint operating agreement, the joint operation is deemed the customer. In such instances:

- When the Group signs a lease agreement on behalf of a joint operation and has primary responsibility for payments to the lessor, the Group recognises 100% of the lease liability and a right-of-use asset on its balance sheet. When the partner is obliged to reimburse the Group for its share of lease payments, a sub-lease receivable is recognised and an equal adjustment to the right-of-use asset is made; and
- When the partner has the primary responsibility for payments to the lessor and the Group is obliged to reimburse its share of the lease payments, a lease liability due to the partner and equal right-of-use asset are recognised.

If the leased asset is not dedicated to a specific joint operation or its usage is not dictated by the joint operating agreement of a joint operation to which it is dedicated, the signatory to the lease agreement is deemed the customer. If this is the Group, the lease liability and right-of-use asset are recognised in full. If it is the partner, no lease liability or right-of-use asset is recognised.

S2. Summary of material accounting policies

Inventories

Inventories of finished goods are valued at the lower of cost (using weighted-average cost) or estimated net realisable value after allowance for redundant and slow-moving items. The cost of inventories includes the purchase price plus costs of conversion incurred in bringing the inventories to their present location and condition.

Inventory of gas in storage held for the purpose of the Group's own use is measured on a weighted-average cost basis, whilst gas used for trading purposes is measured at fair value less any costs to sell. Changes in fair value less costs to sell are recognised in the Group Income Statement.

Government grants

Government grants are transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is designed to provide an economic benefit that is specific to an entity qualifying under certain criteria. The Group recognises government grants only when there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are deducted from the carrying amount of the asset.

Decommissioning costs

A provision is made for the net present value of the estimated cost of decommissioning gas production facilities at the end of the producing lives of fields and power stations at the end of their useful lives, based on price levels and technology at the balance sheet date.

When this provision relates to an asset with sufficient future economic benefits, a decommissioning asset is recognised and included as part of the associated PP&E and depreciated accordingly. The asset is subject to impairment review as detailed above. Changes in estimates and discount rates are dealt with prospectively and reflected as an adjustment to the provision and corresponding decommissioning asset included within PP&E. The discount rate used to calculate the provision is 2% as discussed in note 3. The unwinding of the discount on the provision is included in the Group Income Statement within financing costs.

Pensions and other post-employment benefits

The Group operates a number of defined benefit and defined contribution pension schemes. The cost of providing benefits under the defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in the period in which they occur in other comprehensive income.

The cost of providing retirement pensions and other benefits is charged to the Group Income Statement over the periods benefitting from employees' service. Past service cost is recognised immediately. Costs of administering the schemes are charged to the Group Income Statement. Net interest, being the change in the net defined benefit liability or asset due to the passage of time, is recognised in the Group Income Statement within net finance cost.

The net defined benefit liability or asset recognised in the Group Balance Sheet represents the present value of the defined benefit obligation of the schemes and the fair value of the schemes' assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits are paid, and that have terms of maturity approximating to the terms of the related pension liability.

Payments to defined contribution retirement benefit schemes are recognised in the Group Income Statement as they fall due.

In 2022 the Group provided a loan facility to the Group's three defined benefit pension schemes. The Group recognised the loan as a financial asset under IFRS 9 'Financial instruments' measured at amortised cost and classified as a receivable within Securities on the Group's balance sheet. The loan liability was deducted from plan assets on the basis that the loan did not relate to employee benefits in accordance with IAS 19 and was fully repaid during 2024.

S2. Summary of material accounting policies

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, that can be measured reliably, and it is probable that the Group will be required to settle that obligation. Provisions are discounted to present value where the effect is material.

Where discounting is used, the increase in the provision due to the passage of time is recognised in the Group Income Statement within interest expense. Onerous contract provisions are recognised where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Contracts to purchase or sell energy are reviewed on a portfolio basis given the fungible nature of energy, whereby it is assumed that the highest priced purchase contract supplies the highest priced sales contract and the lowest priced sales contract is supplied by the lowest priced purchase contract.

Taxation

Current tax, including UK corporation tax, UK petroleum revenue tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. From time to time, the Group may have open tax issues with a number of revenue authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the dispute can be made, management provides for its best estimate of the liability. These estimates take into account the specific circumstances of each dispute and relevant external advice as well as the rules and regulations of the relevant tax authority in the jurisdiction of the dispute. Often the Group is unable to predict whether an uncertain tax treatment will be accepted by the relevant authority. In such instances the effects of uncertainty are reflected in management's assessment of the most likely outcome of each issue, as reviewed and updated on a regular basis. Each item is considered separately and on a basis that provides the better prediction of the outcome, unless the Group determines that it is appropriate to group certain items for consideration. See note 9 for further details on uncertain tax provisions.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Group's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future, against which the deductible temporary difference can be utilised.

Deferred tax is provided on temporary differences arising on subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequences expected from the manner in which the asset or liability is recovered or settled.

S2. Summary of material accounting policies

Financial instruments

Financial assets and financial liabilities are recognised in the Group Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

(a) Trade receivables

Trade receivables are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

(b) Trade payables

Trade payables are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

(c) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds received. Own equity instruments that are reacquired (treasury or own shares) are deducted from equity. No gain or loss is recognised in the Group Income Statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions and money market deposits, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less. Money market funds are also included in cash and cash equivalents, and are required to be measured at fair value through profit or loss under IFRS 9, as noted in section (g) below. Cash and cash equivalents are presented net of outstanding bank overdrafts where there is a legal right of set off and, for the Group's cash pooling arrangements, to the extent the Group expects to settle its subsidiaries' year-end account balances on a net basis.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Interest-bearing loans and other borrowings

All interest-bearing loans and other borrowings with banks and similar institutions are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost using the effective interest method, except when they are hedged items in an effective fair value hedge relationship where the carrying value is also adjusted to reflect the fair value movements associated with the hedged risks. Such fair value movements are recognised in the Group Income Statement. Amortised cost is calculated by taking into account any issue costs, discount or premium.

(f) Financial instruments at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are equity instruments that the Group has elected to recognise the changes in fair value of in other comprehensive income. They are recognised initially at fair value in the Group Balance Sheet and are re-measured subsequently at fair value with gains and losses arising from changes in fair value recognised directly in equity and presented in other comprehensive income. Dividends arising on these financial assets are recognised in the Group Income Statement.

Cumulative gains and losses on equity instruments at fair value through other comprehensive income are not recycled to the Group Income Statement.

(g) Financial assets at fair value through profit or loss

Money market funds (which are classified as cash equivalents) are required to be measured at fair value through profit or loss under IFRS 9, as the assets are not held solely for the purpose of collecting contractual cash flows related to principal and interest. Both mandatory and designated instruments are measured at fair value on initial recognition and are re-measured to fair value in each subsequent reporting period. Gains and losses arising from changes in fair value are recognised in the Group Income Statement within investment income.

(h) Securities

The Group holds debt and equity securities predominantly in respect of the Centrica Unapproved Pension Scheme (see note 22). Debt securities are required to be measured at fair value through profit or loss under IFRS 9, as the contractual terms of these assets do not give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding. The changes in fair value are recognised in finance costs. The Group has elected to recognise the changes in fair value of the equity securities in other comprehensive income.

The Group classified the loan facility provided to the Group's defined benefit pension schemes within Securities. It was recognised as a financial asset under IFRS 9 'Financial instruments' and measured at amortised cost. Correspondingly, the loan liability was deducted from plan assets on the basis the loan did not relate to employee benefits (scheme liabilities) in accordance with IAS 19 and was fully repaid during 2024.

Securities also includes a loan made to a minority shareholder which is similarly recognised as a financial asset under IFRS 9 and measured at amortised cost.

S2. Summary of material accounting policies

(i) Other investments

Other investments includes convertible loan notes which are measured at fair value through profit or loss under IFRS 9, as these assets do not meet the contractual cash flows characteristic test; namely, contractual cash flows are not solely payments of principal and interest on principal outstanding. Gains or losses arising from changes in fair value are recognised in operating expenses. Financial assets held solely for the purpose of collecting contractual cash flows related to principal and interest are initially recognised at fair value and then subsequently measured at amortised cost.

Other investments also include equity investments which the Group accounts for under IFRS 9, because it does not have the ability to control, or significantly influence the investment. According to the requirements of IFRS 9, the Group may either measure these investments at fair value with value changes recognised in profit or loss, or it may elect to recognise those value changes in other comprehensive income. For the majority of the Group's other investments, fair value movements are recognised in other comprehensive income; this election is made separately for each investment made.

(j) Derivative financial instruments

The Group routinely enters into sale and purchase transactions for physical delivery of gas and power. A portion of these transactions take the form of contracts that were entered into and continue to be held for the purpose of receipt or delivery of the physical commodity in accordance with the Group's expected sale, purchase or usage requirements ('own use'), and are not within the scope of IFRS 9. The assessment of whether a contract is deemed to be 'own use' is conducted on a Group basis without reference to underlying book structures, business units or legal entities.

Certain purchase and sales contracts for the physical delivery of gas and power are within the scope of IFRS 9 due to the fact that they net settle or contain written options. Such contracts are accounted for as derivatives under IFRS 9 and are recognised in the Group Balance Sheet at fair value. Gains and losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the Group Income Statement for the year.

The Group uses a range of derivatives for both trading and to hedge exposures to financial risks, such as interest rates, foreign exchange and energy price risks, arising in the normal course of business. Where considered appropriate, the Group may use weather derivatives to protect against earnings volatility arising from unseasonal weather variations. The use of such derivatives did not have a material financial statement impact in 2024 or 2023. The use of derivative financial instruments is governed by the Group's policies which are approved by the Board of Directors. Further detail on the Group's risk management policies is included within the Strategic Report – Principal Risks and Uncertainties on pages 40 to 51 and in note S3.

The accounting treatment of derivatives is dependent on whether they are entered into for trading or hedging purposes. A derivative instrument is considered to be used for hedging purposes when it alters the risk profile of an underlying exposure of the Group in line with the Group's risk management policies and is in accordance with established guidelines. Certain derivative instruments used for hedging purposes are designated in hedge accounting relationships as described by IAS 39 (the Group has not applied the hedge accounting requirements of IFRS 9). In order to qualify for hedge accounting, the effectiveness of the hedge must be reliably measurable and documentation describing the formal hedging relationship must be prepared at the point of designation. The hedge must be highly effective in achieving its objective. The Group also holds derivatives that are used for hedging purposes which are not designated in hedge accounting relationships and are held for trading.

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off, and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

The Group enters into certain energy derivative contracts covering periods for which observable market data does not exist. The fair value of such derivatives is estimated by reference in part to published price quotations from active markets, to the extent that such observable market data exists, and in part by using valuation techniques, the inputs to which include data that is not based on or derived from observable markets. Where the fair value at initial recognition for such contracts differs from the transaction price, a fair value gain or fair value loss will arise. This is referred to as a day-one gain or day-one loss. Such gains and losses are deferred (not recognised) and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available. When observable market data becomes available, any remaining deferred day-one gains or losses are recognised within the Group Income Statement.

Recognition of the gains or losses resulting from changes in fair value depends on the purpose for issuing or holding the derivative. For derivatives that do not qualify for cash flow or net investment hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Group Income Statement and are included within gross profit or investment income and financing costs. Where derivatives qualify for cash flow or net investment hedging, changes in fair value arising from the effective element of the hedge are recognised initially in the Group Statement of Comprehensive Income and are recycled to the Group Income Statement when the hedged item impacts profit or loss. Further details on the treatment of energy derivatives in the Group Income Statement is provided in note 2. Further detail on the treatment of derivatives in hedging relationships is provided in note S5.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value, with gains or losses reported in the Group Income Statement. The closely related nature of embedded derivatives is reassessed when there is a change in the terms of the contract that significantly modifies the future cash flows under the contract. Where a contract contains one or more embedded derivatives, and providing that the embedded derivative significantly modifies the cash flows under the contract, the option to fair value the entire contract may be taken and the contract will be recognised at fair value with changes in fair value recognised in the Group Income Statement. Gains and losses arising from changes in the fair value of energy derivative contracts are recognised within 'Re-measurement and settlement of energy contracts' in the Group's Results for the period under IFRS.

S2. Summary of material accounting policies

(k) Hedge accounting

The Group continues to apply the hedge accounting requirements of IAS 39 and has not adopted IFRS 9 hedge accounting.

For the purposes of hedge accounting, hedges are classified as either fair value hedges or cash flow hedges. Note S5 details the Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39.

(l) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. The Group accounts for financial guarantee contracts under IFRS 9.

(m) Impairment of financial assets

In accordance with IFRS 9, the Group has applied the expected credit loss model to financial assets measured at amortised cost and to investments in debt instruments measured at fair value through other comprehensive income.

For trade receivables and contract assets the simplified approach is taken and the lifetime expected credit loss provided for.

For all other in-scope financial assets at the balance sheet date either the lifetime expected credit loss or a 12-month expected credit loss is provided for, depending on the Group's assessment of whether the credit risk associated with the specific asset has increased significantly since initial recognition. As the Group's financial assets are predominantly short-term (less than twelve months), the impairment loss recognised is not materially different using either approach. Further details of the assumptions and inputs used to calculate expected credit losses are shown in note 17.

Nuclear activity

The Group's investment in Lake Acquisitions Limited ('Nuclear') is accounted for as an associate. The following accounting policies are specific to this nuclear activity.

(a) Fuel costs – nuclear front end

Front-end fuel costs consist of the costs of procurement of uranium, conversion and enrichment services, and fuel element fabrication. All costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

(b) Fuel costs – nuclear back end

Advanced gas-cooled reactors (AGR)

Spent fuel extracted from the reactors is sent for reprocessing and/or long-term storage and eventual disposal of resulting waste products. Back-end fuel costs comprise of a loading-related cost per tonne of uranium and a rebate/surcharge to this cost which is dependent on the out-turn market electricity price and the amount of electricity generated from AGR stations in the year. These costs are capitalised into inventory and charged to the Group Income Statement in proportion to the amount of fuel burnt.

Pressurised water reactor (PWR)

Back-end fuel costs are based on wet storage in station ponds followed by dry storage and subsequent direct disposal of fuel. Back-end fuel costs are capitalised into inventory on loading and are charged to the Group Income Statement in proportion to the amount of fuel burnt.

(c) Nuclear PP&E – depreciation

The majority of the cost of the nuclear fleet is depreciated from the date of the Group acquiring its share of the fleet on a straight-line basis, with remaining depreciable periods currently of up to 31 years.

Other expenditure including amounts spent on major inspections and overhauls of production plant is depreciated over the period until the next outage which for AGR power stations is 2 to 3 years and for the PWR power station is 18 months.

(d) Nuclear Liabilities Fund (NLF) funding arrangements

Under the arrangements in place with the Secretary of State, the NLF will fund, subject to certain exceptions, qualifying uncontracted nuclear liabilities and qualifying decommissioning costs.

In part consideration for the assumption of these liabilities by the Secretary of State and the NLF, the former British Energy Group agreed to pay fixed decommissioning contributions each year and £150,000 (indexed to RPI) for every tonne of uranium in PWR fuel loaded into the Sizewell B reactor after the date of these arrangements.

(e) NLF and nuclear liabilities receivables

The UK Government indemnity is provided to indemnify any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back-end fuel services) and qualifying nuclear decommissioning costs such that the receivable equals the present value of the associated qualifying nuclear liabilities (apart from a small timing difference due to timing of receipts from NLF).

(f) Nuclear liabilities

Nuclear liabilities represent provision for liabilities in respect of the costs of waste management of spent fuel and nuclear decommissioning.

(g) Unburnt fuels at shutdown

Due to the nature of the nuclear fuel process there will be quantities of unburnt fuel in the reactors at station closure. The costs relating to this unburnt fuel (final core) are fully provided for at the balance sheet date. The provision is based on a projected value per tonne of fuel remaining at closure, discounted back to the balance sheet date and recorded as a long-term liability.

S3. Financial risk management

The Group's normal operating, investing and financing activities expose it to a variety of financial risks: market risk (including commodity price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management processes are designed to identify, manage and mitigate these risks.

Further detail on the Group's overall risk management processes is included within the Strategic Report – Principal Risks and Uncertainties on pages 40 to 51.

Commodity price risk management is carried out in accordance with individual business unit policies and directives including appropriate escalation routes.

Treasury risk management, including management of currency risk, interest rate risk and liquidity risk is carried out by a central Group Treasury function in accordance with the Group's financing and treasury policy, as approved by the Board.

The wholesale credit risks associated with commodity trading and treasury positions are managed in accordance with the Group's credit risk policy. Downstream customer credit risk management is carried out in accordance with appropriate Group-wide and individual business unit credit policies.

Market risk management

Market risk is the risk of loss that results from changes in market prices (commodity prices, foreign exchange rates and interest rates). The level of market risk to which the Group is exposed at a point in time varies depending on market conditions, expectations of future price or market rate movements and the composition of the Group's physical asset and contract portfolios.

(a) Commodity price risk management

The Group is exposed to commodity price risk in its energy procurement and supply activities, production, generation and trading operations and uses specific limits to manage the exposure to commodity prices associated with the Group's activities to an acceptable level. The Group has a risk capital limit approved by the Board to manage the commodity price risk that the Group is exposed to. These are complemented by other limits including Value at Risk (VaR), volumetric or stop-loss limits to control risk around trading activities.

(i) Energy price exposed business activities

The Group's price exposed business activities consist of equity gas and liquids production, equity power generation, bilateral procurement and sales contracts, market-traded purchase and sales contracts and derivative positions primarily transacted with the intent of securing gas and power for the Group's supply customers, from a variety of sources at an optimal cost. The Group actively manages commodity price risk by optimising its asset and contract portfolios and making use of volume flexibility.

The Group's commodity price risk exposure within its business activities is driven by the cost of procuring gas and electricity to serve its supply customers and selling gas and electricity from its upstream production and generation, which varies with wholesale commodity prices. The primary risk is that market prices for commodities will fluctuate between the time that sales prices are fixed or tariffs are set and the time at which the corresponding procurement cost is fixed, thereby potentially reducing expected margins or making sales unprofitable.

The Group's supply activities are also exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including the weather, energy consumption changes, customer attrition and the economic climate. There is also risk associated with ensuring that there is sufficient commodity available to secure supply to customers. The Group's production and generation activities are also exposed to volumetric risk in the form of uncertain production profiles.

In order to manage the exposure to market prices associated with the Group's business operations the Group is delegated a risk capital limit, established by the Board and sub-delegated to the commercial leaders.

Risk capital is used to bring together the different individual market and credit risks from across the business in order to understand the diversified risk that the Group is exposed to. This is complemented by the PaR, VaR and credit limits that are then sub-delegated to the business to operate efficiently. PaR measures the estimated potential loss in a position or portfolio of positions associated with the movement of a commodity price for a given confidence level, over the remaining term of the position or contract. VaR measures the estimated potential loss for a given confidence level over a predetermined holding period. The standard confidence level used is 95%. In addition, regular stress and scenario tests are performed to evaluate the impact on the portfolio of possible substantial movements in commodity prices.

The Group measures and manages the commodity price risk associated with the Group's entire energy price exposed business portfolio. Only certain of the Group's energy contracts constitute financial instruments under IFRS 9 (see note S6).

As a result, while the Group manages the commodity price risk associated with both financial and non-financial energy procurement and sales contracts, it is the notional value of energy contracts being carried at fair value that represents the exposure of the Group's energy price exposed business activities to commodity price risk according to IFRS 7 'Financial Instruments: Disclosures'. This is because energy contracts that are financial instruments under IFRS 9 are accounted for on a fair value basis and changes in fair value immediately impact profit. Conversely, energy contracts that are not financial instruments under IFRS 9 are accounted for as executory contracts and changes in fair value do not immediately impact profit and, as such, are not exposed to commodity price risk as defined by IFRS 7. So, whilst VaR associated with energy procurement and supply contracts that are outside the scope of IFRS 9 are monitored for internal risk management purposes, only those energy contracts within the scope of IFRS 9 are within the scope of the IFRS 7 disclosure requirements.

