Our Principal Risks and Uncertainties

We manage risks to support our Group strategy

Risk management

In the following pages we set out an overview of Centrica's risk management framework. Our Principal Risks remain linked to our Group Priorities and the Group's risk appetite is expressed in relation to our four categories of risk: Strategic, Operational, Financial and Compliance.

Risk management and internal control

Centrica's Group Enterprise Risk and Internal Controls Framework remains a core element of the Group's Governance Model which is set out below.

The most significant Principal Risks to the Group are set out on pages 30 to 33, in order of magnitude to the Group.

Risk appetite

The Board is ultimately responsible for aligning the risk appetite of the Group with our long-term strategic objectives, taking into account the emerging and Principal Risks. The Board has determined the risk appetites for the categories of Strategic, Operational, Financial and Compliance, and the key risks within Centrica's Risk Universe have been mapped into these categories.

Due to the industry and the nature of some of the markets in which the Group operates, we have high to moderate risk appetites for our strategic and operational risks. However, we have a minimal risk appetite for operational safety risks and we continue to strive for an incident free workplace. For financial risks we adopt a conservative approach to manage our liquidity position and balance sheet strength. However, due to the higher risks inherent in managing the commodity and weather variables within our energy supply businesses, we accept a higher appetite for those elements of financial market risk. We are committed to operating our businesses in compliance with relevant laws and regulations.

Risks are identified and assessed at a Business Unit (BU) level to determine impact and likelihood, with an appropriate risk response subsequently evaluated and implemented. The different risk responses are

- Terminate: cease the activity that creates the risk
- Transfer: pass the risk to another party
- Tolerate: accept a level of risk
- Treat: act to reduce the likelihood or impact of risk

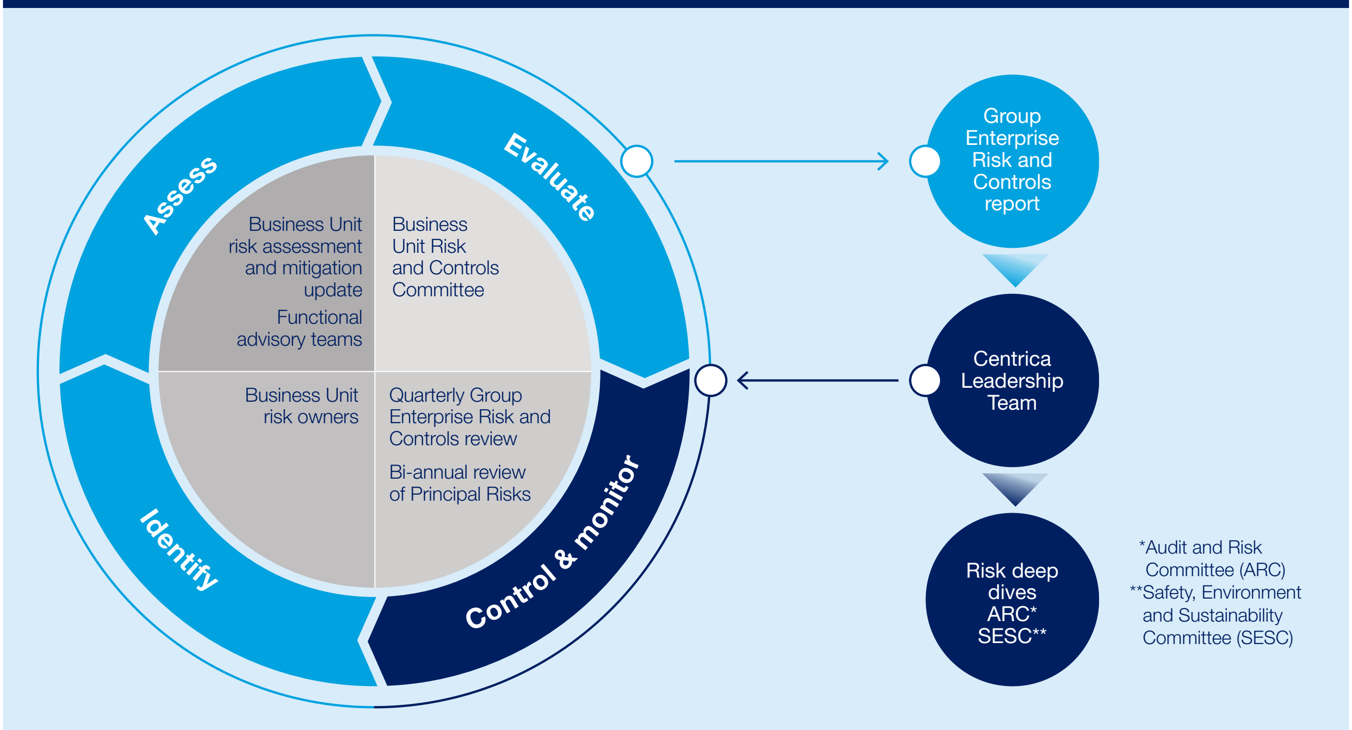
During BU and Group risk reviews, the net residual risk scores are compared to the Group risk appetite to review the adequacy of existing mitigating actions/controls, with further action taken to control and monitor risks as required.

Risk framework

Day-to-day ownership of risk sits with business management under the regular scrutiny of the Centrica Leadership Team (CLT) to whom the Board has delegated principal responsibility for risk oversight. The Group Principal Risks are those which could potentially impact delivery of our strategic objectives over the medium to long term, where medium term is up to three years, as determined through our strategic planning process.

The annual risk management process is summarised in the diagram below:

Centrica Group's Annual Risk Management Process



Quarterly Business Unit risk reviews

- Each BU is responsible for identifying and assessing its significant risks with support from functional subject matter experts. Current and emerging risks and issues are formally reviewed quarterly by the BU leadership teams.
- The finalised risk reporting and assessment of each BU's control environment is then formally discussed at a Group Risk and Controls Review for each BU. The meetings are chaired by the Chief Risk and Audit Officer.
- At these quarterly reviews, recent assurance reports and findings from internal audits and other assurance reviews are discussed. Actions from previous audits and assurance reviews are tracked to ensure close out in line with agreed timescales.

Executive and Board Committee reviews

- Bi-annually the Group Principal Risks are presented to the CLT for review and challenge.
- These include the aggregate risk assessments from the BU 'bottom-up' process and any Group-level risk assessments.
- The Group Principal Risk profile, as updated by the CLT, is presented to the ARC for review.
- Internal Audit presents quarterly to the ARC on any material findings as a result of independent assurance work.
- Risk deep dives are undertaken by the ARC and SESC to review high priority risks, ad-hoc topics and emerging matters.

In our assessment of viability, we consider the potential impact of 'severe but plausible' risks and note linkages to the Group Principal Risks as described on pages 30 to 33. The annual viability assessment has been presented to and approved by the ARC.

Board

- The Board reviews risk as part of its strategy review process and during the year conducted a robust assessment of the Company's emerging and Principal Risks.
- At the year-end the Board reviewed and approved the Principal Risk and Uncertainties disclosure.
- We evaluate our System of Risk Management and Control annually, which is supported by a certification of controls and adherence to Group policies by senior management.

Changes in risk climate and emerging matters

BUs and Functions review their risks and report key changes as part of their Business Performance and Risk Reviews. Major emerging risks and issues are escalated immediately.

During 2022 a number of Group-level areas of risk were closely monitored, and actions taken to mitigate their impact on the Group.

Inflation and cost of living

The cost of living crisis continued through 2022, with the UK Consumer Price Inflation rate hitting a 41-year high of 11.1% in October. This rate reflects the impact of rising energy and food prices but has been limited by the Energy Price Guarantee (EPG) which came into effect on 1 October. The EPG will be extended for a further 12 months from April 2023 for qualifying households.

The Government has provided further support through the Energy Bills Support Scheme, whereby all UK households will receive a £400 non-repayable discount in six monthly instalments. More targeted cost of living support will be provided beyond this to vulnerable households. A reduced Energy Bills Discount Scheme will replace the Energy Bill Relief Scheme (EBRS) discount for businesses and non-domestic customers from 1 April 2023.

The impact of the Government support schemes is reflected in the New Accounting Policies (note 1) and bad debt provision and is considered as part of the Going Concern review.

Energy market

Global wholesale energy prices have put pressure on the energy market, with gas and electricity prices reaching record levels during the year, exacerbated by the war in Ukraine and cessation of supply to Europe from the Nord Stream 1 pipeline.

Higher price levels and extreme volatility severely increased the Credit and Liquidity, Market and Weather risks within year, which the Group manages through agile hedging policies, and effective demand forecasting.