S3. Financial risk management

(ii) Proprietary energy trading

The Group's proprietary energy trading activities consist of physical and financial commodity purchases and sales contracts taken on with the intent of benefitting from changes in market prices or differences between buying and selling prices. The Group conducts its trading activities in the over-the-counter market and through exchanges in the UK and continental Europe. The Group is exposed to commodity price risk as a result of its proprietary energy trading activities because the value of its trading assets and liabilities will fluctuate with changes in market prices for commodities.

The Group sets volumetric and VaR limits to manage the commodity price risk exposure associated with the Group's proprietary energy trading activities. VaR measures the estimated potential loss at a 95% confidence level over a one-day holding period. The carrying value of energy contracts used in proprietary energy trading activities at 31 December 2024 is disclosed in note 19.

As with any modelled risk measure, there are certain limitations that arise from the assumptions used in the VaR calculation. VaR assumes that historical price behaviours will continue in the future and that the Group's trading positions can be unwound or hedged within the predetermined holding period. Furthermore, the use of a 95% confidence level, by definition, does not take into account changes in value that might occur beyond this confidence level.

(b) Currency risk management

The Group is exposed to currency risk on foreign currency denominated forecast transactions, firm commitments, monetary assets and liabilities (transactional exposure) and on its net investments in foreign operations (translational exposure). IFRS 7 only requires disclosure of currency risk arising on financial instruments denominated in a currency other than the functional currency of the commercial operation transacting. As a result, for the purposes of IFRS 7, currency risk excludes items that are not financial instruments, such as the Group's net investments in international operations as well as foreign currency denominated forecast transactions and firm commitments.

(i) Transactional currency risk

The Group is exposed to transactional currency risk on transactions denominated in currencies other than the underlying functional currency of the commercial operation transacting. The primary functional currencies remain pounds sterling in the UK, Danish krone in Denmark, euros in the Netherlands and the Republic of Ireland and US dollars in the Group's LNG business. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. Transactional exposure arises from the Group's energy procurement, production and generation activities, where many transactions are denominated in foreign currencies. In addition, in order to optimise the cost of funding, the Group has, in certain cases, issued foreign currency denominated debt or entered into foreign currency loans, primarily in US dollars, euros and Japanese yen.

It is the Group's policy to hedge material transactional exposures using derivatives (either applying formal hedge accounting or economic hedge relationships) to fix the functional currency value of non-functional currency cash flows, except where there is an economic hedge inherent in the transaction. At 31 December 2024, there were no material unhedged non-functional currency monetary assets or liabilities, firm commitments or probable forecast transactions (2023: £nil), other than transactions which have an inherent economic hedge and foreign currency borrowings used to hedge translational exposures.

(ii) Translational currency risk

The Group is exposed to translational currency risk as a result of its net investments in Europe. The risk is that the pounds sterling value of the net assets of foreign operations will decrease with changes in foreign exchange rates. The Group's policy is to protect the pounds sterling book value of its net investments in foreign operations where appropriate, subject to certain parameters, by holding foreign currency debt, entering into foreign currency derivatives, or a mixture of both.

The Group manages translational currency risk taking into consideration the cash impact of any hedging activity as well as the risk to the net asset carrying values in the Group's Financial Statements. The translation hedging programme including the potential cash impact is managed by the Group Treasury function and monitored by the Chief Financial Officer.

(c) Interest rate risk management

In the normal course of business the Group borrows to finance its operations. The Group is exposed to interest rate risk because the fair value of fixed-rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates. The Group's policy is to manage the interest rate risk on long-term borrowings by ensuring the exposure to floating interest rates remains within a 30% to 70% range, including the impact of interest rate derivatives.

The return generated on the Group's cash balance is also exposed to movements in short-term interest rates. The Group manages cash balances to protect against adverse changes in rates whilst retaining liquidity.

S3. Financial risk management

(d) Sensitivity analysis

IFRS 7 requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Group's financial position and performance to changes in market variables (commodity prices, foreign exchange rates and interest rates) as a result of changes in the fair value or cash flows associated with the Group's financial instruments. The sensitivity analysis provided discloses the effect on profit or loss and equity at 31 December 2024, assuming that a reasonably possible change in the relevant risk variable had occurred at 31 December 2024, and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for energy prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgement and historical experience.

The sensitivity analysis has been prepared based on 31 December 2024 balances and on the basis that the balances, the ratio of fixed to floating rates of debt and derivatives, the proportion of energy contracts that are financial instruments, the proportion of financial instruments in foreign currencies and the hedge designations in place at 31 December 2024 are all constant. Excluded from this analysis are all non-financial assets and liabilities and energy contracts that are not financial instruments under IFRS 9. The sensitivity to foreign exchange rates relates only to monetary assets and liabilities denominated in a currency other than the functional currency of the commercial operation transacting, and excludes the translation of the net assets of foreign operations to pounds sterling.

The sensitivity analysis provided is hypothetical only and should be used with caution as the impacts provided are not necessarily indicative of the actual impacts that would be experienced. This is because the Group's actual exposure to market rates is changing constantly as the Group's portfolio of commodity, debt and foreign currency contracts changes. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear. In addition, the effect of a change in a particular market variable on fair values or cash flows is calculated without considering interrelationships between the various market rates or mitigating actions that would be taken by the Group.

(i) Transactional currency risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in foreign exchange rates. The sensitivity analysis is performed upon the Group's foreign currency denominated monetary assets and monetary liabilities. At the reporting date, the exposure is driven primarily by the portfolio of foreign currency exchange derivatives held for trading under IFRS 9, which are hedging material transactional exposures as explained above in S3(b)(i). The Group deems 10% movements to US dollar and euro currency rates relative to pounds sterling to be reasonably possible.

The material impact of such movements on profit and equity, both after taxation, are as follows:

Incremental profit/(loss)	2024 Impact on profit £m	2023 Impact on profit £m
US dollar – increase/(decrease)	**192/(212)**	102/(54)
Euro – increase/(decrease)	**(59)/59**	(56)/128

All other currency sensitivities are not material.

(ii) Interest rate risk

The Group has performed an analysis of the sensitivity of the Group's financial position and performance to changes in interest rates. The Group deems a one percentage point move in UK, US and Euro interest rates to be reasonably possible. The impact of such movements on profit and equity, both after taxation, is immaterial.

(iii) Commodity price risk

The Group has performed a sensitivity analysis of the Group's commodity price risk. The financial assets and financial liabilities which are exposed to this risk are energy derivatives which are either for procurement/optimisation or proprietary trading. As explained above in S3(a)(i), the procurement/optimisation or 'non-proprietary' trades are hedging material commodity price exposures, whilst proprietary energy trading is explained in S3(a)(ii).

	2024			2023		
Energy prices	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %	Active market base price (i)	Inactive market base price (ii)	Reasonably possible change in variable (iii) %
UK gas (p/therm)	**98**	**85**	**+/-32**	86	n/a	+/-54
European gas (€/MWh)	**39**	**33**	**+/-32**	33	26	+/-54
UK power (£/MWh)	**80**	**74**	**+/-39**	85	76	+/-13
UK emissions (€/tonne)	**66**	**n/a**	**+/-7**	80	n/a	+/-7
UK oil (US$/bbl)	**71**	**n/a**	**+/-46**	73	n/a	+/-10
North American gas (US cents/therm)	**38**	**38**	**+/-42**	34	37	+/-11
Japan Korea Marker (JKM) gas price (US$/MMBtu)	**12**	**n/a**	**+/-26**	12	n/a	+/-9

(i) The active market base price represents the average forward market price over the duration of the active market curve used in the sensitivity analysis provided.

(ii) The inactive market base price represents the average forward market price over the duration of the inactive market curve used in the sensitivity analysis provided. Inactive market base prices are not presented where there are no contracts in the illiquid period.

(iii) The reasonably possible change in variable is calculated using both the active and inactive market curves for energy prices.

S3. Financial risk management

The impacts of reasonably possible changes in commodity prices on profit applied to non-proprietary trades, both after taxation, based on the assumptions set out above are as follows:

Incremental profit/(loss)	2024 Impact on profit [(i)] £m	2023 Impact on profit [(i)] £m
UK gas price – increase/(decrease)	**258/(265)**	218/(218)
UK power price – increase/(decrease)	**406/(411)**	84/(83)
European gas price – (decrease)/increase	**(146)/144**	(167)/167
Other UK energy prices (oil and emissions) – (decrease)/increase	**(49)/49**	(2)/2
UK and European energy prices (combined) – increase/(decrease)	**469/(483)**	133/(132)
North American gas price – increase/(decrease)	**44/(52)**	35/(35)
JKM gas price – (decrease)/increase	**(2)/2**	60/(60)

(i) The impact on profit is calculated using both the active and inactive market curves for energy prices.

The impact on other comprehensive income of such price changes is immaterial.

(iv) Commodity price risk – proprietary trades

As at 31 December 2024 the VaR associated with proprietary trading was £6 million (2023: £4 million). This represents the statistical downside risk associated with the proprietary trade and associated hedging positions. The changes in the year only relate to changes in commodity prices. Intra-day trading positions are monitored using a live time risk management system. Proprietary trades are included in revenue in the business performance column of the Group Income Statement.

The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to level 3 proprietary trades are as follows:

Incremental profit/(loss)	2024 Impact on profit [(i)] £m	2023 Impact on profit [(i)] £m
Level 3 proprietary trades – increase/(decrease) [(ii)]	**72/(62)**	24/(24)

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices, see note 7(c) for detail on market curves.
(ii) The level 3 proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges which would mitigate this impact.

(v) Commodity price risk – other non-proprietary level 3 trades

Unrealised non-proprietary level 3 trades are reported within certain re-measurements and are subsequently reflected in business performance when realised, which is generally when the underlying transaction or asset impacts profit or loss. These derivatives are in respect of underlying contracts to purchase large volumes of commodity and are highly sensitive to changes in commodity prices. The impacts of reasonably possible changes using probability-based high and low gas and power price curves applied to other level 3 non-proprietary trades (including the newly signed Coterra contracts) are as follows:

Incremental profit/(loss)	2024 Impact on profit [(i)] £m	2023 Impact on profit [(i)] £m
Level 3 non-proprietary trades – increase/(decrease) [(ii)]	**(182)/152**	37/(37)

(i) The reasonably possible change in variable and the impact on profit are calculated using both the active and inactive market curves for energy prices.
(ii) The level 3 non-proprietary financial instruments' sensitivity has been valued using one of the Group's valuation models, and excludes associated hedges or the underlying hedged transaction/asset which would offset this impact.

S3. Financial risk management

Credit risk management

Credit risk is the risk of loss associated with a counterparty's inability or failure to discharge its obligations under a contract.

The Group continually reviews its rating thresholds for relevant counterparty credit limits and updates these as necessary, based on a consistent set of principles. It continues to operate within its limits. In respect of trading activities for both the US and Europe, there is an effort to maintain a balance between exchange-based trading and bilateral transactions. This allows for a reasonable balance between counterparty credit risk and potential liquidity requirements. In addition, the Group actively manages the trade-off between credit and liquidity risks by optimising the use of contracts with collateral obligations and physically settled contracts without collateral obligations.

The Group is exposed to credit risk in its treasury, trading, energy procurement and downstream activities. The maximum exposure to credit risk for financial instruments at fair value is equal to their carrying value. Gross amounts are shown by counterparty credit rating in the table below. Further details of other collateral and credit security not offset against these amounts is shown in note S6.

	2024							
	Financial assets at amortised cost				**Financial assets at fair value**			
31 December	**Receivables including treasury, trading and energy procurement counterparties (i) £m**	**Securities (ii) £m**	**Other investments £m**	**Cash and cash equivalents £m**	**Cash and cash equivalents £m**	**Derivative financial instruments with positive fair values £m**	**Securities £m**	**Other investments £m**
AAA to AA	**—**	**—**	**—**	**—**	**5,002**	**—**	**108**	**—**
AA- to A-	**734**	**—**	**—**	**1,276**	**7**	**436**	**—**	**—**
BBB+ to BBB-	**819**	**—**	**—**	**9**	**—**	**580**	**—**	**—**
BB+ to BB-	**228**	**—**	**—**	**37**	**—**	**439**	**—**	**—**
B+ or lower	**83**	**—**	**—**	**1**	**—**	**65**	**—**	**—**
Unrated (iii)	**4,605**	**31**	**3**	**6**	**—**	**56**	**—**	**84**
	6,469	**31**	**3**	**1,329**	**5,009**	**1,576**	**108**	**84**

	2023						
	Financial assets at amortised cost			Financial assets at fair value			
31 December	Receivables including treasury, trading and energy procurement counterparties (i) £m	Securities (ii) £m	Cash and cash equivalents £m	Cash and cash equivalents £m	Derivative financial instruments with positive fair values £m	Securities £m	Other investments £m
AAA to AA	65	—	—	4,859	—	104	—
AA- to A-	605	—	1,459	—	819	—	—
BBB+ to BBB-	1,054	—	41	—	1,646	—	—
BB+ to BB-	164	—	5	—	438	—	—
B+ or lower	58	—	8	—	45	—	—
Unrated (iii)	4,553	417	71	—	324	—	61
	6,499	417	1,584	4,859	3,272	104	61

(i) The Group holds a provision of £1,532 million (2023: £1,309 million) against receivables. The significant majority of this provision is held against amounts due from unrated counterparties. Further analysis of past due trade receivables may be found at note 17.

(ii) Securities held at amortised cost consist of loans to the pension schemes of £nil (2023: £405 million) and other loans receivable of £31 million (2023: £12 million) – see note 25.

(iii) The unrated counterparty receivables primarily comprise amounts due from downstream customers, subsidiaries of rated entities, exchanges or clearing houses.

S3. Financial risk management

Details of how credit risk is managed across the asset categories are provided below:

(a) Treasury, trading and energy procurement activities

Wholesale counterparty credit exposures are monitored by individual counterparty and by category of credit rating, and are subject to approved limits. The Group uses master netting agreements to reduce credit risk and net settles payments with counterparties where net settlement provisions exist (see note S6 for details of amounts offset). In addition, the Group employs a variety of other methods to mitigate credit risk: margining, various forms of bank and parent company guarantees and letters of credit.

The vast majority of Group credit risk associated with its treasury, trading and energy procurement activities is with counterparties in related energy industries or financial institutions together with smaller exposures to commodity traders and small independent renewable producers. The impairment considerations of IFRS 9 are applicable to financial assets arising from treasury, trading and energy procurement activities that are carried at amortised cost and debt instruments that are carried at fair value through other comprehensive income (FVOCI). Debt instruments measured at FVOCI are not material for further disclosure.

Included in the table above within receivables including treasury, trading and energy procurement counterparties is £2,005 million (2023: £2,157 million) of treasury, trading and energy procurement assets. The Group's risk assessment procedures and counterparty selection process ensure that the credit risk on this type of financial asset is always low at initial recognition.

Included within the table above is information about the exposure to credit risk arising from only certain of the Group's energy procurement contracts – those in the scope of IFRS 9. Whilst the Group manages the credit risk associated with both financial and non-financial energy procurement contracts, it is the carrying value of financial assets within the scope of IFRS 9 that represents the maximum exposure to credit risk in accordance with IFRS 7.

(b) Trade receivables and contract assets

The simplified approach of measuring lifetime expected credit losses has been applied to trade receivables and contract asset balances, which are the focus of this disclosure. Therefore, consideration of the significance of any change in credit risk since initial recognition for the purpose of applying this model is not required for any material component of the receivables balance.

In the case of business customers, credit risk is managed by checking a company's creditworthiness and financial strength both before commencing trade and during the business relationship. For residential customers, creditworthiness is ascertained normally before commencing trade to determine the payment mechanism required to reduce credit risk to an acceptable level. Certain customers will only be accepted on a prepayment basis or with a security deposit. In some cases, an ageing of receivables is monitored and used to manage the exposure to credit risk associated with both business and residential customers. In other cases, credit risk is monitored and managed by grouping customers according to method of payment or profile.

Liquidity risk management and going concern

Liquidity risk is the risk that the Group is unable to meet its financial obligations as they fall due. The Group experiences significant movements in its liquidity position due primarily to the seasonal nature of its business and margin cash arrangements associated with certain wholesale commodity contracts. To mitigate this risk the Group maintains significant committed facilities and holds cash on deposit to ensure that there is sufficient liquidity headroom at all points in the seasonal trading cycle of the business. See note 25 for further information.

S3. Financial risk management

Maturity profiles

Maturities of derivative financial instruments, provisions, borrowings and leases are provided in the following tables (all amounts are remaining contractual undiscounted cash flows):

Due for payment 2024	**<1 year £m**	**1 to 2 years £m**	**2 to 3 years £m**	**3 to 4 years £m**	**4 to 5 years £m**	**>5 years £m**	**Total £m**
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	**(126)**	**(31)**	**(20)**	**(17)**	**(17)**	**(30)**	**(241)**
Gross energy procurement contracts and other derivative buy trades carried at fair value	**(3,169)**	**(168)**	**(74)**	**(29)**	**(101)**	**(1,487)**	**(5,028)**
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	**(4,992)**	**(1,234)**	**(701)**	**–**	**–**	**–**	**(6,927)**
Inflow	**5,007**	**1,256**	**730**	**–**	**–**	**–**	**6,993**
Trade and other payables	**(5,466)**	**(142)**	**(25)**	**(6)**	**–**	**–**	**(5,639)**
Borrowings (bank loans, bonds, overdrafts and interest)	**(878)**	**(184)**	**(183)**	**(126)**	**(678)**	**(2,654)**	**(4,703)**
	(9,624)	**(503)**	**(273)**	**(178)**	**(796)**	**(4,171)**	**(15,545)**
Leases: (ii)							
Minimum lease payments	**(106)**	**(89)**	**(55)**	**(29)**	**(25)**	**(90)**	**(394)**
Capital elements of leases	**(104)**	**(78)**	**(48)**	**(24)**	**(21)**	**(70)**	**(345)**

Due for payment 2023	<1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	>5 years £m	Total £m
Energy and interest derivatives in a loss position that will be settled on a net basis (i)	(300)	(80)	(30)	(21)	(17)	(47)	(495)
Gross energy procurement contracts and other derivative buy trades carried at fair value	(4,541)	(2,423)	(78)	(35)	(32)	(82)	(7,191)
Foreign exchange derivatives that will be settled on a gross basis:							
Outflow	(7,783)	(1,367)	(570)	(298)	–	–	(10,018)
Inflow	7,732	1,360	570	296	–	–	9,958
Trade and other payables	(6,267)	(130)	(41)	(20)	(2)	(8)	(6,468)
Borrowings (bank loans, bonds, overdrafts and interest)	(924)	(593)	(183)	(182)	(125)	(3,397)	(5,404)
	(12,083)	(3,233)	(332)	(260)	(176)	(3,534)	(19,618)
Leases: (ii)							
Minimum lease payments	(99)	(91)	(78)	(44)	(25)	(99)	(436)
Capital elements of leases	(98)	(80)	(68)	(38)	(21)	(79)	(384)

(i) Proprietary energy trades are excluded from this maturity analysis as the Group does not take physical delivery of volumes traded under these contracts. The associated cash flows are expected to be equal to the contract fair value at the balance sheet date. See note 19 for further details.

(ii) The difference between the total minimum lease payments and the total capital elements of leases is due to future finance charges.

S4. Other equity

This section summarises the Group's other equity reserve movements.

	Cash flow hedging reserve £m	Foreign currency translation reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Merger, capital redemption and other reserves £m	Total £m
1 January 2023	(10)	(127)	(1,429)	3	(63)	30	320	(1,276)
Actuarial losses on defined benefit pension schemes	—	—	(381)	—	—	—	—	(381)
Employee share schemes:								
Exercise of awards	—	—	—	—	22	(20)	—	2
Value of services provided	—	—	—	—	—	31	—	31
Proceeds from exercise of share options	—	—	—	—	6	—	—	6
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(615)	—	—	(615)
Movement on accrual for committed share purchases	—	—	—	—	—	—	115	115
Impact of cash flow hedging	(3)	—	—	—	—	—	—	(3)
Share of other comprehensive loss of joint ventures and associates, net of taxation	—	—	(95)	—	—	—	—	(95)
Exchange differences on translation of foreign operations	—	(43)	—	—	—	—	—	(43)
Revaluation of FVOCI securities	—	—	—	4	—	—	—	4
Taxation on above items	1	—	93	(1)	—	6	—	99
31 December 2023	(12)	(170)	(1,812)	6	(650)	47	435	(2,156)
Actuarial losses on defined benefit pension schemes	—	—	(113)	—	—	—	—	**(113)**
Employee share schemes:								
Exercise of awards	—	—	—	—	27	(21)	—	**6**
Value of services provided	—	—	—	—	—	47	—	**47**
Purchase of own shares	—	—	—	—	(8)	—	—	**(8)**
Share buyback programme:								
Purchase of Treasury shares	—	—	—	—	(504)	—	—	**(504)**
Movement on accrual for committed share purchases	—	—	—	—	—	—	24	**24**
Shares cancelled in the year (note 26)	—	—	—	—	400	—	21	**421**
Impact of cash flow hedging	2	—	—	—	—	—	—	**2**
Share of other comprehensive gain of joint ventures and associates, net of taxation	—	—	38	—	—	—	—	**38**
Exchange differences on translation of foreign operations	—	(50)	—	—	—	—	—	**(50)**
Revaluation of other investments and securities measured at FVOCI	—	—	—	(27)	—	—	—	**(27)**
Taxation on above items	—	—	29	—	—	(4)	—	**25**
31 December 2024	**(10)**	**(220)**	**(1,858)**	**(21)**	**(735)**	**69**	**480**	**(2,295)**

Merger, capital redemption and other reserves

During February 1997, BG plc (formerly British Gas plc) demerged certain businesses (grouped together under GB Gas Holdings Limited (GBGH)) to form Centrica plc. Upon demerger, the share capital of GBGH was transferred to Centrica plc and was recorded at the nominal value of shares issued to BG plc shareholders. In accordance with the Companies Act 1985, no premium was recorded on the shares issued. On consolidation, the difference between the nominal value of the Company's shares issued and the amount of share capital and share premium of GBGH at the date of demerger was credited to a merger reserve.

On 8 December 2017, the Group's existing exploration and production business was combined with that of Bayerngas Norge AS to form the Spirit Energy business. The Group acquired 69% of the Spirit Energy business and Bayerngas Norge's former shareholders acquired 31%. The non-controlling interest established on acquisition has been based on its share of the carrying value of the combined business, with the other reserve representing the difference between the fair value and this carrying value.

In accordance with the Companies Act, the Company has transferred to the capital redemption reserve an amount equal to the nominal value of shares repurchased and subsequently cancelled. As at 31 December 2024 the cumulative nominal value of shares repurchased and subsequently cancelled was £49 million (2023: £28 million).

At the year-end, the Group has recognised a financial liability of £75 million (2023: £94 million) relating to the share buyback programme. See Treasury and own shares reserve section for more details.

S4. Other equity

Treasury and own shares reserve

The own shares reserve reflects the cost of shares in the Group held in the Centrica employee share ownership trusts to meet the future requirements of the Group's share-based payment plans.

Treasury shares are acquired equity instruments of the Company.

The Group has continued with its share buyback programme during 2024. The £200 million tranche which was underway at the 2023 year-end concluded in March 2024, and a subsequent £250 million tranche, announced in 2023 and signed in March 2024, commenced and was concluded at the end of July.

Subsequently, in July 2024, the Group announced a further £200 million extension to the share buyback programme and as a result, the Group signed an agreement in August 2024 with a third party to undertake the repurchase of £200 million of shares which is expected to complete by February 2025.

In December 2024, the Group announced a further extension of £300 million to its share repurchase programme of which £30 million is an extension of the contract signed in August 2024 (taking it to a total of £230 million), and an additional tranche of £270 million was signed, and is expected to commence in March 2025. Once complete, this will take the total value of shares repurchased under the current programme to £1.5 billion.

During the year ended 31 December 2024, the Group purchased 385 million ordinary shares, representing approximately 6.9% of the issued ordinary share capital at 31 December 2024, at an average price of 130.8 pence per share, and an aggregate cost of £504 million under the share buyback programme. Of this £504 million, £497 million has been paid and £7 million relates to shares committed to being purchased at 31 December 2024 but not yet settled. £2 million has been paid in respect of shares committed to being purchased at 31 December 2023.

The Group has determined that the terms and conditions of the contract signed in August, and extended by £30 million in December, mean that, at 31 December 2024, it was unable to cancel the obligation arising under the contract signed. Accordingly, a financial liability of £75 million was recognised at 31 December 2024, representing the difference between purchases paid for to date under the current tranche, and the maximum potential repurchase under the contract of £230 million.

The £270 million tranche commencing in March 2025 has not been recognised as a financial liability on the basis that, under the terms of the contract, the obligation arising remains cancellable at 31 December 2024.

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the financial liability of £92 million recognised at 31 December 2023 were as follows:

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
January 2024	32,745,328	145.7	48	44
February 2024	32,398,499	132.0	43	1
March 2024	793,553	128.0	1	–
Total	**65,937,380**	**138.8**	**92**	**–**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the additional £250 million programme which began in March 2024 were as follows.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
March 2024	33,868,000	128.8	44	206
April 2024	38,573,000	129.8	50	156
May 2024	26,371,824	139.1	37	119
June 2024	41,019,288	135.3	55	64
July 2024	46,557,864	137.7	64	–
Total	**186,389,976**	**134.1**	**250**	**–**

The monthly breakdown of all shares purchased and the average price paid per share (excluding expenses) in relation to the further £230 million programme for the year ended 31 December 2024 were as follows. This includes £7 million relating to shares committed to being purchased at 31 December 2024 but not yet settled.

Period	Number of shares purchased under share buyback programme	Average price paid Pence	Total cost £m	Authorised purchases unutilised at month end £m
August 2024	8,870,552	127.2	11	219
September 2024	11,678,819	121.0	14	205
October 2024	71,936,724	120.0	86	119
November 2024	19,636,324	120.3	24	95
December 2024	21,037,000	129.8	27	68
Total	**133,159,419**	**122.0**	**162**	**68**

S5. Hedge accounting

The Group primarily applies hedge accounting to address interest rate and foreign currency risk on borrowings.

For the purposes of hedge accounting, hedges are classified either as fair value hedges, cash flow hedges or hedges of net investments in foreign operations.

The fair values of derivatives and primary financial instruments in hedge accounting relationships at 31 December were as follows:

31 December	Hedge	2024 Assets £m	2024 Liabilities £m	2024 Change in fair value £m	2023 Assets £m	2023 Liabilities £m	2023 Change in fair value £m
Interest rate risk	Fair value	**—**	**(134)**	**(14)**	—	(136)	48
Foreign exchange risk	Cash flow hedge	**32**	**(6)**	**(8)**	36	(18)	(13)

2024	Hedge	Timing of nominal amount	Average rate	Nominal value	Hedged item	Change in fair value of hedged item in year £m	Cumulative amount of fair value hedge adjustments on hedged item £m	Accumulated gains/(losses) in equity (i) £m
Interest rate risk	Fair value	**2026-2033**	**Fixed to floating at Fallback LIBOR/SONIA + 2%-5%**	**£50 million-£550 million**	**Bonds (ii)**	**13**	**136**	**N/A**
Foreign exchange risk	Cash flow hedge	**2032**	**GBP to euro at 1.171**	**€50 million**	**Euro bonds**	**3**	**N/A**	**5**
	Cash flow hedge	**2036-2038**	**GBP to yen at 192.81**	**¥20 billion**	**Yen bank loans**	**7**	**N/A**	**(20)**

2023	Hedge	Timing of nominal amount	Average rate	Nominal value	Hedged item	Change in fair value of hedged item in year £m	Cumulative amount of fair value hedge adjustments on hedged item £m	Accumulated gains/(losses) in equity (i) £m
Interest rate risk	Fair value	2025-2033	Fixed to floating at Fallback LIBOR + 2%-5%	£50 million-£550 million	Bonds (ii)	(59)	138	N/A
Foreign exchange risk	Cash flow hedge	2032	GBP to euro at 1.171	€50 million	Euro bonds	(1)	N/A	3
	Cash flow hedge	2036-2038	GBP to yen at 158.87	¥20 billion	Yen bank loans	7	N/A	(21)

(i) In the years presented all amounts related to continuing cash flow hedge relationships.
(ii) The carrying amount of bonds designated as hedged items in hedging relationships is disclosed in note 25.

The Group's accounting policies in relation to derivatives qualifying for hedge accounting under IAS 39 are described below.

Fair value hedges

A derivative is designated as a hedging instrument and its relationship to a recognised asset or liability is classified as a fair value hedge when it hedges the exposure to changes in the fair value of that recognised asset or liability. The Group's fair value hedges consist of interest rate swaps used to protect against changes in the fair value of fixed-rate, long-term debt due to movements in market interest rates. Any gain or loss from re-measuring the hedging instrument to fair value is recognised immediately in the Group Income Statement in net finance cost. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the Group Income Statement within net finance cost. The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the Group Income Statement. Amortisation may begin as soon as an adjustment exists and begins no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

S5. Hedge accounting

Cash flow hedges

A derivative is classified as a cash flow hedge when it hedges exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction. The Group's cash flow hedges consist primarily of:

- Forward foreign exchange contracts used to protect against the variability of functional currency denominated cash flows associated with non-functional currency denominated highly probable forecast transactions; and
- Cross-currency interest rate swaps and forward foreign exchange contracts used to protect against the variability in cash flows associated with borrowings denominated in non-functional currencies.

The portion of the gain or loss on the hedging instrument which is effective is recognised directly in equity while any ineffectiveness is recognised in the Group Income Statement. The Group does not have any material sources of ineffectiveness. The gains or losses that are initially recognised in the cash flow hedging reserve through other comprehensive income are transferred to the Group Income Statement in the period in which the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, no longer qualifies for hedge accounting or the Group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the hedged transaction occurs. If the transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the Group Income Statement. Note S4 details movements in the cash flow hedging reserve.

S6. Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group has documented internal policies for determining fair value, including methodologies used to establish valuation adjustments required for credit risk.

(a) Fair value hierarchy

Financial assets and financial liabilities measured and held at fair value are classified into one of three categories, known as hierarchy levels, which are defined according to the inputs used to measure fair value as follows:

- Level 1: fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities;
- Level 2: fair value is determined using significant inputs that may be directly observable inputs or unobservable inputs that are corroborated by market data; and
- Level 3: fair value is determined using significant unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management's best estimate of fair value.

31 December	2024 Level 1 £m	2024 Level 2 £m	2024 Level 3 £m	2024 Total £m	2023 Level 1 £m	2023 Level 2 £m	2023 Level 3 £m	2023 Total £m
Financial assets								
Derivative financial instruments:								
Energy derivatives	—	1,252	164	**1,416**	—	2,995	156	3,151
Foreign exchange derivatives	—	160	—	**160**	—	121	—	121
Debt instruments	73	—	28	**101**	72	—	1	73
Equity instruments	35	—	56	**91**	32	—	60	92
Cash and cash equivalents	—	5,009	—	**5,009**	—	4,859	—	4,859
Total financial assets at fair value	**108**	**6,421**	**248**	**6,777**	104	7,975	217	8,296
Financial liabilities								
Derivative financial instruments:								
Energy derivatives	—	(1,033)	(131)	**(1,164)**	—	(2,436)	(272)	(2,708)
Interest rate derivatives	—	(134)	—	**(134)**	—	(136)	—	(136)
Foreign exchange derivatives	—	(89)	—	**(89)**	—	(162)	—	(162)
Contingent consideration payable	—	—	(100)	**(100)**	—	—	(123)	(123)
Total financial liabilities at fair value	**—**	**(1,256)**	**(231)**	**(1,487)**	—	(2,734)	(395)	(3,129)

The reconciliation of the Level 3 fair value measurements during the year is as follows:

	2024 Financial assets £m	2024 Financial liabilities £m	2023 Financial assets £m	2023 Financial liabilities £m
Level 3 financial instruments				
1 January	**217**	**(395)**	610	(946)
Total realised and unrealised gains/(losses):				
Recognised in Group Income Statement	**95**	**45**	(297)	252
Recognised in Other Comprehensive Income	**(30)**	**—**	(1)	—
Net movement in contingent consideration liability	**—**	**23**	—	(27)
Purchase of other investments (note 24)	**53**	**—**	37	—
Settlements	**(72)**	**100**	(35)	194
Transfers between Level 3 and Level 2 (i)	**(15)**	**(3)**	(96)	131
Foreign exchange movements	**—**	**(1)**	(1)	1
31 December	**248**	**(231)**	217	(395)
Total gains/(losses) for the period for Level 3 financial instruments held at the end of the reporting period	**95**	**45**	(297)	252

(i) Transfers between levels are deemed to occur at the beginning of the reporting year.

S6. Fair value of financial instruments

(b) Valuation techniques used to derive Level 2 and Level 3 fair values and Group valuation process

Level 2 interest rate derivatives and foreign exchange derivatives comprise interest rate swaps and forward foreign exchange contracts. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. Forward foreign exchange contracts are fair valued using forward exchange rates that are quoted in an active market, with the resulting market value discounted back to present value using observable yield curves.

Level 2 energy derivatives are fair valued by comparing and discounting the difference between the expected contractual cash flows for the relevant commodities and the quoted prices for those commodities in an active market. The average discount rate applied to value this type of contract during the year was 5% per annum (2023: average discount rate of 5% per annum).

For Level 3 energy derivatives, the main input used by the Group pertains to deriving expected future commodity prices in markets that are not active as far into the future as some of our contractual terms. This applies to certain contracts within Europe and North America. Fair values are then calculated by comparing and discounting the difference between the expected contractual cash flows and these derived future prices using an average discount rate of 5% (Europe) and 5% (North America) per annum (2023: average discount rate of 5% (Europe) and 5% (North America) per annum).

Active period of markets	Gas	Power	Coal	Emissions	Oil
UK (years)	4	4	3	3	4

Because the Level 3 energy derivative valuations involve the prediction of future commodity market prices, sometimes a long way into the future, reasonably possible alternative assumptions for gas, power, coal, emissions or oil prices may result in a higher or lower fair value for Level 3 financial instruments. The impact of reasonably possible changes in commodity prices on profit and loss are included in note S3. Other than commodity prices, there are no other unobservable inputs which would have a material impact.

It should be noted that the fair values disclosed in the tables above only concern those contracts entered into that are within the scope of IFRS 9. The Group has numerous other commodity contracts that are outside of the scope of IFRS 9 and are not fair valued. The Group's actual exposure to market rates is constantly changing as the Group's portfolio of energy contracts changes.

The Group's valuation process includes specific teams of individuals that perform valuations of the Group's derivatives for financial reporting purposes, including Level 3 valuations. The Group has an independent team that derives future commodity price curves based on available external data and these prices feed into the energy derivative valuations, subject to adjustments, to ensure they are compliant with IFRS 13 'Fair Value Measurement'. The price curves are subject to review and approval by the Group's Executive Committee and valuations of all derivatives, together with other contracts that are not within the scope of IFRS 9, are also reviewed regularly as part of the overall risk management process. The Group adjusts the market value of derivative instruments to account for counterparty credit risk and corresponding possibility of a counterparty default preventing full realisation of the risk-free market value of the derivative. The Group estimates Credit Valuation Adjustments by computing an expected evolution of the market value of a counterpart's derivatives portfolio over the life of the contracts weighted by the probability of a default and an assumption of the market value recoverable in the event of a default. The default probability is calibrated to the price of Credit Default Swaps – a debt instrument reflecting the insurance premium payable to protect against a debtor's default. Debit valuation adjustments are the amount added back to the derivative value to account for the expected gain from the Group's own default and are calculated using a similar methodology with reference to the Group's own probability of default.

Where the fair value at initial recognition for contracts which have significant unobservable inputs and the fair value differs from the transaction price, a day-one gain or loss will arise. These deferred gains are presented net against respective derivative assets and derivative liabilities. Such gains and losses are deferred and amortised to the Group Income Statement based on volumes purchased or delivered over the contractual period until such time as observable market data becomes available (see note S2 for further detail). The amount that has yet to be recognised in the Group Income Statement relating to the differences between the transaction prices and the amounts that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less subsequent releases, is as follows:

Day-one gains deferred	2024 £m	2023 £m
1 January	142	304
Net gains deferred on transactions in the period	10	98
Net amounts recognised in Group Income Statement	(37)	(254)
Exchange differences	(5)	(6)
31 December	110	142

Level 3 debt and equity financial instruments are measured at fair value in accordance with IFRS 13. These fair value measurements reflect the assumptions that market participants would use when pricing the asset based on an exit price concept. The fair value of investments in debt securities is determined using discounted cash flow techniques. The discount rates are derived from market observable interest rates adjusted by a credit spread applicable to the particular instrument. Unlisted equity instruments are valued using an income approach. The estimated future cash flows, usually based on management forecasts of future economic benefits to be derived from the ownership of these investees, are discounted using rates appropriate to the specific investment, business sector or recent economic rates of return. Recent transactions involving the sale of similar businesses may sometimes be used as a frame of reference in deriving an appropriate multiple.

S6. Fair value of financial instruments

(c) Fair value of financial assets and liabilities held at amortised cost

The carrying value of the Group's financial assets and liabilities measured at amortised cost are approximately equal to their fair value except as listed below:

31 December		Notes	2024 Carrying value £m	2024 Fair value £m	2024 Fair value hierarchy	2023 Carrying value £m	2023 Fair value £m	2023 Fair value hierarchy
Bonds	Level 1	25	**(2,184)**	**(2,229)**	**Level 1**	(2,594)	(2,769)	Level 1
	Level 2	25	**(70)**	**(81)**	**Level 2**	(71)	(79)	Level 2

Bank borrowings

The fair values of bonds classified as Level 1 within the fair value hierarchy are calculated using quoted market prices. The fair values of Level 2 bonds have been determined by discounting cash flows with reference to relevant market rates of interest. The fair values of overdrafts and bank loans are assumed to materially approximate their carrying values.

Other financial instruments

Due to their nature and/or short-term maturity, the fair values of trade and other receivables, cash and cash equivalents, trade and other payables, other borrowings and securities held at amortised cost are estimated to approximate their carrying values.