The reopening of the Rough gas storage facility will further strengthen the UK's energy resilience. The long-term aim is to turn Rough into one of the world's largest methane and hydrogen storage facilities. The Group will reallocate capital investment to bolster the UK's energy security, decarbonise the UK's industrial clusters and help reinstate the UK as a net exporter of energy.

The transfer of Bulb Energy customers to Octopus Energy is now subject to a judicial review as we are concerned that the structure of the deal could lead to potential market distortion.

Government and regulatory intervention

In June 2022, the Government enacted the Energy Profits Levy (EPL): a 25% surcharge on the extraordinary profits made by the oil and gas sector. In the November 2022 Autumn Statement, the Government announced this would increase to 35% from 1 January 2023 to 31 December 2028. They also announced a 45% Electricity Generator Levy (EGL), which is expected to be enacted following the Spring Finance Bill, on nuclear and renewable electricity generation from 1 January 2023 to 31 March 2028.

The Autumn Statement also included the announcement of a Vehicle Excise Duty on electric vehicles (EVs) starting in April 2025, which could impact our EV charging point strategy as increased taxes may make EV ownership less attractive.

We continue to sustain our focus on Environmental, Social and Governance matters.

Compliance with the many requirements proposed in the Government's paper on Restoring Trust in Audit and Corporate Governance is flagged as an emerging risk and there are projects in progress to understand, design and implement our responses.

Technology

We continue to automate and integrate our operations focusing on streamlining our finance reporting systems and using automation to replace manual controls. We actively monitor the changing technology landscape to exploit opportunities.

Strategic replacement or integration of trading systems and ERP systems is being planned in Energy Marketing & Trading, Centrica Business Solutions, British Gas Services & Solutions and Group Tax to drive efficiency, stability and improved end-to-end interfaces that will reduce manual intervention, duplication and the risk of error or omission. In British Gas Energy, the migration to the ENSEK digital platform is strategically critical in achieving our Purpose. This has not led to any changes in Principal Risk, but transformation risk will be monitored as these changes are delivered.

Supply chain

Supply chain issues arising from inflationary pressures and component shortages, specifically electronic chips in boilers and smart meters, have been managed by securing alternative supply routes and challenging price increases directly with suppliers to minimise the impact. In 2023, we will monitor China's economic outlook amid the growing tensions with Taiwan and the impact on Northern Ireland (NI) border checks if Article 16 of the NI protocol is implemented on our supply chain.

Principal Risks

The following Principal Risks were adopted by the Board in 2022 and reflect the position of the Group at the point of signing the accounts. Some prior year Principal Risks have been either split into component parts, merged or updated to more clearly articulate the nature and drivers of the risks. These are referenced as appropriate in the table below. The risks are presented in order of magnitude to the Group based on net residual risk, after mitigations. The Risk Climate is the expected change in the risk landscape from the previous risk review, based on the environment and controls in place.

Our Group Priorities

- CO Customer Obsession
- O Operational Excellence
- M Most Competitive Provider
- CFG Cash Flow Growth
- E Empowered Colleagues
- S Safety, Compliance and Conduct Foundation