(d) Financial assets and liabilities subject to offsetting, master netting arrangements and similar arrangements

31 December 2024	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m	Net amounts presented in the Group Balance Sheet £m	Related amounts not offset in the Group Balance Sheet (i): Financial instruments £m	Related amounts not offset in the Group Balance Sheet (i): Collateral £m	Net amount £m
Derivative financial assets	**4,543**	**(2,967)**	**1,576**	**(38)**	**(162)**	**1,376**
Derivative financial liabilities	**(4,354)**	**2,967**	**(1,387)**	**38**	**191**	**(1,158)**
			189			**218**
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	**5,450**	**(2,829)**	**2,621**	**(1)**	**—**	**2,620**
Accruals for commodity costs	**(5,101)**	**2,829**	**(2,272)**	**1**	**—**	**(2,271)**
Cash and financing arrangements:						
Cash and cash equivalents	**6,338**	**—**	**6,338**	**(645)**	**—**	**5,693**
Bank loans and overdrafts	**(769)**	**—**	**(769)**	**645**	**—**	**(124)**

31 December 2023	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset in the Group Balance Sheet £m	Net amounts presented in the Group Balance Sheet £m	Related amounts not offset in the Group Balance Sheet (i): Financial instruments £m	Related amounts not offset in the Group Balance Sheet (i): Collateral £m	Net amount £m
Derivative financial assets	9,883	(6,611)	3,272	(77)	(184)	3,011
Derivative financial liabilities	(9,617)	6,611	(3,006)	77	260	(2,669)
			266			342
Balances arising from commodity contracts:						
Accrued trading and energy procurement income and unbilled downstream energy income	7,067	(4,220)	2,847	(2)	—	2,845
Accruals for commodity costs	(6,684)	4,220	(2,464)	2	—	(2,462)
Cash and financing arrangements:						
Cash and cash equivalents	6,443	—	6,443	(814)	—	5,629
Bank loans and overdrafts	(944)	—	(944)	814	—	(130)

(i) The Group has arrangements in place with various counterparties in respect of commodity trades which provide for a single net settlement of all financial instruments covered by the arrangement in the event of default or termination, or other circumstances arising whereby either party is unable to meet its obligations. The above table shows the potential impact of these arrangements being enforced by offsetting the relevant amounts within each Group Balance Sheet class of asset or liability, but does not show the impact of offsetting across Group Balance Sheet classes where the offsetting Group Balance Sheet class is not included within the above table.

S7. Fixed-fee service and insurance contracts

This section includes fixed-fee service (FFS) and insurance contract disclosures for services related to British Gas.

FFS non-insurance contracts in the UK are entered into with home services customers by British Gas Services Limited. FFS insurance contracts in the UK are entered into with home services customers by British Gas Insurance Limited, authorised by the PRA and regulated by the FCA and the PRA.

Product offerings include central heating, boiler and controls, plumbing and drains and electrical appliance insurance cover. Insurance contracts normally provide cover for twelve months with the option of renewal.

The contracts that protect policyholders against the risk of breakdowns result in risk transfer to the contract provider. Benefits provided to customers vary in accordance with terms and conditions of the contracts entered into. However, they generally include maintenance, repair and/or replacement of the items affected.

IFRS 17 'Insurance contracts' became effective on 1 January 2023 and replaced the existing insurance standard, IFRS 4. FFS insurance contracts fall within the scope of IFRS 17 where the Group reflects an assessment of the risk associated with an individual customer in setting the price of the contract, this captures materially all the Group's insurance contracts. The Group applies the simplified 'Premium Allocation Approach' to its contracts on the basis that the coverage period of the Group's insurance contracts is not greater than one year.

The levels of risk exposure and service provision to customers under the contract terms depend on the occurrence of uncertain future events, particularly the nature and frequency of faults, and the cost of repair or replacement of the items affected. Accordingly, the timing and the amount of future cash outflows associated with the contracts is uncertain. As the Group's insurance contract portfolio is comprised of a large number of contracts with small individual values, a high volume of claims with relatively low unit cost results. The characteristics of the business mean that material concentrations or aggregations of risk are relatively remote. The key terms and conditions that affect future cash flows are as follows:

- Provision of labour and parts for repairs, dependent on the agreement and associated level of service;
- A specified number of safety and maintenance inspections are carried out as set out in the agreement (usually once a year);
- No limit to the number of call-outs to carry out repair work; and
- Limits on certain maintenance and repair costs.

The most significant insurance risk is an extreme weather event for an extended period, which has the propensity to increase claim frequencies. The Group regularly assesses insurance risk sensitivities, the most significant relating to increases in breakdown frequency and increases in the average cost of repair. A reasonably possible increase in either would not have a material impact on the results of the Group.

Revenue is recognised over the life of contracts (usually a twelve-month period) regarding the incidence of risk, in particular the seasonal propensity of claims that span the life of the contract as a result of emergency maintenance being available throughout the contract term. Costs incurred to settle claims represent principally the engineer workforce employed by the Group within home services and the cost of parts utilised in repair or maintenance. Revenue is accounted for over a twelve-month period in accordance with the premium allocation approach required by IFRS 17, with adjustments made to reflect the seasonality of workload over a given year. Claims frequency is sensitive to the reliability of appliances as well as the impact of weather conditions. The contracts are not exposed to any interest rate risk or significant credit risk and do not contain any embedded derivatives.

Weather conditions and the seasonality of repairs both affect the profile of the workload and associated costs incurred across the year.

The risk exposure of these uncertain events is actively managed by undertaking the following risk mitigation activities:

- An initial service visit is provided to customers taking up most central heating contracts and in some instances pre-existing faults may lead to the contract being cancelled and no further cover being provided;
- An annual maintenance inspection is performed as part of most central heating contracts to help identify and prevent issues developing into significant maintenance or breakdown claims; and
- Contract limits are applied to certain types of maintenance and repair work considered to be higher risk in terms of frequency and cost.

Insurance service expenses recognised in cost of sales primarily relate to servicing claims including materials, labour and other costs required to fulfil the claim. Insurance service expenses recognised in operating costs largely relate to overhead expenses including non-engineer labour costs. These expenses are split for compatibility with the broader accounting policy of the Centrica group.

S7. Fixed-fee service and insurance contracts

The following table shows the reconciliation from the opening to the closing balances of the liability for the remaining coverage and the liability for incurred claims for insurance contracts measured under the Premium Allocation Approach.

	2024			2023		
Year ended 31 December	**Liability for remaining coverage £m**	**Liability of incurred claims £m**	**Total £m**	Liability for remaining coverage £m	Liability of incurred claims £m	Total £m
1 January	**(39)**	**(126)**	**(165)**	(36)	(124)	(160)
Changes in the Group Income Statement:						
Insurance revenue:						
Contracts under the modified retrospective approach	**800**	**—**	**800**	813	—	813
Insurance service expenses:						
Incurred claim and other insurance service expenses recognised in cost of sales	**—**	**(460)**	**(460)**	—	(475)	(475)
Incurred claim and other insurance service expenses recognised in operating costs	**—**	**(306)**	**(306)**	—	(294)	(294)
Total insurance service expenses	**—**	**(766)**	**(766)**	—	(769)	(769)
Total changes in the Group Income Statement and insurance service result	**800**	**(766)**	**34**	813	(769)	44
Cash flows:						
Premiums received	**(796)**	**—**	**(796)**	(816)	—	(816)
Claims and other service expenses paid	**—**	**752**	**752**	—	767	767
Total cash flows	**(796)**	**752**	**(44)**	(816)	767	(49)
31 December	**(35)**	**(140)**	**(175)**	(39)	(126)	(165)

S8. Related party transactions

The Group's principal related party is its investment in Lake Acquisitions Limited, which owns the existing UK nuclear fleet. The disclosures below, including comparatives, only refer to related parties that were related in the current reporting period.

During the year, the Group entered into the following arm's length transactions with related parties who are not members of the Group, and had the following associated balances:

	2024		2023	
31 December	**Purchase of goods and services £m**	**Amounts owed to £m**	Purchase of goods and services £m	Amounts owed to £m
Associates:				
Nuclear	**(772)**	**(52)**	(655)	(94)
Joint ventures	**—**	**—**	(1)	—
	(772)	**(52)**	(656)	(94)

During the year, there were no material changes to commitments in relation to joint ventures and associates.

At the balance sheet date, the Group had committed facilities to the Lake Acquisition Group totalling £40 million (2023: £120 million), although nothing has been drawn at 31 December 2024.

Remuneration of key management personnel

Year ended 31 December	**2024 £m**	2023 £m
Short-term benefits	**5.3**	5.0
Post-employment benefits	**0.2**	0.2
Share-based payments	**4.0**	4.6
	9.5	9.8

Key management personnel comprise members of the Board and Executive Committee, a total of 13 individuals at 31 December 2024 (2023: 14).

Remuneration of the Directors of Centrica plc

Year ended 31 December	**2024 £m**	2023 £m
Total emoluments [(i)]	**4.8**	4.6
Amounts receivable under long-term incentive schemes	**2.0**	7.7
Contributions into pension schemes	**0.1**	0.1
	6.9	12.4

(i) These emoluments were paid for services performed on behalf of the Group. No emoluments related specifically to services performed for the Company.

Directors' interests in shares are given in the Remuneration Report on pages 116 to 147.

S9. Auditors' remuneration

Year ended 31 December	2024 £m	2023 £m
Fees payable to the Company's auditors for:		
Audit of the Company's individual and consolidated Financial Statements	**5.5**	5.8
Audit of the Company's subsidiaries	**2.4**	2.0
Total fees related to the audit of the parent and subsidiary entities	**7.9**	7.8
Fees payable to the Company's auditors and its associates for other services:		
Audit-related assurance services (i)	**0.8**	0.7
Total fees	**8.7**	8.5
Fees in respect of pension scheme audits (ii)	**0.2**	0.1

(i) Predominantly relates to the review of the condensed interim Financial Statements.
(ii) The pension scheme audit continues to be performed by PricewaterhouseCoopers LLP.

S10. Related undertakings

The Group has a large number of related undertakings principally in the UK, US, Canada, and EU. These are listed below.

(a) Subsidiary undertakings

Investments held directly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Centrica Beta Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Ireland Holdings Limited	Holding company	Republic of Ireland	B	Ordinary shares

Investments held indirectly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
Alertme.com GmbH	In liquidation	Germany	C	Ordinary shares
Astrum Solar, Inc.	Home and/or commercial services	United States	D	Ordinary shares
Bord Gáis Energy Limited	Energy supply and power generation	Republic of Ireland	B	Ordinary shares
Bord Gáis Energy Trustees DAC	Pension trustee company	Republic of Ireland	B	Ordinary shares
British Gas Finance Limited	Vehicle leasing	United Kingdom	A	Ordinary shares
British Gas Insurance Limited	Insurance provision	United Kingdom	A	Ordinary shares
British Gas Limited	Energy supply	United Kingdom	A	Ordinary shares
British Gas New Heating Limited	Electrical and gas installations	United Kingdom	A	Ordinary shares
British Gas Services (Commercial) Limited	Non-trading	United Kingdom	A	Ordinary shares
British Gas Services Limited	Home services	United Kingdom	A	Ordinary shares
British Gas Social Housing Limited	Servicing and installation of heating systems	United Kingdom	A	Ordinary shares
British Gas Trading Limited	Energy supply	United Kingdom	A	Ordinary shares
British Gas X Limited (ii)	Dormant	United Kingdom	A	Ordinary shares
Caythorpe Gas Storage Limited	Gas storage	United Kingdom	E	Ordinary shares
CBS Energy Assets Belgium B.V.	Construction and operation of battery storage	Belgium	F	Ordinary shares
CBS Energy Storage Assets UK Limited	Construction and operation of battery storage	United Kingdom	A	Ordinary shares
CBS Services Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
CBS Solar Assets UK Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica (Lincs) Wind Farm Limited (iii)	Dormant	United Kingdom	A	Ordinary shares
Centrica Barry Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Holdings Inc.	Holding company	United States	D	Ordinary shares
Centrica Business Solutions (Generation) Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Business Solutions B.V.	Energy management products and services	Netherlands	G	Ordinary shares
Centrica Business Solutions Belgium NV	Demand response aggregation	Belgium	F	Ordinary shares
Centrica Business Solutions Canada Inc.	Holding company	Canada	H	Ordinary shares
Centrica Business Solutions Deutschland GmbH	Demand response aggregation	Germany	I	Ordinary shares
Centrica Business Solutions France SAS	Demand response aggregation	France	J	Ordinary shares
Centrica Business Solutions International Limited (iii)	Dormant	United Kingdom	A	Ordinary shares
Centrica Business Solutions Ireland Limited	Energy management products and services	Republic of Ireland	B	Ordinary shares
Centrica Business Solutions Italia Srl	Energy management products and services	Italy	K	Ordinary shares
Centrica Business Solutions Management Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Business Solutions Romania Srl	Energy management products and services	Romania	L	Ordinary shares
Centrica Business Solutions Services, Inc.	Energy management products and services	United States	D	Ordinary shares
Centrica Business Solutions UK Limited	Energy management products and services	United Kingdom	A	Ordinary shares

S10. Related undertakings

31 December 2024	Principal activity	Country of incorporation/ registered address key [i]		Class of shares held
Centrica Business Solutions UK Optimisation Limited	Demand response aggregation	United Kingdom	A	Ordinary shares
Centrica Business Solutions US, Inc.	Energy management products and services	United States	D	Ordinary shares
Centrica Business Solutions Zrt	Energy management products and services	Hungary	M	Ordinary shares
Centrica Combined Common Investment Fund Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Directors Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Distributed Generation Limited	Power generation	United Kingdom	A	Ordinary shares
Centrica Energy Assets Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Energy Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy, LLC [iv]	Energy services and wholesale energy trading	United States	N	Membership interest
Centrica Energy Marketing Limited	Wholesale energy trading	United Kingdom	A	Ordinary shares
Centrica Energy Storage Limited	Gas production and processing	United Kingdom	E	Ordinary shares
Centrica Energy Trading A/S	Energy services and wholesale energy trading	Denmark	O	Ordinary shares
Centrica Energy Trading GmbH	Energy services and wholesale energy trading	Germany	P	Ordinary shares
Centrica Energy Trading, LLC [iv]	Energy services and wholesale energy trading	United States	N	Membership interest
Centrica Energy Trading Pte. Ltd	Energy services and wholesale energy trading	Singapore	Q	Ordinary shares
Centrica Engineers Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Finance (Scotland) Limited	Holding company	United Kingdom	R	Ordinary shares
Centrica Finance Norway Limited	Dormant	Jersey	S	Ordinary shares
Centrica Gamma Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Hive Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Centrica Hive Srl	In liquidation	Italy	T	Ordinary shares
Centrica Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Hydrogen Innovations Limited [v]	Holding company	United Kingdom	A	Ordinary shares
Centrica India Offshore Private Limited	Business services	India	U	Ordinary shares
Centrica Innovations UK Limited	Investment company	United Kingdom	A	Ordinary shares
Centrica Innovations US, Inc.	Investment company	United States	D	Ordinary shares
Centrica Insurance Company Limited	Insurance provision	Isle of Man	V	Ordinary and preference shares
Centrica Lake Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica LNG Company Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica LNG UK Limited	LNG trading	United Kingdom	A	Ordinary shares
Centrica Nederland B.V.	Holding company	Netherlands	G	Ordinary shares
Centrica Nigeria Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Offshore Investments Limited [iv]	Non-trading	United Kingdom	E	Ordinary shares
Centrica Offshore UK Limited	Gas and/or liquid exploration and production	United Kingdom	E	Ordinary shares
Centrica Overseas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Centrica Pension Plan Trustees Limited	Dormant	United Kingdom	A	Limited by guarantee
Centrica Pension Trustees Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Production Limited	Dormant	United Kingdom	R	Ordinary shares
Centrica Resources (Nigeria) Limited	Non-trading	Nigeria	W	Ordinary shares
Centrica Secretaries Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Services Limited	Business services	United Kingdom	A	Ordinary shares
Centrica Smart Meter Assets Limited	Metering assets and services	United Kingdom	A	Ordinary shares
Centrica Storage Holdings Limited	Holding company	United Kingdom	E	Ordinary shares
Centrica Supply Chain Limited [v]	Non-trading	United Kingdom	A	Ordinary shares
Centrica Trading Limited	Dormant	United Kingdom	A	Ordinary shares
Centrica Trinidad and Tobago Limited	Business services	Trinidad and Tobago	X	Ordinary shares
Centrica Trust (No.1) Limited	Healthcare trust	United Kingdom	A	Ordinary shares

S10. Related undertakings

31 December 2024	Principal activity	Country of incorporation/ registered address key (i)		Class of shares held
CP Energy Storage Assets Sweden 1 AB (iv)	Construction of battery storage	Sweden	Y	Ordinary shares
CP Energy Storage Assets Sweden 2 AB (iv)	Construction of battery storage	Sweden	Y	Ordinary shares
DEML Investments Limited	Holding company	Canada	H	Ordinary shares
DER Development No. 10 Ltd.	Holding company	Canada	H	Ordinary shares
Distributed Energy Customer Solutions Limited	Energy management products and services	United Kingdom	A	Ordinary shares
Dyno-Rod Limited	Operation of a franchise network	United Kingdom	A	Ordinary shares
ECL Contracts Limited	Dormant	United Kingdom	A	Ordinary shares
ECL Investments Limited	Dormant	United Kingdom	A	Ordinary shares
ENER-G Nagykanizsa Kft	Energy management products and services	Hungary	M	Ordinary shares
ENER-G Rudox, LLC	Energy management products and services	United States	D	Membership interest
Energy For Tomorrow	Not-for-profit energy services	United Kingdom	A	Limited by guarantee
Ensek Australia Pty Ltd (iv)	Dormant	Australia	Z	Ordinary shares
Ensek Holdings Limited (iv)	Holding company	United Kingdom	AA	Ordinary shares
Ensek Limited (iv)	Information technology consultancy activities	United Kingdom	AA	Ordinary shares
GB Gas Holdings Limited	Holding company	United Kingdom	A	Ordinary shares
Generation Green Solar Limited	Dormant community benefit society	United Kingdom	A	Ordinary shares
Gerard Hall Energy Limited (iv)	Construction of battery storage	United Kingdom	A	Ordinary shares
GF One Limited (vi)	In liquidation	United Kingdom	AB	Ordinary shares
GF Two Limited (vi)	In liquidation	United Kingdom	AB	Ordinary shares
Greener Ideas Limited (vii)	Development of flexible power generation	Republic of Ireland	B	Ordinary shares
Inteligen Limited (iv)	Dormant	United Kingdom	AA	Ordinary shares
Leicestershire Solar 1 Limited	Construction of solar asset	United Kingdom	A	Ordinary shares
Neas Energy Limited	Energy services and wholesale energy trading	United Kingdom	A	Ordinary shares
Neas Invest A/S	Dormant	Denmark	O	Ordinary shares
P.H Jones Group Limited	Holding company	United Kingdom	A	Ordinary shares
Panoramic Power Ltd.	Energy management products and services	Israel	AC	Ordinary shares
Pioneer Shipping Limited	LNG vessel chartering	United Kingdom	A	Ordinary shares
Rolleston 2 Solar Farm Limited (iv)	Construction of solar asset	United Kingdom	A	Ordinary shares
SN12 6EF Limited	Power generation	United Kingdom	A	Ordinary shares
South Energy Investments, LLC	Power generation	United States	D	Membership interest
Vista Solar, Inc.	Energy management products and services	United States	D	Ordinary shares

S10. Related undertakings

Investments held indirectly by Centrica plc with 69% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key [i]		Class of shares held
Bowland Resources Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Bowland Resources (No.2) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Elswick Energy Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares
Spirit Energy Limited	Holding company	United Kingdom	A	Ordinary and deferred shares
Spirit Energy Nederland B.V.	Gas and/or liquid exploration and production	Netherlands	AD	Ordinary Shares
Spirit Energy North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy North Sea Oil Limited	Gas and/or liquid exploration and production	United Kingdom	AE	Ordinary shares
Spirit Energy Norway AS	Non-trading	Norway	AF	Ordinary shares
Spirit Energy Production UK Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Resources Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Southern North Sea Limited	Gas and/or liquid exploration and production	United Kingdom	A	Ordinary shares
Spirit Energy Treasury Limited	Finance company	United Kingdom	A	Ordinary shares
Spirit Europe Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Infrastructure B.V.	Decommissioning of exploration and production assets	Netherlands	AD	Ordinary shares
Spirit North Sea Gas Limited	Gas and/or liquid exploration and production	United Kingdom	AE	Ordinary shares
Spirit Norway Holdings AS	Holding company	Norway	AF	Ordinary shares
Spirit Norway Limited	Holding company	United Kingdom	A	Ordinary shares
Spirit Production (Services) Limited	Business services	United Kingdom	AE	Ordinary shares
Spirit Resources (Armada) Limited	Decommissioning of exploration and production assets	United Kingdom	A	Ordinary shares

(i) For list of registered addresses, refer to note S10(d).
(ii) Dissolved in January 2025.
(iii) Active proposal to strike off.
(iv) Incorporated or acquired in 2024.
(v) The following name changes were made during the year:
- Centrica Finance Investments Limited to Centrica Hydrogen Innovations Limited
- Centrica Titan Limited to Centrica Supply Chain Limited

(vi) GF One Limited and GF Two Limited are 75% indirectly owned by Centrica plc.
(vii) Greener Ideas Limited is 80% indirectly owned by Centrica plc.

S10. Related undertakings

(b) Subsidiary undertakings – partnerships held indirectly by Centrica plc with 100% voting rights

31 December 2024	Principal activity	Country of incorporation/ registered address key [(i)]		Class of shares held
CF 2016 LLP	Group financing	United Kingdom	A	Membership interest
CFCEPS LLP	Group financing	United Kingdom	A	Membership interest
Direct Energy Resources Partnership	Holding entity	Canada	H	Membership interest
Finance Scotland 2016 Limited Partnership	Group financing	United Kingdom	R	Membership interest
Finance Scotland CEPS Limited Partnership	Group financing	United Kingdom	R	Membership interest

(i) For list of registered addresses, refer to note S10(d).

The following partnerships are fully consolidated into the Group Financial Statements and the Group has taken advantage of the exemption (as confirmed by regulation 7 of the Partnerships (Accounts) Regulations 2008) not to prepare or file separate accounts for these entities:

- Finance Scotland 2016 Limited Partnership; and
- Finance Scotland CEPS Limited Partnership.

(c) Joint arrangements and associates

31 December 2024	Principal activity	Country of incorporation/ registered address key [(i)]		Class of shares held	Indirect interest and voting rights
Joint ventures [(ii)]					
Allegheny Solar 1, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
C2 Centrica MT, LLC	Energy supply and/or services	United States	AH	Membership interest	50.0%
Eurowind Polska VI Sp z.o.o.	Operation of an onshore windfarm	Poland	AI	Ordinary shares	50.0%
Three Rivers Solar 1, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Three Rivers Solar 2, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Three Rivers Solar 3, LLC	Energy supply and/or services	United States	AG	Membership interest	40.0%
Vindpark Keblowo ApS	Holding company	Denmark	AJ	Ordinary shares	50.0%
Associates [(ii)]					
Fuinneamh ÓG Teoranta [(iii)]	Offshore windfarm development	Republic of Ireland	AK	Ordinary shares	30.0%
Kestrel Energy Storage DAC [(iii)]	Offshore gas storage development	Republic of Ireland	AL	Ordinary shares	33.3%
Lake Acquisitions Limited	Holding company	United Kingdom	AM	Ordinary shares	20.0%
Tickd Limited [(iii)]	Trade of electricity	United Kingdom	AN	Ordinary shares	20.0%
Young Energy Holding Company Limited [(iii)]	Offshore windfarm development	Republic of Ireland	AK	Ordinary shares	30.0%

(i) For list of registered addresses, refer to note S10(d).
(ii) Further information on the principal joint ventures and associate investments held by the Group is disclosed in notes 6 and 14.
(iii) Acquired in 2024.

All Group companies principally operate within their country of incorporation unless noted otherwise.

S10. Related undertakings

(d) List of registered addresses

Registered address key	Address
A	Millstream, Maidenhead Road, Windsor, SL4 5GD, United Kingdom
B	1 Warrington Place, Dublin 2, Republic of Ireland
C	Thomas-Wimmer-Ring 1-3, 80539, Munich, Germany
D	2111 Ellsworth Boulevard, Malta NY 12020, United States [(i)(ii)(iii)(iv)(v)]
E	Woodland House, Woodland Park, Hessle, HU13 0FA, United Kingdom
F	Roderveldlaan 2 bus 2, 2600 Antwerp, Belgium
G	Wiegerbruinlaan 2A, 1422 CB Uithoorn, Netherlands
H	Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada [(vi)(vii)]
I	Neuer Wall 10, 20354 Hamburg, Germany
J	60 Avenue Charles de Gaulle, Cs 60016, 92573, Neuilly sur Seine Cedex, France
K	Milan (MI), Via Emilio Cornalia 26, Italy
L	Strada Martir Colonel Ioan Uță nr.28 camera 1, Municipiul Timisoara judet Timis, Romania
M	H-1106 Budapest Jászberényi út 24-36, Hungary
N	c/o Corporate Creations Network Inc., 1521 Concord Pike Suite 201, Wilmington, DE19803, United States
O	Skelagervej 1, 9000 Aalborg, Denmark
P	Esplanade 40, 20354 Hamburg, Germany
Q	220 Orchard Road, #05-01 Midpoint Orchard, Singapore 238852, Republic of Singapore
R	1 Waterfront Avenue, Edinburgh, Scotland EH5 1SG, United Kingdom
S	47 Esplanade, St Helier, JE1 0BD, Jersey, Channel Islands
T	Via Paleocapa Pietro 4, 20121, Milano, Italy
U	G-74, LGF, Kalkaji, New Delhi, South Delhi, 110019, India
V	3rd floor, St George's Court, Upper Church Street, Douglas, IM1 1EE, Isle of Man
W	Sterling Towers, 20 Marina, Lagos, Nigeria
X	48-50 Sackville Street, Port of Spain, Trinidad and Tobago
Y	Box 16285, 103 25 Stockholm, Sweden [(viii)]
Z	c/o Grant Thornton Australia Limited, Collins Square Tower Five, Level 22, 727 Collins Street, Docklands VIC 3008, Australia
AA	Hounds Gate, 30-34 Hounds Gate, Nottingham, NG1 7AB, United Kingdom
AB	1 More London Place, London, SE1 2AF, United Kingdom
AC	15 Atir Yeda Street, Kfar Saba, 44643, Israel
AD	Transpolis Building, Polarisavenue 39, 2132 JH Hoofddorp, Netherlands
AE	5th floor, IQ Building, 15 Justice Mill Lane, Aberdeen, AB11 6EQ, United Kingdom
AF	c/o Advokatfirmaet Schjødt AS Kongsgärdbakken 3, Stavanger, Rogaland 4005, Norway [(ix)(x)]
AG	1209 Orange Street, Wilmington, New Castle County, DE 19801, United States
AH	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States [(xi)]
AI	Ul. Wysogotowska 23, 62-081 Przezmierowo, Wielkpolskie, Poland
AJ	Mariagervej 58B, DK 9500 Hobro, Denmark
AK	Block 1, Harcourt Centre, Harcourt Street, Dublin 2, DO2 YA40, Republic of Ireland
AL	1 Stokes Place, St Stephen's Green, Dublin, Republic of Ireland
AM	90 Whitfield Street, London, W1T 4EZ, United Kingdom
AN	4th Floor, Regent House, 50 Frederick Street, Birmingham, B1 3HR, United Kingdom

(i) Astrum Solar, Inc changed its registered address during the year from 2 Wisconsin Circle #700, Chevy Chase, MD 20815, United States to the address listed above.
(ii) Centrica Business Holdings Inc changed its registered address during the year from 3411 Silverside Road, Rodney Building #104, Wilmington, DE 19810, United States to the address listed above.
(iii) The following entities changed their registered address during the year from 3411 Silverside Road, Suite 104, Tatnall Building. Wilmington, DE 19810, United States to the address listed above: Centrica Business Holdings Inc., Centrica Business Solutions Services Inc., Centrica Business Solutions US Inc., and ENER-G Rudox LLC.
(iv) South Energy Investments LLC changed its registered address during the year from 6 Landmark Square, 4th floor, Stamford CT 06901, United States to the address listed above.
(v) Vista Solar Inc changed its registered address during the year from 4640 Admiralty Way, 5th floor, Marina del Rey, California 90292, United States to the address listed above.
(vi) The following entities changed their registered address during the year from 550 Burrard Street, Suite 2900, Vancouver BC V6C 0A3, Canada to the address listed above: Centrica Business Solutions Canada Inc., DEML Investments Limited, and DER Development No. 10 Ltd.
(vii) Direct Energy Resources Partnership changed its registered address during the year from 350 7th Avenue SW, Suite 3400, Calgary AB T2P 3N9, Canada to the address listed above.
(viii) The following entities changed their registered address in 2025 from c/o Mannheimer Swartling Advokatbyrå, Box 2235, 403 14 Göteborg, Sweden to the address listed above: CP Energy Storage Assets Sweden 1 AB and CP Energy Storage Assets Sweden 2 AB.
(ix) Spirit Energy Norway AS changed its registered address during the year from Veritasvien 29, 4007 Stavanger, Norway to the address listed above.
(x) Spirit Energy Norway Holdings AS changed its registered address during the year from Lilleakerveien 8, 0283 Oslo, Norway to the address listed above.
(xi) C2 Centrica MT, LLC changed its registered address during the year from 850 New Burton Road, Suite 201, Dover, DE 19904, United States to the address listed above.

S10. Related Undertakings

(e) Summarised financial information

Management has determined that the investment in Lake Acquisitions Limited is sufficiently material to warrant further disclosure on an individual basis. Accordingly, the Group presents summarised financial information, along with reconciliations to the amounts included in the consolidated Group Financial Statements, for this investee.

Lake Acquisitions Limited

Summarised statement of total comprehensive income

	2024				2023			
Year ended 31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments £m	Group share £m
Revenue	**4,040**	**808**	**—**	**808**	3,398	680	—	680
Operating profit/(loss) before interest and tax	**2,148**	**430**	**(56)**	**374**	1,671	334	(52)	282
Profit/(loss) for the year	**1,494**	**299**	**(43)**	**256**	1,242	248	(40)	208
Other comprehensive income/(loss)	**189**	**38**	**—**	**38**	(477)	(95)	—	(95)
Total comprehensive income/(loss)	**1,683**	**337**	**(43)**	**294**	765	153	(40)	113

Summarised balance sheet

	2024				2023			
31 December	**Associate information reported to Group £m**	**Unadjusted 20% share £m**	**Fair value and other adjustments [(i)] £m**	**Group share £m**	Associate information reported to Group £m	Unadjusted 20% share £m	Fair value and other adjustments [(i)] £m	Group share £m
Non-current assets	**18,201**	**3,640**	**638**	**4,278**	15,970	3,194	694	3,888
Current assets	**3,791**	**758**	**—**	**758**	3,901	780	—	780
Current liabilities	**(1,526)**	**(305)**	**—**	**(305)**	(1,350)	(270)	—	(270)
Non-current liabilities	**(13,710)**	**(2,742)**	**(101)**	**(2,843)**	(11,675)	(2,335)	(114)	(2,449)
Net assets	**6,756**	**1,351**	**537**	**1,888**	6,846	1,369	580	1,949

(i) Before cumulative impairments of £1,094 million (2023: £1,046 million) of the Group's associate investment.

During the year, dividends of £355 million (2023: £220 million) were paid by the associate to the Group.

Joint operations - fields/assets

31 December 2024	**Location**	**Percentage holding**
Cygnus	UK North Sea	61%

S11. Non-controlling interests

The Group has one subsidiary undertaking with a material non-controlling interest: Spirit Energy Limited, through which the Group carries out the majority of its exploration and production activities.

	2024					2023				
Year ended 31 December	Non-controlling interests %	Profit for the year £m	Total comprehensive income £m	Total equity £m	Distributions to non-controlling interests £m	Non-controlling interests %	Profit for the year £m	Total comprehensive income £m	Total equity £m	Distributions to non-controlling interests £m
Spirit Energy Limited	**31**	**33**	**34**	**390**	**—**	31	111	110	356	(17)

Summarised financial information

The summarised financial information disclosed is shown on a 100% basis. It represents the consolidated position of Spirit Energy Limited and its subsidiaries that would be shown in its consolidated financial statements prepared in accordance with IFRS under Group accounting policies before intercompany eliminations.

Summarised statement of total comprehensive income

Year ended 31 December	2024 £m	2023 £m
Revenue	**1,140**	974
Profit for the year	**106**	357
Other comprehensive income/(loss)	**3**	(1)
Total comprehensive income	**109**	356

Summarised balance sheet

31 December	2024 £m	2023 £m
Non-current assets	**992**	1,028
Current assets	**1,980**	2,099
Current liabilities	**(557)**	(481)
Non-current liabilities	**(1,158)**	(1,498)
Net assets	**1,257**	1,148

Summarised cash flow

Year ended 31 December	2024 £m	2023 £m
Net increase/(decrease) in cash and cash equivalents	**5**	(13)

Company Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Other equity (note II) £m	Total equity £m
1 January 2023	365	2,394	3,248	(334)	5,673
Profit for the year (i)	—	—	2,258	—	2,258
Other comprehensive loss	—	—	—	(35)	(35)
Total comprehensive income/(loss)	—	—	2,258	(35)	2,223
Employee share schemes and other share transactions (ii)	—	—	(3)	39	36
Share buyback programme (iii)	—	—	—	(500)	(500)
Dividends paid to equity holders	—	—	(186)	—	(186)
31 December 2023	365	2,394	5,317	(830)	7,246
Profit for the year (i)	—	—	185	—	**185**
Other comprehensive income	—	—	—	5	**5**
Total comprehensive income	—	—	185	5	**190**
Employee share schemes and other share transactions (ii)	—	—	(8)	43	**35**
Share buyback programme (iii)	—	—	—	(480)	**(480)**
Shares cancelled in the period (iii)	(21)	—	(400)	421	**—**
Dividends paid to equity holders	—	—	(219)	—	**(219)**
31 December 2024	**344**	**2,394**	**4,875**	**(841)**	**6,772**

(i) Includes intercompany dividend income of £nil (2023: £2,635 million).
(ii) Includes taxation on employee share schemes and other share transactions attributable to the Company only.
(iii) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellation.

As permitted by Section 408(3) of the Companies Act 2006 no Income Statement or Statement of Comprehensive Income is presented.

Details of the interim and final dividends are provided in notes 11 and 27 to the Group consolidated Financial Statements.

Details of the Company's share capital are provided in the Group Statement of Changes in Equity and note 26 to the Group consolidated Financial Statements.

The notes on pages 272 to 280 form part of these Financial Statements, along with note 26 to the Group consolidated Financial Statements.

Company Balance Sheet

31 December	Notes	2024 £m	2023 £m
Non-current assets			
Property, plant and equipment	IV	**9**	11
Investments	V	**121**	94
Deferred tax assets	XII	**—**	11
Trade and other receivables	VI	**15,288**	14,274
Derivative financial instruments	VII	**103**	39
Retirement benefit assets	XIV	**42**	28
Securities	IX	**108**	104
		15,671	14,561
Current assets			
Trade and other receivables	VI	**483**	590
Derivative financial instruments	VII	**140**	66
Securities	IX	**—**	405
Cash and cash equivalents		**5,498**	5,482
		6,121	6,543
Total assets		**21,792**	21,104
Current liabilities			
Derivative financial instruments	VII	**(147)**	(116)
Trade and other payables	XI	**(11,543)**	(9,925)
Provisions for other liabilities and charges		**—**	(2)
Bank overdrafts, loans and other borrowings	XIII	**(694)**	(789)
		(12,384)	(10,832)
Non-current liabilities			
Deferred tax liabilities	XII	**(1)**	(3)
Derivative financial instruments	VII	**(204)**	(170)
Trade and other payables	XI	**—**	(3)
Provisions for other liabilities and charges		**(1)**	(1)
Retirement benefit obligations	XIV	**(48)**	(49)
Bank loans and other borrowings	XIII	**(2,382)**	(2,800)
		(2,636)	(3,026)
Total liabilities		**(15,020)**	(13,858)
Net assets		**6,772**	7,246
Share capital		**344**	365
Share premium		**2,394**	2,394
Retained earnings (i)		**4,875**	5,317
Other equity	II	**(841)**	(830)
Total shareholders' equity		**6,772**	7,246

(i) Retained earnings includes a net profit after taxation of £185 million (2023: £2,258 million) which includes intercompany dividend income of £nil (2023: £2,635 million).

The Financial Statements on pages 270 to 280, of which the notes on pages 272 to 280 form part, along with note 26 to the Group consolidated Financial Statements, were approved and authorised for issue by the Board of Directors on 19 February 2025 and were signed on its behalf by:

Chris O'Shea
Group Chief Executive

Russell O'Brien
Group Chief Financial Officer

Centrica plc Registered No: 03033654

Notes to the Company Financial Statements

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

General information

The Company is a public company limited by shares, incorporated and domiciled in the UK, and registered in England and Wales. The registered office is Millstream, Maidenhead Road, Windsor, Berkshire, SL4 5GD.

The Company's principal activity is to act as an investment holding company that provides both management and treasury services to its subsidiaries.

(a) Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements are prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

The Company Financial Statements are presented in pounds sterling which is the functional currency of the Company.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, disclosure requirements relating to compensation of key management personnel, disclosure relating to prior year share capital reconciliation, standards not yet effective, statement of compliance with Adopted IFRSs and certain related party transactions. Where required, equivalent disclosures are given in the Group consolidated Financial Statements. The principal accounting policies adopted are the same as those set out in note S2 to the Group consolidated Financial Statements except as noted below. Investments in subsidiaries, are stated at cost less, where appropriate, provisions for impairment. The Company receives income from its subsidiaries in the form of interest and dividends. In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Measurement convention

The Company Financial Statements have been prepared on the historical cost basis except for: investments in subsidiaries that have been recognised at deemed cost on transition to FRS 101; derivative financial instruments, financial instruments required to be measured at fair value through profit or loss or other comprehensive income, and those financial assets so designated at initial recognition, and the assets of the defined benefit pension schemes that have been measured at fair value; the liabilities of the defined benefit pension schemes that have been measured using the projected unit credit valuation method; and the carrying values of recognised assets and liabilities qualifying as hedged items in fair value hedges that have been adjusted from cost by the changes in the fair values attributable to the risks that are being hedged.

Going concern

The accounts have been prepared on a going concern basis, as described in the Directors' Report and note 25(b) of the Group consolidated Financial Statements.

I. GENERAL INFORMATION AND MATERIAL ACCOUNTING POLICIES OF THE COMPANY

Critical accounting judgements and key sources of estimation uncertainty.

There were no critical judgements that would have a significant effect on the amounts recognised in the Company Financial Statements. The key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of other financial assets and credit losses for financial guarantee contracts

There is estimation uncertainty involved in determining expected credited losses for certain intercompany receivable balances where the ability of the counterparty to repay is based on the valuation of the underlying business. The Company's impairment policies in relation to financial assets are consistent with those of the Group, with additional consideration given to amounts owed by Group undertakings.

All outstanding receivable balances are repayable on demand and arise from funding provided by the Company to its subsidiaries. A detailed review of the amounts owed by Group undertakings for the expected credit loss provision is carried out on an annual basis. The model considers whether the receivable is repayable on demand within a 12-month period and the probability of default by the counterparty, considering the financial position of that entity, and the effect of wider macroeconomic conditions on the business performance of the counterparty, which in turn have direct impact on both the amount that could be recovered from Group undertakings through generated future cash flows and on the timing of the recovery. The level of provision is sensitive to the assessment of credit worthiness of specific legal entities as a result. In the current year, the Company holds an expected credit loss provision for amounts owed by Group undertakings of £692 million on a gross balance of £16,444 million. This represents 4.2% of the gross amounts owed by Group undertakings balance.

Given the impact of expected business performance of Group undertakings on the determination of the level of provision for expected credit losses, it is reasonably possible that changes to wider macroeconomic conditions impacting the credit worthiness of Group undertakings could result in a material adjustment to the intercompany receivable carrying amount within the next financial year. Whilst impracticable to determine the full extent of the possible effects of these changes, based on historic analysis, such a reasonably possible change could lead to an increase or decrease in the provision of £82 million.