	Credit and Liquidity Risk	Market Risk
	Risk Category: Financial	**Risk Category:** Financial
	FY21: Commodity Risk	**FY21:** Commodity Risk
	Group Priority: CFG Risk Climate: Deteriorated	Group Priority: CFG Risk Climate: Deteriorated
Overview	Risk of financial loss due to counterparty default, volatile commodity markets or a credit event limiting the availability of financial facilities or unsecured credit lines • Hedging commodity price risk in the markets 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 on exchange or with margining agreements result in collateral postings • Trending directional price moves can lead to a build-up of mark to market positions which is a key component of credit and liquidity risk • Volatile commodity markets can also increase cash and working capital requirements for both ourselves and our counterparties (with the latter increasing the risk that one of our counterparties fails to perform and consequently increases the risk of contagion). Further information is included in the S3: Financial risk management section within the Supplementary Information to the Financial Statements	Risk of financial loss due to trends and volatilities in commodity prices • Commodity exposure arises within the trading businesses, which provide a route to market for Centrica's upstream and power generation operations, sourcing of electricity and gas for the Group's energy supply businesses and proprietary trading activities. We also have commodity exposures driven by our LNG portfolio, in particular the Cheniere contract • Material movements in commodity prices can impact in-year P&L through revenue on sale of asset production, and impact on the long-term valuation of asset portfolios • Hedging commodity price risk in the markets exposes Centrica to supply shock, an unexpected event that changes the supply of a commodity, resulting in a sudden change in price • Changes in our customer demand requirements can result in a commodity exposure as we balance our established hedges at market prices
Mitigations	• Review of hedging policies at least annually in Group Risk Hedging Policy Committee meetings • Financial risks reviewed regularly in dedicated Risk Committee forums • Credit risk teams actively manage and reduce credit exposures, taking account of liquidity considerations • Energy Marketing & Trading and Group Treasury work closely to monitor liquidity requirements under normal and stressed market conditions	• Review of hedging policies at least annually in Group Risk Hedging Policy Committee meetings • Financial risks reviewed regularly in dedicated Risk Committee forums • The monthly Downstream Energy Margin Meeting is a forum for all relevant parties to review demand forecasting performance, hedge positions, risk and P&L, with actions recorded and tracked to completion • Hedging decisions and risk are agenda items at the monthly Finance Performance Reviews across the Group
Developments	• Market prices rose to unprecedented levels and credit exposures increased in line with this to counterparties where we are net buyers. As prices have started to decrease, exposures are building to counterparties where we are net sellers • Business Unit credit limits have been recalibrated using an expected loss methodology with increased limits available for better rated key counterparties • To ensure there is sufficient liquidity headroom for mark to market positions and margin requirements in the event of another price spike, Group Treasury approached existing banks to extend cash and Letters of Credit facilities • Management of the balance sheet is being improved to more effectively manage capital allocation	• Extreme prices and volatility continue to be affected by the ongoing Russian invasion of Ukraine and sanctions in place • Trading positions are scaled to operate within market risk appetite • The financial impact of outage risk associated with the output of Upstream assets remains high due to the higher price environment and the ageing asset infrastructure

Weather Risk

Risk Category: Financial

Group Priority: CFG

Risk Climate: Deteriorated

The impact on present or future profitability resulting from volume impacts as a result of deviation to normal weather

- The impact is compounded by the application of the price cap which limits recovery for unseen demand
- In normal conditions, downstream is exposed to revenue loss in warm weather which may be compounded by selling hedges at a loss
- When commodity prices are higher than the cap allowance and the risk exposure is primarily to cold weather when additional volumes may be required for downstream customers at a cost higher than can be recharged

- The monthly Downstream Energy Margin Meeting is a forum for all relevant parties to review weather impact and hedging proposals and performance, with actions recorded and tracked to completion
- Options to mitigate weather risk in British Gas Energy, to narrow the range of gross margin outcomes, are reviewed ahead of winter seasons with decision rights held by the Group Chief Executive
- Regular reviews ensure there is adequate access to liquidity in stressed cold weather scenarios

- Increased frequency of updated demand curves which capture changes in demand driven by deviations from seasonal normal weather
- Dynamic hedging strategy approved by the Group Chief Executive, to reduce the exposure to high price and cold weather risk
- The risk of a winter supply shock has eased following mild December weather, and risk is skewed to warm weather

Customer

Risk Category: Operational/Strategic

Group Priority: CO O

Risk Climate: New Principal Risk

Failure to deliver satisfactory customer service leading to complaints or loss of customers

- Cost of living and bad debt impacting customers' ability to pay and management of warrant activity to switch customers to prepayment meters
- Increased call volumes driven by commodity prices, Ofgem Price Cap increases, and the Government's Energy Support Schemes
- Peak service demand exceeding engineer capacity

- Customer Conduct Board provides oversight to minimise customer detriment, complaints and regulatory action
- Customer-facing BUs continue to build delivery capacity measures, including strengthening demand forecasting methodologies, and winter readiness planning activity
- Recruitment of frontline staff and expansion of web chat services to meet customer demand
- Focused recruitment activity at a qualified and apprentice level; use of temporary/contract resources and geographical re-deployment of engineer workforce to 'hotspot' demand areas

- The cost of living crisis, high levels of inflation and concerns over the continuity of energy supply arising from the Ukraine conflict and the National Grid's Winter Outlook report driving unprecedented levels of customer contact
- Suspension of all prepayment warrant activity at least until the end of the winter and providing £10 million to support prepayment customers
- We are working constructively with the wider industry, the UK Government and the regulator on the issue of prepayment warrant activity
- British Gas Energy and Bord Gáis Energy committed to donate 10% of all profits for the duration of the energy crisis. This contributed to £50 million being donated in the UK and €3.6 million in Ireland to help vulnerable customers
- Implementation of National Grid's discount scheme to manage peak demand and pilot of new scheme to reward customers switching energy usage to overnight
- Completing the migration to the ENSEK digital platform is strategically critical to reduce our cost to serve and deliver a quality service to customers at a competitive price