The company has provided financial guarantees relating to its subsidiaries' trading activities and decommissioning obligations. At 31 December 2024, the Group has derivative liabilities of £1,387 million (2023: £3,006 million), and decommissioning liabilities of £1,459 million (2023: £1,527 million). See notes 19 and 21 of the Group consolidated Financial Statements. In the current year, the Company holds an expected credit loss provision of £21 million (2023: £33 million) on these financial guarantee contracts. This represents 0.7% of the gross balances. A 0.5% change in the provision would lead to an increase or decrease of £14 million. As a result for current year, we do not consider expected credit losses on financial guarantee contracts to be a key source of estimation uncertainty.

Summary of material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company Financial Statements.

Pensions and other post-employment benefits

The Company's employees participate in a number of the Group's defined benefit pension schemes. The total Group cost of providing benefits under defined benefit schemes is determined separately for each of the Group's schemes under the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in full in the period in which they occur. The key assumptions used for the actuarial valuation are based on the Group's best estimate of the variables that will determine the ultimate cost of providing post-employment benefits, on which further detail is provided in notes 3(b) and 22 to the Group consolidated Financial Statements. Asset-backed contribution assets are included within Company Financial Statements.

Investments

Fixed asset investments in subsidiaries' shares are held at deemed cost on transition to FRS 101 and at cost in accordance with IAS 27 'Separate Financial Statements', less any provision for impairment as necessary. The carrying values of investments in subsidiary undertakings are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Financial guarantees

The company has issued financial guarantees to its subsidiary undertakings, which it accounts for under IFRS 9. The Company has applied the impairment requirements of IFRS 9 to these financial guarantees. A financial guarantee contract is measured at fair value at the reporting date and where the expected credit loss is higher than calculated on recognition, an additional liability is recognised. Expected credit losses which arise on such arrangements have been calculated according to the nature of the guarantee and the Company's estimate of potential exposure at the balance sheet date.

Amounts owed by Group undertakings

Interest bearing amounts owed by Group undertakings are initially recognised at a value based on their transaction price, and are subsequently held at amortised cost using the effective interest method (taking into account the Group's business model, which is to collect the contractual cash flows owing) less an allowance for impairment losses. Balances are written off when recoverability is assessed as being remote. If collection is expected in one year or less, receivables are classified as current assets. If not, they are presented as non-current assets.

Amounts due to Group undertakings

Interest bearing amounts due to Group undertakings are initially recognised at fair value, which is usually the original invoice amount and are subsequently held at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities. If not, they are presented as non-current liabilities.

II. OTHER EQUITY

	Cash flow hedging reserve £m	Actuarial gains and losses reserve £m	Financial asset at FVOCI reserve £m	Treasury and own shares reserve £m	Share-based payments reserve £m	Capital redemption reserve £m	Total £m
1 January 2023	(13)	(120)	11	(63)	30	(179)	(334)
Revaluation of FVOCI securities	—	—	3	—	—	—	3
Actuarial losses on defined benefit pension schemes	—	(48)	—	—	—	—	(48)
Employee Share Schemes:							
Exercise of awards	—	—	—	22	(20)	—	2
Value of services provided	—	—	—	—	31	—	31
Net proceeds from exercise of share options	—	—	—	6	—	—	6
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(615)	—	—	(615)
Movement on accrual for committed share purchases	—	—	—	—	—	115	115
Impact of cash flow hedging	(3)	—	—	—	—	—	(3)
Taxation on above items (ii)	1	12	(1)	—	1	—	13
31 December 2023	(15)	(156)	13	(650)	42	(64)	(830)
Revaluation of FVOCI securities	—	—	4	—	—	—	**4**
Actuarial gain on defined benefit pension schemes	—	1	—	—	—	—	**1**
Employee Share Schemes:							
Exercise of awards	—	—	—	27	(21)	—	**6**
Value of services provided	—	—	—	—	47	—	**47**
Purchase of own shares	—	—	—	(8)	—	—	**(8)**
Share buyback programme: (i)							
Purchase of Treasury shares	—	—	—	(504)	—	—	**(504)**
Movement on accrual for committed share purchases	—	—	—	—	—	24	**24**
Shares cancelled in the year (i)	—	—	—	400	—	21	**421**
Impact of cash flow hedging	2	—	—	—	—	—	**2**
Taxation on above items (ii)	(1)	—	(1)	—	(2)	—	**(4)**
31 December 2024	**(14)**	**(155)**	**16**	**(735)**	**66**	**(19)**	**(841)**

(i) See notes 26 and S4 of the Group consolidated Financial Statements for further details of the share buyback programme and share cancellation.
(ii) Includes current and deferred taxation on above items attributable to the Company only.

III. DIRECTORS AND EMPLOYEES

(a) Employee costs

Year ended 31 December	**2024 £m**	2023 £m
Wages and salaries	**(11)**	(12)
Other	**(9)**	(8)
	(20)	(20)

(b) Average number of employees during the year

Year ended 31 December	**2024 Number**	2023 Number
Administration	**229**	171
Power	**4**	11
	233	182

IV. PROPERTY, PLANT AND EQUIPMENT

	Plant, equipment & vehicles 2024 £m
Cost	
1 January	**16**
Additions	**5**
Lease modifications and re-measurements	**(1)**
31 December	**20**
Accumulated depreciation	
1 January	**(5)**
Charge for the year	**(6)**
31 December	**(11)**
NBV at 31 December (i)	**9**

(i) Included within the above are right-of-use assets relating to £7 million of staff salary sacrifice electric vehicles (2023: £5 million) and £2 million of infrastructure services (2023: £6 million).

V. INVESTMENTS IN SUBSIDIARIES

	2024 (i) £m	2023 (i) £m
Cost		
1 January	**94**	2,262
Write-downs (ii)	**–**	(863)
Disposals (iii)	**–**	(1,313)
Employee share scheme net capital movement (iv)	**27**	8
31 December	**121**	94
Provision		
1 January	**–**	(1,313)
Disposals (iii)	**–**	1,313
31 December	**–**	–
NBV at 31 December	**121**	94

(i) Direct investments are held in Centrica Beta Holdings Limited, which is incorporated in England, and Centrica Ireland Holdings Limited, which is incorporated in Ireland. The prior year direct investments also included CH4 Energy Limited and Rhodes Holdings HK Limited, which were incorporated in England and Hong Kong respectively, and have been dissolved in 2024. Related undertakings are listed in note S10 to the Group consolidated Financial Statements.

(ii) In prior year, the Investments in CH4 Energy Limited, and Centrica Beta Holdings Limited were largely written down as deemed irrecoverable at the reporting date.

(iii) In prior year, the disposals predominantly related to Centrica Holdings Limited, following a share for share exchange transaction, swapping the previous investment in Centrica Holdings Limited for shares in Centrica Ireland Holdings Limited.

(iv) Employee share scheme movement is the net change in shares to be awarded under employee share schemes to employees of Group undertakings.

The Directors believe that the carrying value of the investments is supported by their recoverable value.

VI. TRADE AND OTHER RECEIVABLES

	2024		2023	
31 December	Current (i) £m	Non-current (ii) £m	Current (i) £m	Non-current (ii) £m
Amounts owed by Group undertakings	**475**	**15,277**	582	14,262
Prepayments and other receivables	**8**	**11**	8	12
	483	**15,288**	590	14,274

(i) The amounts receivable by the Company include a gross balance of £290 million (2023: £480 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). The other amounts receivable from Group undertakings are interest free. All amounts receivable from Group undertakings are unsecured and repayable on demand. Amounts receivable by the Company are stated net of credit loss provision of £nil (2023: £nil). During the year, the Company recognised £nil (2023: £15 million release) of expected credit loss provision on amounts owed by Group undertakings.

(ii) The amounts receivable by the Company include a gross balance of £15,910 million (2023: £15,082 million) due after more than one year that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). The other amounts receivable from Group undertakings are interest-free. All amounts receivable from Group undertakings are unsecured and not expected to be settled within 12 months from the reporting date. Amounts receivable by the Company are stated net of credit loss provisions of £692 million (2023: £655 million). During the year, the Company recognised £37 million (2023: £217 million release) of expected credit loss provision on amounts owed by Group undertakings.

VII. DERIVATIVE FINANCIAL INSTRUMENTS

31 December	2024 Current £m	2024 Non-current £m	2024 Total £m	2023 Current £m	2023 Non-current £m	2023 Total £m
Derivative financial assets	**140**	**103**	**243**	66	39	105
Derivative financial liabilities	**(147)**	**(204)**	**(351)**	(116)	(170)	(286)

All derivatives are recognised at fair value on the date on which the derivative is entered into and are re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative assets and derivative liabilities are offset and presented on a net basis only when there is a currently enforceable legal right of set-off and the intention to net settle the derivative contracts is present. The disclosure of current and non-current derivative assets and liabilities is determined by the settlement date of the derivative.

Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. The details of external instruments, and the disclosures in respect of hedging, are presented in note 19 and note S5 to the Group consolidated Financial Statements.

Intercompany derivatives have equal and opposite terms to the external derivatives, therefore the impact on the Company's profit or loss is £nil. These instruments are used by the subsidiaries of the Company to economically hedge transactional currency risk of purchases and sales in foreign currencies.

VIII. FINANCIAL INSTRUMENTS

(a) Determination of fair values

The Company's policies for the classification and valuation of financial instruments carried at fair value are consistent with those of the Group, as detailed in note S6 to the Group consolidated Financial Statements.

(b) Financial instruments carried at fair value

31 December	2024 Level 1 £m	2024 Level 2 £m	2024 Total £m	2023 Level 1 £m	2023 Level 2 £m	2023 Total £m
Financial assets						
Derivative financial assets held for trading:						
Foreign exchange derivatives - External	—	128	**128**	—	69	69
Foreign exchange derivatives - Internal (i)	—	83	**83**	—	—	—
Derivative financial assets in hedge accounting relationships:						
Foreign exchange derivatives	—	32	**32**	—	36	36
Debt instruments	73	—	**73**	72	—	72
Equity instruments	35	—	**35**	32	—	32
Cash and cash equivalents (ii)	—	4,825	**4,825**	—	4,673	4,673
Total financial assets at fair value	**108**	**5,068**	**5,176**	104	4,778	4,882
Financial liabilities						
Derivative financial liabilities held for trading:						
Foreign exchange derivatives - External	—	(83)	**(83)**	—	(134)	(134)
Foreign exchange derivatives - Internal (i)	—	(128)	**(128)**	—	—	—
Derivative financial liabilities in hedge accounting relationships:						
Interest rate derivatives	—	(134)	**(134)**	—	(136)	(136)
Foreign exchange derivatives	—	(6)	**(6)**	—	(16)	(16)
Total financial liabilities at fair value	**—**	**(351)**	**(351)**	—	(286)	(286)

(i) In 2024, all internal derivative financial assets and liabilities held for trading are included in the table above whereas in 2023, £133 million of internal derivatives assets were included within Trade receivables in note VI, and internal derivative liabilities with a fair value of £66 million were included within Trade payables in note XI.

(ii) The cash and cash equivalents of £4,825 million (2023: £4,673 million) at Level 2 relates to money market funds.

IX. SECURITIES

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Debt instruments	**—**	**73**	—	72
Equity instruments	**—**	**35**	—	32
Other	**—**	**—**	405	—
	—	**108**	405	104

Within Non-current securities, £108 million (2023: £104 million) of investments were held in trust, on behalf of the Company, as security in respect of the Centrica Unapproved Pension Scheme (refer to note XIV(c)). Other Current securities represents the pension scheme loan arrangement (including interest) of £nil (2023: £405 million) as disclosed in note XIV(e) of Company Financial Statements and in note 22 to the Group consolidated Financial Statements.

X. LEASE LIABILITIES MATURITY ANALYSIS

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2024 £m	2023 £m
Less than one year	**5**	5
1-2 years	**3**	4
2-3 years	**1**	1
Total lease liabilities (undiscounted)	**9**	10

Future finance charges are expected to be £0.5 million (2023: £1 million).

Analysed as:	2024 £m	2023 £m
Non-current	**4**	5
Current	**5**	5
	9	10

XI. TRADE AND OTHER PAYABLES

31 December	2024 Current [i] £m	2024 Non-current [ii] £m	2023 Current [i] £m	2023 Non-current [ii] £m
Amounts owed to Group undertakings	**(11,430)**	**—**	(9,749)	(3)
Payable on financial guarantee contracts [iii]	**(21)**	**—**	(33)	—
Accruals and other creditors [iv]	**(91)**	**—**	(107)	—
Taxation and social security [v]	**(1)**	**—**	(36)	—
	(11,543)	**—**	(9,925)	(3)

(i) The current amounts payable by the Company include £10,667 million (2023: £9,582 million) that bears interest at a quarterly rate determined by Group treasury and linked to the Group cost of funds. The quarterly rates ranged between 3.6% and 5.5% per annum during 2024 (2023: 2.1% and 5.7%). Other amounts payable by the Company include group relief of £105 million (2023: £nil) and are interest free, unsecured and repayable on demand.

(ii) These other non-current amounts payable by the Company are interest free and unsecured.

(iii) During the year, the Company has released £12 million (2023: £126 million) of expected credit loss provision on financial guarantee contracts. See note XV for further details.

(iv) During the year, the Company recognised a financial liability of £75 million (2023: £94 million) relating to the share buyback programme. See 'Own and treasury shares reserve' section in note S4 of the Group consolidated Financial Statements for more details.

(v) Includes group relief creditor of £nil (2023: £36 million). This was the amount payable by the Group undertaking and therefore, was regrouped within XI(i) above in 2024.

XII. DEFERRED TAX LIABILITIES AND ASSETS

	Retirement benefit obligation £m	Other £m	**Total £m**
1 January 2023	3	(2)	**1**
(Charge)/credit to income	(5)	2	**(3)**
Credit to equity	9	1	**10**
Deferred tax assets at 31 December 2023	7	1	**8**
Charge to income	(3)	—	**(3)**
Charge to equity	(3)	(3)	**(6)**
Deferred tax assets/(liabilities) at 31 December 2024	**1**	**(2)**	**(1)**

Other deferred tax liabilities primarily relate to other temporary differences. All deferred tax crystallises in over one year.

XIII. BANK OVERDRAFTS, LOANS AND OTHER BORROWINGS

31 December	2024 Current £m	2024 Non-current £m	2023 Current £m	2023 Non-current £m
Bank loans and overdrafts	**(645)**	**(124)**	(731)	(130)
Bonds	**—**	**(2,254)**	—	(2,665)
Interest accruals	**(44)**	**—**	(53)	—
Lease obligations	**(5)**	**(4)**	(5)	(5)
	(694)	**(2,382)**	(789)	(2,800)

Disclosures in respect of the Group's financial liabilities are provided in notes 25 and S3 to the Group consolidated Financial Statements. With the exception of leases and overdrafts, materially all of the Group's financing activity is carried out through the Company.

XIV. PENSIONS

(a) Summary of main schemes

The Company's employees participate in the following Group defined benefit pension schemes: Centrica Pension Plan (CPP), Centrica Pension Scheme (CPS) and Centrica Unapproved Pension Scheme. Its employees also participate in the defined contribution Centrica Savings Plan. Information on these schemes is provided in note 22 to the Group consolidated Financial Statements.

Together with the Centrica Engineers Pensions Scheme (CEPS), CPP and CPS form the significant majority of the Group's and Company's defined benefit obligation and are referred to below and in the Group consolidated Financial Statements as the 'Registered Pension Schemes'.

(b) Accounting assumptions, risks and sensitivity analysis

The accounting assumptions, risks and sensitivity analysis for the Registered Pension Schemes are provided in note 22 to the Group consolidated Financial Statements.

(c) Movements in the year

	2024		2023	
	Pension liabilities £m	**Pension assets £m**	Pension liabilities £m	Pension assets £m
1 January	**(929)**	**908**	(731)	738
Items included in the Company Income Statement:				
Current service cost	**(1)**	**—**	(2)	—
Contributions by employer in respect of employee salary sacrifice arrangements [(i)]	**(2)**	**—**	(2)	—
Total current service cost	**(3)**	**—**	(4)	—
Interest (expense)/income	**(42)**	**41**	(40)	41
Items included in the Company Statement of Comprehensive Income:				
Returns on plan assets, excluding interest income	**—**	**(119)**	—	144
Actuarial loss from changes to demographic assumptions	**(2)**	**—**	(97)	—
Actuarial gain/(loss) from changes in financial assumptions	**122**	**—**	(60)	—
Actuarial loss from experience adjustments	**—**	**—**	(35)	—
Other movements:				
Employer contributions	**—**	**16**	—	21
Contributions by employer in respect of employee salary sacrifice arrangements	**—**	**2**	—	2
Benefits paid from schemes	**44**	**(44)**	38	(38)
31 December	**(810)**	**804**	(929)	908

(i) A salary sacrifice arrangement was introduced on 1 April 2013 for pension scheme members. The contributions paid via the salary sacrifice arrangement have been treated as employer contributions and included within the current service cost, with a corresponding reduction in salary costs.

Presented in the Company Balance Sheet as:

31 December	**2024 £m**	2023 £m
Retirement benefit pension assets	**42**	28
Retirement benefit pension liabilities	**(48)**	(49)

The pension scheme liabilities relate to the Centrica Unapproved Pension Scheme.

XIV. PENSIONS

(d) Defined benefit pension scheme contributions

Note 22 to the Group consolidated Financial Statements provides details of the triennial review carried out at 31 March 2021 in respect of the UK Registered Pension Schemes and the future pension scheme contributions, including asset-backed arrangements, agreed as part of this review. Under IAS 19, the Company's contribution and trustee interest in the Scottish Limited Partnerships are recognised as scheme assets.

Independent valuations

The Registered Pension Schemes are subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employer contributions, which together with the specified contributions payable by the employees and proceeds from the schemes' assets, are expected to be sufficient to fund the benefits payable under the schemes.

Within the reporting period, the latest full actuarial valuations agreed and finalised with the Pension Trustees were carried out at 31 March 2021 in respect of the UK Registered Pension Schemes. These valuations have been updated to 31 December 2024 for the purpose of meeting the requirements of IAS 19. Investments held in all schemes have been valued for this purpose at market value. In February 2025, full actuarial valuations of the Registered Pension Schemes at 31 March 2024 were agreed and finalised with the Pension Trustees. The impact on pension scheme contributions is shown in note 22(g) of the Group consolidated Financial Statements. These valuations will be updated prospectively in future reporting periods for the purpose of meeting the requirements of IAS 19.

The Company estimates that it will pay £2 million of ordinary employer contributions during 2025 for its defined benefit schemes, together with £1 million of contributions paid via the salary sacrifice arrangement.

For details of the weighted average duration of the liabilities of the Registered Pension Schemes, see note 22 of the Group consolidated Financial Statements.

(e) Pension scheme assets

The market values of plan assets were:

	2024			2023		
31 December	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Equities	19	491	510	23	503	526
Corporate bonds	12	—	12	6	—	6
High-yield debt	14	1,063	1,077	18	1,238	1,256
Liability matching assets	2,388	—	2,388	2,860	—	2,860
Other long-dated income assets	—	1,025	1,025	—	1,204	1,204
Property	—	303	303	—	305	305
Cash pending investment	248	—	248	391	—	391
Loan and interest	—	—	—	—	(405)	(405)
Asset-backed contribution assets	—	408	408	—	469	469
Group pension scheme assets (i)	2,681	3,290	5,971	3,298	3,314	6,612

	2024 £m	2023 £m
Company share of the above	804	908

(i) Total pension scheme assets, including asset-backed contribution assets not recognised in the Group consolidated Financial Statements.

XV. COMMITMENTS AND FINANCIAL GUARANTEES

At 31 December 2024, the Company had commitments of £37 million (2023: £93 million) relating to contracts for outsourced services, £162 million (2023: £129 million) relating to other contracts and £6 million (2023: £5 million) relating to contracts for property services.

The Company has provided guarantees and letters of credit relating to its subsidiaries' trading activities and decommissioning obligations. At 31 December 2024, the Group has derivative liabilities of £1,387 million (2023: £3,006 million), and decommissioning liabilities of £1,459 million (2023: £1,527 million). See notes 19 and 21 to the Group consolidated Financial Statements for further information on these balances.

XVI. RELATED PARTIES

During the year the Company accepted cash deposits on behalf of the Spirit Energy group of companies giving rise to a Trade and other payables balance of £1,621 million (2023: £1,356 million). Spirit Energy Limited is a subsidiary of the Company, held indirectly, that is not wholly owned.

XVII. POST BALANCE SHEET EVENTS

The post balance sheet events disclosed by the Group are also applicable to the Company. See note 27 to the Group consolidated Financial Statements for further information.

Gas and Liquids Reserves (Unaudited)

The Group's estimates of reserves of gas and liquids are reviewed as part of the full year reporting process and updated accordingly.

A number of factors affect the volumes of gas and liquids reserves, including the available reservoir data, commodity prices and future costs. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of reserves are subject to change as additional information becomes available.

The Group discloses 2P gas and liquids reserves, representing the central estimate of future hydrocarbon recovery. Reserves for Centrica operated fields are estimated by in-house technical teams composed of geoscientists and reservoir engineers. Reserves for non-operated fields are estimated by the operator but are subject to internal review and challenge.

As part of the internal control process related to reserves estimation, an assessment of the reserves, including the application of the reserves definitions, is undertaken by an independent technical auditor. An annual reserves assessment has been carried out by RISC Advisory for the Group's global reserves. Reserves are estimated in accordance with a formal policy and procedure standard.

The Group has estimated 2P gas and liquids reserves in Europe.

The principal retained fields in Spirit Energy are Cygnus, Morecambe Hub, Rhyl and Chiswick. The principal non-Spirit Energy field is Rough. The European reserves estimates are consistent with the guidelines and definitions of the Society of Petroleum Engineers, the Society of Petroleum Evaluation Engineers and the World Petroleum Council's Petroleum Resources Management System using accepted principles.

Estimated net 2P reserves of gas (billion cubic feet)	Spirit Energy [(i)]	Rough	**Total**
1 January 2024	242	15	**257**
Revisions of previous estimates [(ii)]	(16)	—	**(16)**
Production [(iii)]	(51)	(1)	**(52)**
31 December 2024	175	14	**189**

Estimated net 2P reserves of liquids (million barrels)	Spirit Energy [(i)]	Rough	**Total**
1 January 2024	1	—	**1**
Revisions of previous estimates [(ii)]	1	—	**1**
Production [(iii)]	(1)	—	**(1)**
31 December 2024	1	—	**1**

Estimated net 2P reserves (million barrels of oil equivalent)	Spirit Energy [(i)]	Rough	**Total**
31 December 2024 [(iv)]	30	3	**33**

(i) The movements represent Centrica's 69% interest in Spirit Energy.
(ii) Revision of previous estimates include those associated with Morecambe Hub, Chiswick and Cygnus.
(iii) Represents total sales volumes of gas and liquids produced from the Group's reserves.
(iv) Includes the total of estimated gas and liquids reserves at 31 December 2024 in million barrels of oil equivalent.

Liquids reserves include oil, condensate and natural gas liquids.

Five Year Summary (Unaudited)

Year ended 31 December	2020 (restated) (i) £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Total Group revenue from continuing operations included in business performance	14,949	18,300	33,637	33,374	**24,636**
Operating profit/(loss) from continuing operations before exceptional items and certain re-measurements:					
British Gas Services & Solutions (i)	191	121	(9)	47	**67**
British Gas Energy (i)	82	118	72	751	**297**
Bord Gáis Energy (i)	42	28	31	1	**63**
Centrica Business Solutions (i)	(132)	(52)	44	104	**73**
Centrica Energy (i)	174	70	1,400	774	**307**
Upstream (i)	90	663	1,793	1,083	**789**
Colleague profit share	—	—	(23)	(8)	**(25)**
Meter asset provider consolidation adjustment	—	—	—	—	**(19)**
	447	948	3,308	2,752	**1,552**
Operating profit from discontinued operations before exceptional items and certain re-measurements (i)	252	—	—	—	**—**
Exceptional items and certain re-measurements after taxation	(520)	866	(2,755)	2,165	**322**
Profit/(loss) attributable to equity holders of the parent	41	1,210	(782)	3,929	**1,332**

	Pence	Pence	Pence	Pence	**Pence**
Earnings per ordinary share	0.7	20.7	(13.3)	70.6	**25.7**
Adjusted earnings per ordinary share	6.5	4.1	34.9	33.4	**19.0**
Dividend per ordinary share in respect of the year	—	—	3.0	4.0	**4.5**

ASSETS AND LIABILITIES

31 December (restated) (ii)	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Goodwill and other non-current intangible assets	1,940	1,161	1,116	745	**796**
Other non-current assets	4,767	6,040	7,234	4,555	**3,793**
Net current assets/(liabilities)	622	1,465	(1,023)	4,930	**5,242**
Non-current liabilities	(8,072)	(6,360)	(6,047)	(5,997)	**(5,019)**
Net assets of disposal groups held for sale	2,125	444	—	—	**—**
Net assets	1,382	2,750	1,280	4,233	**4,812**
Adjusted net (debt)/cash (note 25) (ii)	(2,998)	680	1,199	2,744	**2,858**

CASH FLOWS

Year ended 31 December (restated) (ii)	2020 £m	2021 £m	2022 £m	2023 £m	**2024 £m**
Net cash flow from operating activities before exceptional payments	1,532	1,687	1,338	2,758	**1,155**
Payments relating to exceptional charges in operating costs	(132)	(76)	(24)	(6)	**(6)**
Net cash flow from investing activities	(285)	2,263	(566)	115	**493**
Net cash flow before cash flow from financing activities	1,115	3,874	748	2,867	**1,642**

(i) Results have been restated to reflect the new operating structure of the Group, effective during 2021.
(ii) Results have been restated to reflect the change in definition of adjusted net cash/debt in 2021.

Shareholder information

General enquiries

Centrica's share register is administered and maintained by Equiniti, our Registrar, whom you can contact directly if you have any questions about your shareholding which are not answered here or on our website. You can contact Equiniti using the following details:

Address: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, UK

Telephone: +44 (0)371 384 2985*

Contact: help.shareview.co.uk

Website: equiniti.com

You can also contact Equiniti using the Relay UK website at relayuk.bt.com

* Calls to an 03 number cost no more than a national rate call to an 01 or 02 number. Lines open 8.30am to 5.30pm, Monday to Friday (UK time), excluding public holidays in England and Wales.

When contacting Equiniti or registering via shareview.co.uk, you should have your shareholder reference number to hand. This can be found on your share certificate, dividend confirmation or any other correspondence you have received from Equiniti.

Together with Equiniti, we have introduced an electronic queries service to enable our shareholders to manage their investment at a convenient time. Details of this service can be found at shareview.co.uk.

Dividend

As communicated previously, dividends are now paid only by direct transfer to your bank or building society account, rather than by cheque. This is faster, more secure and better for the environment.

If you have not already done so, please therefore provide Equiniti with your bank or building society account details. You can do this online at shareview.co.uk or by telephoning Equiniti on +44 (0)371 384 2985.

American Depositary Receipt (ADR)

We have an ADR programme, trading under the symbol CPYYY. Centrica's ratio is one ADR being equivalent to four ordinary shares. Further information is available on our website or please contact:

Regular mail delivery address: BNY Mellon Shareowner Services, PO Box 43006, Providence, RI 02940-3006, USA

Overnight, certified, registered delivery address: BNY Mellon Shareowner Services, 150 Royall Street, Suite 101, Canton, MA 02021, USA

Email: shrrelations@cpshareownerservices.com

Website: mybnymdr.com

Telephone: +1 888 269 2377 (toll-free in the US)

Outside the US: +1 201 680 6825

Manage your shares online

We actively encourage our shareholders to receive communications via email and view documents electronically via our website, centrica.com. Receiving communications and documents electronically saves your Company money and reduces our environmental impact. If you sign up for electronic communications, you will receive an email to notify you that new shareholder documents are available to view online, including the Annual Report and Accounts, on the day it is published.

You will also receive alerts to let you know that you can cast your Annual General Meeting (AGM) vote online. You can manage your shareholding online by registering at shareview.co.uk, a free online platform provided by Equiniti, which allows you to:

- View information about your shareholding;
- Update your personal details and your bank account details; and
- Appoint a proxy for the AGM.

Centrica FlexiShare

FlexiShare is an easy way to hold Centrica shares without a share certificate. Your shares are held by a nominee company, Equiniti Financial Services Limited. However, you are able to attend and vote at general meetings as if the shares were held in your own name. Holding your shares in this way is free and gives you:

- Low cost share dealing rates (full details of which are available on centrica.com, together with dealing charges);
- Quicker settlement periods for buying and selling shares; and
- No paper share certificates to lose.

centrica.com

The Shareholder Centre on our website contains a wide range of information including a dedicated investors section where you can find further details about shareholder services including:

- Share price information;
- Dividend history;
- Telephone and internet share dealing;
- Downloadable shareholder forms; and
- Taxation.

This Annual Report and Accounts can also be viewed online by visiting centrica.com/ar24.

ShareGift

If you have a small number of shares and the dealing costs or the minimum fee make it uneconomical to sell them, it is possible to donate them to ShareGift, a registered charity, which provides a free service to enable you to dispose charitably of such shares.

More information on this service can be found at sharegift.org or by calling +44 (0)20 7930 3737.

Financial calendar

Ex-dividend date for 2024 final dividend	1 May 2025
Record date for 2024 final dividend	2 May 2025
Annual General Meeting (AGM)	8 May 2025
Payment of 2024 final dividend	5 June 2025

For more information on Centrica's financial calendar, please visit centrica.com/investors/financial-calendar.

Additional information – explanatory notes (unaudited)

Definitions and reconciliation of adjusted performance measures

Centrica's 2024 consolidated Financial Statements include a number of non-GAAP measures. These measures are chosen as they provide additional useful information on business performance and underlying trends. They are also used to measure the Group's performance against its strategic financial framework. They are not however, defined terms under IFRS and may not be comparable with similarly titled measures reported by other companies. Where possible they have been reconciled to the statutory equivalents from the primary statements (Group Income Statement (I/S), Group Balance Sheet (B/S), Group Cash Flow Statement (C/F)) or the notes to the Financial Statements.

Adjusted revenue, adjusted gross margin, adjusted operating profit, adjusted earnings and free cash flow have been defined and reconciled separately in notes 2, 4 and 10 to the Financial Statements where further explanation of the measures is given. Additional performance measures are used within these Financial Statements to help explain the performance of the Group and these are defined and reconciled below. Further information has been provided to help readers when reconciling between different parts of the consolidated Group Financial Statements, and when reconciling cash flow measures to the Group Cash Flow Statement.

Adjusted EBITDA

Adjusted EBITDA is a business performance measure of operating profit, after adjusting for depreciation and amortisation. It provides a performance measure in its own right, and provides a bridge between the Income Statement and the Group's key cash metrics.

Year ended 31 December	Notes	2024 £m	2023 £m	Change
Group operating profit	I/S	**1,703**	6,512	
Exceptional items included within Group operating profit and certain re-measurements before taxation	7	**128**	645	
Certain re-measurements before taxation	7	**(279)**	(4,405)	
Share of taxation, depreciation and amortisation of joint ventures and associates	6	**257**	206	
Depreciation and impairments of PP&E [(i)]	4	**409**	404	
Amortisation and impairments of intangibles [(i)]	4	**87**	138	
Group total adjusted EBITDA including share of EBITDA from joint ventures and associates		**2,305**	3,500	(34)%
Less: share of EBITDA from joint ventures and associates	6	**(513)**	(415)	
Group total adjusted EBITDA		**1,792**	3,085	(42)%

(i) These line items relate to business performance only.

The below table shows how adjusted EBITDA reconciles to free cash flow:

Year ended 31 December	Notes	2024 £m	2023 £m
Adjusted EBITDA		**1,792**	3,085
Group operating profit, including share of losses of joint ventures and associates, from exceptional items and certain re-measurements	I/S	**151**	3,760
Share of losses of joint ventures and associates, net of interest and taxation, from exceptional items and certain re-measurements	I/S	**—**	1
Depreciation, amortisation and impairments, from exceptional items and certain re-measurements	I/S	**75**	645
Gain on disposals	C/F	**(4)**	—
Increase/(decrease) in provisions	C/F	**110**	(1,021)
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	**(208)**	(215)
Employee share scheme costs	C/F	**47**	31
Unrealised losses/(gains) arising from re-measurement of energy contracts	C/F	**96**	(2,949)
Net movement in working capital	C/F	**(252)**	244
Taxes paid	C/F	**(636)**	(803)
Operating interest paid	C/F	**(16)**	(20)
Payments relating to exceptional charges in operating profit	C/F	**(6)**	(6)
Net cash flow from operating activities		**1,149**	2,752
Purchase of businesses and assets, net of cash acquired	C/F	**(92)**	(34)
Sale of businesses, including receipt of deferred consideration	C/F	**4**	55
Purchase of property, plant and equipment and intangible assets	C/F	**(416)**	(335)
Investments in joint ventures and associates	C/F	**—**	(9)
Dividends received from joint ventures and associates	C/F	**355**	220
Net purchase of other investments	C/F	**(56)**	(37)
UK pension deficit payments	4	**176**	180
Movements in variation margin and collateral	4	**(131)**	(585)
Group total free cash flow	4	**989**	2,207

The below table shows the reconciliation from net movement in working capital to adjusted net movement in working capital:

Year ended 31 December	Notes	2024 £m	2023 £m
Decrease in inventories	C/F	**164**	186
Decrease in trade and other receivables and contract-related assets relating to business performance	C/F	**241**	2,911
Decrease in trade and other payables and contract-related liabilities relating to business performance	C/F	**(657)**	(2,853)
Net movement in working capital		**(252)**	244
Less: Movements in collateral included within working capital	25	**(47)**	(477)
Other reconciling items:			
Decrease in provisions related to business performance, excluding payments related to decommissioning provisions [(i)]		**(5)**	(15)
Unrealised gains arising from re-measurement of energy contracts relating to business performance		**429**	518
Operating interest paid	C/F	**(16)**	(20)
Other		**15**	(6)
Adjusted net movement in working capital		**124**	244

(i) Decrease in provisions related to business performance excludes payments related to decommissioning provisions of £80 million (2023: £173 million).

Definitions and reconciliation of adjusted performance measures

Group net investment

With an increased focus on cash generation, capital discipline and managing adjusted net cash/debt, Group net investment provides a measure of the Group's capital expenditure from a cash perspective and allows the Group's capital discipline to be assessed.

Year ended 31 December	Notes	2024 £m	2023 £m	Change
Capital expenditure (including small acquisitions) (i)		**564**	415	
Net disposals (ii)		**(4)**	(55)	
Group net investment		**560**	360	56%
Dividends received from joint ventures and associates	C/F	**(355)**	(220)	
Interest received	C/F	**(317)**	(267)	
Settlement of securities	C/F	**(400)**	—	
Purchase of securities	C/F	**19**	12	
Net cash inflow from investing activities	C/F	**(493)**	(115)	329%

(i) Capital expenditure is the net cash flow on capital expenditure, purchases of businesses, assets and other investments, and investments in joint ventures and associates (less than £100 million). See table (a).
(ii) Net disposals is the net cash flow from sales of businesses, and property, plant and equipment and intangible assets. See table (b).

Group net investment is capital expenditure including acquisitions less net disposals. It excludes cash flows from investing activities not associated with capital expenditure as detailed in the table above.

(a) Capital expenditure (including small acquisitions)

Year ended 31 December	Notes	2024 £m	2023 £m	Change
Purchase of property, plant and equipment and intangible assets	C/F	**416**	335	
Purchase of businesses and assets, net of cash acquired	C/F	**92**	34	
Investment in joint ventures and associates	C/F	**—**	9	
Net purchase of other investments	C/F	**56**	37	
Capital expenditure (including small acquisitions)		**564**	415	36%

(b) Net disposals

Year ended 31 December	Notes	2024 £m	2023 £m	Change
Sale of businesses, including receipt of deferred consideration	C/F	**(4)**	(55)	
Net disposals		**(4)**	(55)	(93)%

Definitions and reconciliation of adjusted performance measures

The following tables provide additional information to help readers when reconciling between different parts of the consolidated Group Financial Statements, and the Group Cash Flow Statement.

Reconciliation from free cash flow to change in adjusted net cash

Year ended 31 December	Notes	2024 £m	2023 £m
Group total free cash flow	4	**989**	2,207
Financing interest paid	C/F	**(283)**	(286)
Interest received	C/F	**317**	267
Premium paid on debt repurchase	7	**(68)**	–
UK pension deficit payments	4	**(176)**	(180)
Proceeds from exercise of share options	C/F	**–**	6
Payments for own shares	C/F	**(8)**	–
Share buyback programme	C/F	**(499)**	(613)
Distributions to non-controlling interests	C/F	**–**	(17)
Equity dividends paid	C/F	**(219)**	(186)
Movements in variation margin and collateral	4	**131**	585
Cash flows affecting adjusted net cash		**184**	1,783
Non-cash movements in adjusted net cash		**(70)**	(238)
Change in adjusted net cash		**114**	1,545
Opening adjusted net cash	25	**2,744**	1,199
Closing adjusted net cash	25	**2,858**	2,744

Reconciliation of adjusted net cash to unadjusted net cash

Adjusted net cash is a business performance measure used by management to assess the underlying indebtedness of the business.