Political, Legal, Regulatory or Ethical Intervention/Compliance

Risk Category: Compliance/Strategic

FY21: Political and Regulatory Intervention Legal, Regulatory & Ethical Compliance

Group Priority: CO O S

Risk Climate: Deteriorated

The risk of political or regulatory intervention and changes, failure to comply with laws and regulations, or greater regulatory scrutiny detecting unknown areas of non-compliance

- Risk of further government intervention to support vulnerable customers that may not be funded through the price cap mechanism
- Increased focus on Environmental, Social and Governance interventions and impact on investor confidence in our responses
- Material or sustained non-compliance with legal or regulatory obligations could lead to financial penalties, reputational damage, customer churn and/or legal and/or regulatory action
- Any material real or perceived failure to follow Our Code would undermine trust in our business

- Continuous engagement with policy makers to help form future regulatory requirements
- Dedicated Corporate Affairs and Regulatory teams which examine upcoming political and regulatory changes and their impact and report to the Leadership Team on an ongoing basis
- Understanding the expectations of stakeholders through reputational surveys and review of media sentiment
- The Board sets the tone from the top through Our Code and leadership behaviours
- Regulatory compliance monitoring activities performed by dedicated teams to drive Group-wide consistency and quality
- Control frameworks in place to deliver customer experience in line with requirements over sales compliance, billing, retentions, customer correspondence and complaints handling. These are regularly reviewed by relevant leadership teams through KPIs
- The Financial Crime Team monitors threats throughout the business and adequacy of response to the threat of bribery and corruption
- A global 'Speak Up' helpline exists to provide a consistent Group-wide approach to reporting unethical behaviour
- Continuous dialogue with Ofgem, consumer groups and the FCA to influence the regulatory environment

- Keeping pace with the velocity, volume and complexity of political and regulatory change has proved challenging, notably timely implementation of the various Government support packages
- We continue to note our concerns of potential instability in the supply market given the lack of additional regulation of suppliers to ensure adequate capitalisation and customer protection
- The Group Ethics and Compliance team is building capability in Energy Assurance to support the business with meeting complex regulatory requirements
- British Gas Energy has performed strongly in recent Ofgem Market Compliance Reviews (MCRs) of Direct Debit Assessments, Treatment of Customers in Payment Difficulties and Treatment of Vulnerable Customers
- We will continue to engage in consultation on the security of energy supply and decarbonisation of the UK retail energy market
- The roll-out and adoption of smart meters continues to present challenges due to the onboarding of c.700k SoLR customers disproportionately increasing installation targets. This has been exacerbated by supply chain disruptions and discussions are ongoing with Ofgem and Government
- The Our Code employee annual training for 2022 included expense fraud and information security dilemmas as part of a campaign to raise awareness of increased fraud risks

	People	Safety	Cyber
Overview	**Risk Category:** Operational **FY21:** Capability of People Group Priority: O E Risk Climate: Stable Risk of failure to attract, develop, engage and retain key talent. Risk of deterioration to the health and wellbeing of colleagues • Failure to attract and retain key capabilities and safeguard the health and wellbeing of the workforce across the business could have a detrimental impact on our ability to meet our strategic objectives • The cost of living crisis and inflation impact on colleague mental health and wellbeing • Labour market shortages for key skills impacting retention in some business units and locations	**Risk Category:** Compliance/ Operational **FY21:** Health, Safety and Environment Group Priority: O S Risk Climate: Stable Risk of occupational, transportation, customer/third-party fatality or injury due to safety hazards • Our operations have the potential to result in personal harm • Significant Health, Safety and Environment (HSE) events could have regulatory, financial or reputational repercussions that would adversely affect some or all of our brands and businesses	**Risk Category:** Operational/ Compliance Group Priority: S Risk Climate: Deteriorated Risk of failure to prevent impacts from the denial of service, cyber espionage and the related theft/disclosure of confidential/ customer data leading to reputational, regulatory and financial impacts A cyber-attack presents a risk to Centrica operations in the following ways: • Confidentiality: leakage of customer or company confidential data by threat actor, third party, staff or system error, either maliciously or by accident • Integrity: accuracy of Centrica's data due to malicious or accidental alteration by internal or external parties, or malicious actor • Availability: loss of assets, including data, due to cyber compromise Due to the diversity of Centrica's technology, the Company could suffer any or all of the above which could lead to: • Regulatory compliance impact or fines, including but not limited to, General Data Protection Regulations (GDPR), Payment Card Industry Data Security Standard (PCI), Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA) and Smart Metering obligations (Ofgem) • Financial impact of investigating and recovering from a cyber-attack • Impact of negative media coverage on reputation and share price
Mitigations	• Quarterly Performance Conversations in place as part of the Terms & Conditions governance framework • Monitoring of key metrics including the Quarterly Employee Engagement index, absence and attrition rates. Proactive implementation of actions to support colleagues • Extensive focus on retention, building capabilities and providing targeted learning and development opportunities • Design and implementation of appropriate retention enhancement strategies • Continuous focus on our Values and culture aligned to our Purpose • Greater focus on diversity and inclusion at all levels of the organisation, and open access to colleague-led employee networks	• Continued investment in training to ensure maintenance of safe operating practices • HSE Management Systems are established to include policies, standards and procedures to protect employees, third parties and our environment • Assurance over our HSE processes and controls provided by our in-house HSE teams supported by external subject matter experts, where needed • Key senior HSE leaders to drive and embed HSE culture and competency, and continuous improvement in key metrics • Our approach to customer visits is continually reviewed to ensure that employees are operating in line with Government guidelines and that the health and safety of employees and customers is maintained	• Ongoing threat intelligence gathering, collaboration and information sharing with industry peers and National Cyber Security Centre • The Cyber Security Change Programme builds security capabilities and improvements in controls that increase the difficulty of targeting Centrica and being able to exploit weaknesses without detection • The Ransomware Minimal Viable Company Programme which aims to improve Centrica's ability to recover from a ransomware attack • Training and awareness campaigns and simulated phishing attacks in 2022 to raise awareness and highlight responsibilities in protecting data • Cyber-attack simulations to identify control gaps and undertake remediation activity
Developments	• New organisation structures have largely embedded with some discrete reorganisations in some business units and a major reorganisation is in progress in Spirit Energy as they prepare to repurpose the business for energy transition • FlexFirst successfully launched to combine working from home with time on site • Working groups established to help understand how the cost of living crisis is affecting colleagues. Resources and discounts made available to all colleagues are being actively promoted • Externally, the union environment remains challenging with trade unions focusing their effort on pay increases and protecting terms and conditions to support their members with increased pressure from the rising cost of living. Internally, we have successfully negotiated the April 2023 pay deal, which is now being implemented • Shadow Board established and acting as a forum to engage with the Centrica Leadership Team (CLT) to influence decisions, positively disrupt assumptions, and challenge executives' thinking to support colleague-centred decision-making	Management are enhancing existing HSE frameworks to respond to changing risks as the Group strategy evolves to include the following activities: • The reopening of Rough as a storage facility • The expansion of the services businesses • The construction of two new gas-powered peaking plants • Construction of a battery storage project at Brigg • The injection of hydrogen into a gas peaking plant at Brigg	• The Ukraine conflict has heightened the external cyber threat landscape. Increased cyber activity towards the oil and utilities sectors has been reported • The geopolitical situation and increased connectivity of Operational Technology (control systems used to manage domestic, commercial and national infrastructure) increases their vulnerability to cyber-attack • The volume, sophistication and velocity 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 the exfiltrated data • The pursuit of our strategy into markets such as EV charging and localised battery storage will increase regulatory obligations to maintain a secure cyber posture. The anticipated increase in the scope of regulations will have a broader impact on Centrica requiring greater levels of reporting and significant consequences for non-compliance

Operational Asset Integrity

Risk Category: Operational/Compliance

FY21: Asset Production
Process Loss of Containment

Group Priority: CFG, S

Risk Climate: Stable

Risk that impaired structural or asset integrity, resulting from any of a failure in design, failure in appropriate maintenance & inspection, operating outside of design conditions and/or human error, leads to a major accident (such as loss of containment of flammable/hazardous materials or structural collapse) that could result in multiple fatalities and/or major damage to the environment