Year ended 31 December	Notes	2024 £m	2023 £m
Adjusted net cash	25	**2,858**	2,744
Less: current and non-current securities	25	**(139)**	(521)
Less: sub-lease assets	25	**–**	(2)
Unadjusted net cash		**2,719**	2,221

Definitions and reconciliation of adjusted performance measures

Depreciation, amortisation and impairments

Year ended 31 December	Notes	2024 £m	2023 £m
Movement from depreciation, amortisation and impairments, from exceptional items included in the Group Cash Flow Statement	7	**75**	645
Comprised of:			
Impairment of power assets	7	**75**	563
Impairment of gas storage asset	7	**–**	82
Movement from depreciation, amortisation and impairments, from business performance included in the Group Cash Flow Statement		**496**	542
Comprised of:			
Business performance PP&E depreciation	4	**387**	395
Business performance PP&E impairments	4	**22**	9
Business performance intangibles amortisation	4	**86**	123
Business performance intangibles impairments	4	**1**	15
Movement from depreciation, amortisation and impairments included in the Group Cash Flow Statement		**571**	1,187

Reconciliation of receivables and payables to the Group Cash Flow Statement

Year ended 31 December	Notes	2024 £m	2023 £m
Receivables opening balance	B/S	**5,619**	8,579
Less: receivables closing balance	B/S	**(5,383)**	(5,619)
Payables (incl. insurance contract liabilities) opening balance	B/S	**(7,372)**	(10,341)
Less: payables (incl. insurance contract liabilities) closing balance	B/S	**6,742**	7,372
Net movement in receivables and payables		**(394)**	(9)
Non-cash changes, and other reconciling items:			
Movement in share buyback liability		**19**	113
Business acquisitions and disposals		**(28)**	(55)
Movement in capital creditors		**(20)**	8
Movement in ROCs and emission certificate intangible assets		**(26)**	(13)
Other movements (including foreign exchange movements)		**33**	14
Non-cash changes, and other reconciling items		**(22)**	67
Movement in trade and other receivables, trade and other payables and contract-related assets/liabilities relating to business performance	C/F	**(416)**	58

Pensions

Year ended 31 December	Notes	2024 £m	2023 £m
Cash contributions to defined benefit schemes in excess of service cost income statement charge	C/F	**(208)**	(215)
Ordinary employer contributions	22	**(51)**	(56)
UK pension deficit payments	22	**(176)**	(180)
Contributions by employer in respect of employee salary sacrifice arrangements	22	**(24)**	(24)
Total current service cost, including salary sacrifice	22	**42**	46
Termination cost/(benefit)	22	**1**	(1)

People and Planet – Performance measures

In 2024, we engaged DNV Business Assurance Services UK Limited (DNV) to conduct an independent limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'. DNV has provided an unqualified opinion in relation to five KPIs that are identified with the symbol '†' and feature on pages 1, 62, 75 to 76, 289 and 291. It is important to read the responsible business information in the Annual Report and Accounts 2024 in the context of DNV's full limited assurance statement and Centrica's Basis of Reporting, which are available at **centrica.com/assurance**

Read more about our People & Planet Plan on pages 58 to 77

Read more about our wider non-financial performance at **centrica.com/datacentre**

Progress against our People & Planet Plan

Key | Progress against goals: On track Behind

Goal	Milestone	2024 Progress	2023 Progress
Create an engaged team that reflects the full diversity of the communities we serve by 2030 – this means all company and senior leaders to be [i]: • 48% women • 18% ethnically diverse • 20% disability • 3% LGBTQ+ • 4% ex-service	By the end of 2025: • 40% women • 16% ethnically diverse • 10% disability • 3% LGBTQ+ • 3% ex-service	**All company:** [ii] • **31% women** – **41% excluding Field engineers** • **16% ethnically diverse** • **6% disability** • **4% LGBTQ+** • **2% ex-service** **Senior leaders:** [ii] • **34% women** – **31% excluding Field engineers** • **10% ethnically diverse** • **5% disability** • **2% LGBTQ+** • **2% ex-service**	Senior leaders: [ii] • 30% women – 41% excluding Field engineers • 15% ethnically diverse • 3% disability • 3% LGBTQ+ • 2% ex-service Senior leaders: [ii] • 32% women – 32% excluding Field engineers • 9% ethnically diverse • 2% disability • 2% LGBTQ+ • 2% ex-service
Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (base year 2021)	2,000 apprentices by the end of 2025	**1,537 apprentices**	1,198 apprentices
Inspire colleagues to give 100,000 days to build inclusive communities by 2030 (base year 2019)	35,000 days by the end of 2025	**31,639 days**	20,956 days [iii]
Help our customers be net zero by 2050 [iv] (base year 2019)	28% greenhouse gas (GHG) intensity reduction by the end of 2030	**6% reduction** †	9% reduction [iii]
Be a net zero business by 2040 [v] (base year 2019)	50% GHG reduction by the end of 2032	**18% reduction**	21% reduction

† Included in DNV's independent limited assurance report. See page 289 or centrica.com/assurance for more.

(i) Aligns with latest 2021 Census data for working populations.

(ii) Beyond gender, Centrica's 2024 performance is based on colleague voluntary disclosure of 94% ethnic diversity, 51% disability, 59% LGBTQ+ and 4% ex-service. For 2023, this was 74% ethnic diversity, 45% disability, 51% LGBTQ+ and 3% ex-service. All company relates to everyone who works for Centrica. Senior leaders include colleagues above general management and spans senior leaders, the Centrica Leadership Team and the Board.

(iii) Restated due to availability of improved data.

(iv) Net zero goal measures the GHG intensity of our customers' energy use including electricity and gas with a 2019 base year of 182gCO_2e/kWh. Target is normalised to reflect acquisitions and divestments in line with changes in Group customer base. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century.

(v) Following an update to our Climate Transition Plan (see page 73), we accelerated our net zero goal which was previously focused on achieving a 40% reduction in emissions by the end of 2034 and net zero by 2045. Net zero goal measures Scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary. Comprises emissions from all operated assets and activities including the shipping of Liquefied Natural Gas (LNG) alongside the retained Spirit Energy assets in the UK and the Netherlands. Non-operated nuclear emissions are excluded. Target is normalised to reflect acquisitions and divestments in line with changes in Group structure against a 2019 base year of 2,120,446mtCO_2e. It's also aligned to the Paris Agreement and based on science to limit global warming, corresponding to a well below 2°C pathway initially and 1.5°C by 2040.

Progress against our Foundations

People

Metric	2024	2023	What's next
Customers			
British Gas Services & Solutions – Services Engineer Net Promoter Score (NPS) [i]	**+73**	+71	Deliver energy, services and solutions that energise a greener, fairer future for all
British Gas Energy – Residential energy Touchpoint NPS [ii]	**+29**	+17	
Bord Gáis Energy – Journey NPS [iii]	**+36**	+18	
Centrica Business Solutions – Energy supply Touchpoint NPS [iv]	**+37**	+25 [v]	
British Gas Services & Solutions – Services complaints per customer [vi]	**5.3%**	6.0%	Maintain focus on driving down complaints by improving customer experience
British Gas Energy – Residential energy complaints per customer [vii]	**10.1%**	13.3%	
Bord Gáis Energy – Complaints per customer [viii]	**0.9%**	1.7%	
Centrica Business Solutions – Energy supply complaints per site [ix]	**2.4%**	3% [v]	
Customer safety incident frequency rate per 1,000,000 jobs completed	**1.15**	2.82	Keep customers safe by following controls and encouraging customers to maintain distance from work areas

(i) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following a gas engineer visit.
(ii) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas Energy following contact.
(iii) Weighted NPS for the main customer interaction channels.
(iv) Measured independently, through individual questionnaires and the customer's willingness to recommend, on a year-to-date basis.
(v) Restated to reflect changes in methodology. NPS now uses year-to-date data whilst complaints uses sites rather than customer numbers.
(vi) Total complaints, where we identify material distress, inconvenience or financial loss, as a percentage of average customers over the year.
(vii) Total complaints, measured as an expression of dissatisfaction in line with submissions made to Ofgem, as a percentage of average customers over the year.
(viii) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the year.
(ix) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of total sites over the year.

Metric	2024	2023	What's next
Colleagues			
Colleague engagement [i]	**8.1**	7.7	Strive to maintain current high engagement levels by continuing to connect colleagues with our Purpose and strategy whilst creating an inspiring and inclusive workplace, that motivates colleagues and empowers us all to go further and faster
Gender pay gap [ii]	**13% median**	14% median	Reduce our pay gaps by building a diverse and inclusive team through our People & Planet Plan and associated Diversity, Equity and Inclusion Action Plans
	13% mean	15% mean	
Gender bonus gap [iii]	**20% median**	14% median	
	48% mean	36% mean	
Ethnicity pay gap [ii] [iv]	**7% median**	11% median	
	10% mean	2% mean	
Ethnicity bonus gap [iii] [iv]	**21% median**	25% median	
	–12% mean	4% mean	
Retention	**91%**	90%	Improve retention through our focus on talent development whilst providing a supportive and inclusive culture
Absence [v]	**12 days**	10 days	Reduce absence through good management practices alongside proactive support and education via our health and wellbeing suite of support
Total recordable injury frequency rate (TRIFR) per 200,000 hours worked	**0.63**	0.84	Drive down TRIFR and LTIFR by keeping safety front-of-mind and reinforcing a strong safety culture whilst advancing controls and monitoring
Lost time incident frequency rate (LTIFR) per 200,000 hours worked	**0.38**	0.44	
Process safety incident frequency rate (Tier 1 and 2) per 200,000 hours worked	**0.10**	0.09	Continue to ensure robust operational controls and operator competencies, timely safety-critical maintenance programmes and effective performance management
Significant process safety events (Tier 1)	**1**	1	
Fatalities	**0**	1 [vi]	Maintain zero fatalities

(i) Based on an average score out of 10, measuring how colleagues feel about the Company.
(ii) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot dates of 5 April 2023 and 2024. Read our Gender and Ethnicity Pay Statement to find out more at centrica.com/pay.
(iii) Includes anyone receiving a bonus during the 12-month period leading up to the pay gap snapshot date and who are still employed on the snapshot date.
(iv) Based on 77% of colleagues in 2024 and 74% of colleagues in 2023, who confirmed whether they are from a Black, Asian or Mixed/Other ethnic group.
(v) Relates to absence from sickness rather than wider forms of absence such as bereavement. Scope based on UK where the majority of our team are located due to absence being tracked differently across geographies.
(vi) A road traffic collision involving a Dyno Franchisee, resulted in a member of the public sadly losing their life.

Metric	2024	2023	What's next
Communities			
Total community contributions	**£601.8m [i]**	£501.4m [ii]	Continue to make a big difference across our local communities – from helping people with their energy bills and emissions, to volunteering and fundraising for local causes that colleagues care passionately about
On the ground site audits completed	**27**	20	Continue to monitor and raise standards across our supply chain to reduce risk and guard against modern slavery, focusing on enhancing engagement and controls
Sites completing remote worker surveys	**7**	13	
Colleagues committed to Our Code	**99%**	96%	Ensure all colleagues uphold Our Code as part of our commitment to doing the right thing and acting with integrity

(i) Comprises £596.8m in mandatory and £1.4m in voluntary contributions to support vulnerable customers and communities, alongside £3.6m in charitable donations which includes £0.2m in contributions from third parties such as colleague payroll giving.
(ii) Comprises £409.4m in mandatory and £88.1m in voluntary contributions to support vulnerable customers, communities and colleagues, alongside £3.8m in charitable donations which includes £0.2m in contributions from third parties such as colleague payroll giving. Sum of constituent parts does not align with total due to rounding. Restated due to availability of improved data.

Planet

Metric	2024	2023	What's next
Greenhouse gas (GHG) and energy			
Total GHG emissions (Scope 1 and 2) [i]	**1,733,882tCO_2e [ii] †**	1,685,840tCO_2e [iii] [iv]	Measure and reduce emissions to achieve our People & Planet Plan goals of being a net zero business by 2040 and helping our customers be net zero by 2050, enabled through the delivery of our Climate Transition Plan
Scope 1 emissions	**1,726,177tCO_2e [v] †**	1,678,457tCO_2e [iv] [vi]	
Scope 2 emissions	**7,706tCO_2e [vii] †**	7,383tCO_2e [iv] [viii]	
Scope 3 emissions [ix]	**21,860,510tCO_2e**	21,180,922tCO_2e	
Total GHG intensity by revenue [x]	**87tCO_2e/£m [xi]**	64tCO_2e/£m [xii]	Analyse the impact of our strategy on decoupling GHG emissions from value creation
Total energy use	**7,925,163,679kWh [xiii] †**	7,437,652,380kWh [iv] [xiv]	Remain focused on energy efficiency as we strive to be a net zero business by 2040
Water, waste and non-compliance			
Total water use	**357,260m^3**	335,512m^3	Effectively monitor, manage and reduce our water use and waste production, as well as our incidence of environmental non-compliance
Total waste generated	**16,651 tonnes**	15,161 tonnes	
Environmental non-compliance [xv]	**2**	12	

Reporting is based on operator boundary which is the more commonly used approach for reporting environmental matters, and includes all emissions from our shipping activities relating to LNG alongside the retained Spirit Energy assets in the UK and Netherlands. Non-operated nuclear emissions are excluded.

† Included in DNV's independent limited assurance report. See page 289 or centrica.com/assurance for more.
(i) Comprises Scope 1 and Scope 2 emissions as defined by the Greenhouse Gas Protocol.
(ii) Comprises UK 578,677tCO_2e and non-UK 1,155,205tCO_2e.
(iii) Comprises UK 547,555tCO_2e and non-UK 1,138,285tCO_2e.
(iv) Included in DNV's limited assurance scope for the Annual Report 2023. See centrica.com/performanceandreporting for our 2023 Basis of Reporting and DNV's 2023 Assurance Statement. Previous figures included in DNV's limited assurance scope which have subsequently been restated due to availability of improved data are Total GHG emissions (Scope 1 and 2): 1,681,475tCO_2e, Scope 1: 1,674,829tCO_2e and Scope 2: 6,647tCO_2e.
(v) Comprises UK 572,939tCO_2e and non-UK 1,153,238tCO_2e.
(vi) Comprises UK 542,244tCO_2e and non-UK 1,136,213tCO_2e.
(vii) Market-based, comprises UK 5,738tCO_2e and non-UK 1,967tCO_2e. Sum of constituent parts does not align with total due to rounding. Location-based is 17,361tCO_2e.
(viii) Market-based, comprises UK 5,312tCO_2e and non-UK 2,071tCO_2e. Location-based is 17,041tCO_2e.
(ix) Includes emissions from the following Scope 3 categories defined by the Greenhouse Gas Protocol: purchased goods and services, capital goods, fuel and energy-related activities, waste generated in operations, business travel, employee commuting, upstream and downstream transportation and distribution, use of sold product and investments. All emissions are calculated in line with the methodologies set out by the Greenhouse Gas Protocol's technical guidance, apart from working from home emissions which are based on methodology set out in EcoAct's homeworking emissions whitepaper. Other categories spanning upstream leased assets, processing of sold products, end-of-life treatment of sold product, downstream leased assets and franchises, are not included because they are not relevant to our business.
(x) Carbon intensity of revenue is employed as our intensity measure because it is the most meaningful intensity measure for our diverse business and is the most widely used and understood measure for climate-related stakeholders such as CDP. Based on statutory revenue.
(xi) Comprises UK 36tCO_2e/£m and non-UK 315tCO_2e/£m.
(xii) Comprises UK 25tCO_2e/£m and non-UK267tCO_2e/£m.
(xiii) Comprises UK & Offshore 1,812,987,689kWh and non-UK energy use 6,112,175,991kWh. Sum of constituent parts does not align with total due to rounding.
(xiv) Comprises UK & Offshore 1,654,616,311kWh and non-UK energy use 5,783,036,069kWh.
(xv) Includes breaches of environmental authorisation including permit, licence and consent coupled with wider environmental legislation where we are either required to notify the regulator or where an authority or regulator is involved. The majority of incidents relate to offshore activities.

Glossary

$	Refers to US dollars unless specified otherwise
2P reserves	Proven and probable reserves
Acas	The Advisory, Conciliation and Arbitration Service is an independent public body that receives funding from the UK Government to provide employees and employers with free impartial advice on workplace rights and to help resolve disputes
AGM	Annual General Meeting
AIP	Annual Incentive Plan
bcf	Billion cubic feet
CFD	Climate-related Financial Disclosure
CHP	Combined Heat and Power
CO_2e	Universal unit of measurement of the global warming potential (GWP) of greenhouse gases (GHG) expressed in terms of the GWP of one unit of CO_2e (carbon dioxide equivalent)
CPI	Consumer Price Index
CSS	Consolidated Segmental Statement
CUPS DB	Centrica Unapproved Pension Scheme defined benefit
CUPS DC	Centrica Unapproved Pension Scheme defined contribution
Data analytics	The process of examining data sets to draw conclusions and insights about the information they contain
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Employee Benefit Trust
EP	Economic profit
EPS	Earnings per share
ESG	Environmental, Social & Governance
Ethnically diverse	Colleagues from a Black, Asian, Mixed or other ethnic background
EV	Electric vehicle
EU	European Union
FCA	Financial Conduct Authority
FCF	Free cash flow
FRS	Financial Reporting Standards
GDPR	General Data Protection Regulation
GHG	Greenhouse gas emissions
GM	Gross margin
GMB	Trade union
Green jobs	Jobs that have a direct positive impact on the planet
GW	Gigawatt
GWh	Gigawatt hour
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
KPI	Key performance indicators
kWh	Kilowatt hour
LGBTQ+	Lesbian, Gay, Bisexual, Trans and Queer/Questioning plus. The 'plus' is inclusive of other groups such as asexual, intersex and questioning

LNG	Liquefied natural gas
LTIFR	Lost time injury frequency rate
mmboe	Million barrels of oil equivalent
MThms	Million therms
MWh	Megawatt hour
Net zero	The point at which there is a balance between human-related carbon dioxide (CO_2) being emitted into the atmosphere and the CO_2 taken out
NGO	Non-governmental organisation
NPS	Net Promoter Score
Ofgem	The government regulator for gas and electricity markets in Great Britain
Paris Agreement	A global agreement to keep temperature rise well below 2°C above pre-industrial levels, and pursue efforts to limit the increase to 1.5°C
PP&E	Property, Plant and Equipment
ppt	Percentage point
Process safety	Process safety is concerned with the prevention of harm to people and the environment, or asset damage from major incidents such as fires, explosions and accidental releases of hazardous substances
PRA	Prudential Regulatory Authority
PRT	Petroleum Revenue Tax
PWR	Pressurised water reactor
RBD	Reconciliation by difference
ROC	Renewable Obligation Certificate
RPI	Retail Price Index
SAYE	Save As You Earn
SESC	Safety, Environment and Sustainability Committee
SIP	Share Incentive Plan
tCO_2e	Tonnes of carbon dioxide equivalent
T&Cs	Terms and Conditions
TCFD	Task Force on Climate-related Financial Disclosures
The Company	Centrica plc
The Group	Centrica plc and all of its subsidiary entities
TRIFR	Total recordable injury frequency rate
TSR	Total shareholder return
TWh	Terawatt hour
UAOCF	Underlying adjusted operating cash flow
Under-represented groups	A person or group of people who are insufficiently or inadequately represented in society such as women apprentices or those who are ethnically diverse, have a disability, are LGBTQ+ or carers
VIU	Value in use
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute

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This Annual Report and Accounts contains certain forward-looking statements, forecasts and projections that reflect the current intentions, beliefs or expectations of Centrica's Management with respect to, the Group's financial condition, goals and commitments, prospects, growth, strategies, results, operations and businesses of Centrica.

These statements only take into account information that was available up to and including the date that this Annual Report and Accounts was approved and can be identified by the use of terms such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'forecasts', 'may', 'could', 'should', 'will', 'continue' and other similar expressions of future performance and results including any of their negatives.

Although we make such statements based on assumptions that we believe to be reasonable, by their nature, readers are cautioned that these forward-looking statements are not guarantees or predictions of the Group's future performance and undue reliance should not be placed on them when making investment decisions. Any reliance placed on this Annual Report and Accounts or past performance is not indicative of future results and is done entirely at the risk of the person placing such reliance.

There can be no assurance that the Group's actual future results, financial condition, performance, operations and businesses will not differ materially from those expressed or implied in the forward-looking statements due to a variety of factors that are beyond the control of the Group and therefore cannot be precisely predicted. Such factors include, but not limited to, those set out in the Principal Risks and Uncertainties section of the Strategic Report in this Annual Report and Accounts. Other factors could also have an adverse effect on our business performance and results.

At any time subsequent to the approval of this Annual Report and Accounts, neither Centrica nor any other person assumes responsibility for the accuracy and completeness or undertakes any obligation, to update or revise any of these forward-looking statements to reflect any new information or any changes in events, conditions or circumstances on which any such forward-looking statement is based save in respect of any requirement under applicable law or regulation.

Further when considering the information contained in, or referred to in this Annual Report and Accounts, please note that profit and inventory from Rough operations are reported under Centrica Energy Storage Limited, also referred to as Centrica Energy Storage+, for presentational purposes only. Centrica Energy Storage Limited does not produce, supply or trade gas, except to the extent necessary for the efficient operation of the storage facility. In accordance with the Gas Act 1986, such production, supply and trading of gas is carried out wholly independently of Centrica Energy Storage Limited by other Centrica group companies.

Certain figures shown in this announcement were rounded in accordance with standard business rounding principles and therefore there may be discrepancies.

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