- Failure to invest in the inspection, maintenance and development of our assets could result in significant safety issues, such as personal or environmental harm, or asset underperformance through unplanned outages
- Failure to capture adequate return on our 20% nuclear investment due to operational issues or early station closures suppressing earnings and cash flows

- The Group Annual Plan includes contingencies to cover events such as unexpected outages from assets
- 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
- Maintenance activity and improvement programmes are conducted across the asset base to optimise effectiveness and maximise production levels
- We use our presence on the Board of EDF Energy Nuclear Generation Group Limited to monitor the performance of the nuclear fleet
- Continued investment in training to ensure maintenance of safe operating practices
- HSE Management Systems are established to include policies, standards and procedures to protect employees, third parties and our environment
- Continuous engagement with regulatory agencies such as the Environment Agency, Oil and Gas Authority and UK Health and Safety Executive
- Assurance over our HSE processes and controls provided by our in-house HSE teams supported by external subject matter experts, where needed

- As the Whitegate plant ages and we move to more flexible generation, plant reliability and safety risks will need to be carefully managed through proactive management, maintenance and investment
- We announced the reopening of the Rough gas storage facility, having completed significant engineering upgrades over the summer, and increasing the level of ongoing maintenance. The Group Insurance team continues to discuss the cost and benefits of business interruption cover with relevant business units
- The HSE Function works with the business to ensure effective HSE resources and competency operate consistently and effectively across the business
- Completion of the sale of Spirit Energy Norwegian assets, the majority of which were non-operated, completed in May 2022. As the majority of the assets were non-operated, there has been little impact on this risk. Spirit Energy continues to focus on maximising delivery of its gas production for the UK, repurposing assets for the energy transition and decommissioning activities
- Spirit Energy successfully decommissioned and removed the Hummingbird Floating Production System and Offloading vessel from the Chestnut Field (the last oil producing asset), thereby reducing the level of risk, particularly the risk of an oil spill

Climate Change

Risk Category: Strategic

Group Priority: M, S

Risk Climate: Deteriorated

Risk of market, regulatory and policy changes driven by climate change affecting the ability of the Group to execute its strategy

- Increased pressure from Government, investors and customers to commit to meaningful carbon reduction targets
- Execution of Centrica Business Solutions strategy to realise opportunities from the energy transition
- Timing and execution of British Gas pivot to decarbonised heating, power and transport products and services
- Increased focus on 'greenwashing and greater rigour' on Renewables Guarantee of Origin, impacting renewable products and propositions

- Monitoring of progress against People and Planet targets including net zero targets for our business and our customers
- Centrica's Climate Transition Plan, which outlines our approach to move to a low carbon future, was subject to a shareholder advisory non-binding vote at the 2022 AGM
- The SESC, which is chaired by an independent non-executive director, typically reviews climate change information and the Climate Transition Dashboard three times a year. The SESC additionally maintains oversight over material climate-related matters
- Our Climate Transition Plan has been incorporated into executive remuneration
- We have achieved full compliance in our 2022 Task Force on Climate-related Financial Disclosures (TCFD) reporting, reflected in pages 46 to 54
- British Gas Services & Solutions has established Net Zero Ventures to develop innovative and competitive products and propositions to gain a significant footprint in the growing low carbon market

- Continued geopolitical focus on COP27 and on how corporations respond to climate change
- Completion of the sale of Spirit Energy Norway assets in line with our decarbonisation strategy
- A court case ruling against the UK Government applied pressure on them to develop and publish coherent plans on how to achieve the Sixth Carbon budget
- In the context of the cost of living and energy security crisis, the Government is undertaking a net zero review. The review will consider how to deliver against targets. Centrica is actively engaged and committed to influencing the shaping of the approach to the green transition in the UK and responds to Government consultations on related policy

The Group will reallocate capital investment to realise opportunities from moving to a low carbon future. Examples of diversified projects to build low carbon energy capability include:

- Solar farm at Codford
- Hydrogen initiatives including partnership with HiiROC, testing injection at Brigg, and hydrogen village trials in Whitby
- Battery storage development at Brigg
- Restarting gas storage at Rough, to meet short-term needs for the security of gas supply. Further investment could support potential repurposing of the asset for hydrogen storage
- Transitional use of peaking plants to aid the use of renewables in Ireland
- Launch of the inaugural Net Zero Index to understand public sentiment on climate change and any barriers to implementing changes that will help British Gas Services & Solutions develop relevant products and solutions. The availability of the Index will further help Government and other parties