People and Planet

Creating a more inclusive and sustainable future that supports communities, our planet and each other.

Our People & Planet Plan has five Group-wide goals that accelerate action on issues that matter deeply to our business and society, and where we're well-placed to make a world of difference – from achieving net zero[1] and creating the diverse and inclusive team we need to get there, to contributing to the communities we're all part of.

Whilst we've made really positive progress towards the majority of our goals, we're behind on some of our shorter-term milestones but are confident we'll get back on track in the years ahead. Unprecedented events including COVID-19, the collapse of failed energy suppliers and the rising cost of energy during the energy crisis, meant that we needed to shift our focus beyond the People & Planet Plan, to provide the urgent help our customers and communities need right now – including stepping up to give 10% of our British Gas Energy and Bord Gáis Energy profits to help people pay for the rising cost of energy.

(1) Net zero is 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.

Over the next decade, we'll continue to harness the expertise of colleagues and collaborate with key stakeholders such as government and local communities, to drive the necessary action to deliver our People & Planet Plan and ensure we do business responsibly across our wider activities.

Ultimately, this will enable us to deliver on our Purpose of helping our customers live sustainably, simply and affordably whilst contributing positively to the United Nations Sustainable Development Goals (SDGs).

"2022 has been a year like no other and I'm really proud of the way we've worked together and with others, to provide the UK's largest voluntary support package for customers to help them with their energy bills, whilst making strong progress on our People & Planet Plan. We've a long way to go to achieve the inclusive and sustainable world we need, but I'm fully committed to making sure we get there."

Chris O'Shea, Group Chief Executive

+ Read more about our People & Planet Plan, Climate Transition Plan, SDGs and SASB disclosure amongst others at **centrica.com/peopleandplanet**

+ Read more about our non-financial KPIs on **pages 258 to 260**

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 a more engaged and inclusive team that reflects the full diversity of the communities we serve by 2030***
- **Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030** (1,000 apprentices by the end of 2022)

Planet

Supporting every customer to live more sustainably

We want to:

- **Help our customers be net zero by 2050** (28% carbon intensity reduction by the end of 2030)
- **Be a net zero business by 2045** (40% carbon reduction by the end of 2034)

- **Inspire colleagues to give 100,000 days to build inclusive communities by 2030** (20,000 days by the end of 2022)

Doing business responsibly

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

*All company and senior leaders to reflect 2011 Census data for working populations. This means 47% women, 14% ethnically diverse, 15% disability, 3% LGBTQ+ and 3% ex-service by 2030 (30% women, 13% ethnically diverse, 4% disability, 3% LGBTQ+ and 3% ex-service by the end of 2022). See page 40 for more.

Providing urgent help during the energy crisis

In 2022, the war in Ukraine led to global energy supplies constricting further and the cost of energy rising. Amidst the wider cost of living challenges, more and more people found it challenging to pay for their energy. With the duration of the energy crisis unknown, we urgently shifted our focus to do what we could to help. In the UK for example, we invested £25 million in customer service to handle a 50% increase in calls by hiring 700 additional UK-based customer service agents. We also committed £50 million to help homes and businesses with their energy bills, either through British Gas or via the British Gas Energy Trust which is an independent charity funded solely by British Gas, and helps anyone in need of assistance. As a result, we created the largest voluntary energy support fund for customers and our support will grow with our promise to voluntarily donate 10% of British Gas Energy's profit for the duration of the energy crisis. This is in addition to our mandated funding of the Warm Home Discount and Energy Company Obligation (ECO).

In Ireland during 2022, we similarly committed to donate 10% of Bord Gáis Energy's profit for the duration of the energy crisis. This equated to €3.6 million to support vulnerable customers with their energy bills. We also continued to work closely with charity partner, Focus Ireland, to support those at risk of or experiencing homelessness.

In total during 2022, we spent nearly £290 million helping vulnerable people with their energy[(1)] through expert advice, grants and energy efficiency measures.

(1) Comprises of £243.8 million in mandatory and £45.1 million in voluntary contributions, mainly through the Warm Home Discount, ECO and British Gas Energy Trust.

+ Read more about our support during the energy crisis on **pages 12 and 68**

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 – this means all company and senior leaders to be 47% women, 14% ethnically diverse, 15% disability, 3% LGBTQ+ and 3% ex-service[(1)]

2022 Progress:

	All company	Senior leaders[(2)]
Women	30% ●	33% ●
– Excluding field engineers	41% ●	32% ●
Ethnically diverse	14% ●	9% ○
Disability	3% ○	3% ○
LGBTQ+	3% ●	0% ○
Ex-service	2% ○	3% ●

Progress against goals: ● On track ○ Behind

(1) Towards this, our milestone goal was to be 30% women, 13% ethnically diverse, 4% disability, 3% LGBTQ+ and 3% ex-service by the end of 2022. Our 2030 goal was based on 2011 Census data for working populations and beyond gender, 2022 progress was based on 70% of colleagues disclosing their diversity. For 2023 annual reporting onwards, our 2030 goal will be re-aligned to the recently released 2021 Census data for working populations with 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service.

(2) Senior leaders include colleagues above general management and spans senior leaders, the Centrica Leadership Team and the Board.

To build a more sustainable future, we need the best team – a diverse mix of people and skills, where different ideas can grow, and where everyone can succeed.

Our goal to reflect the full diversity of our communities is therefore essential but ambitious. Boosting the representation of women will be particularly challenging given our large engineering team reflects the male-dominated market, so it'll take time to tackle this sector-wide issue and build a more diverse talent pipeline through our apprenticeship programme (see Goal 2). In 2022 we did, however, make good progress by attracting, promoting and retaining more diverse talent. For example, the proportion of women across the company and among our senior leaders improved for the first time in a long time and we're now on track. And if we remove our engineering team from the data, our overall gender balance improves even further. Although we achieved gains across our ethnicity, disability, LGBTQ+ and ex-service representation in 2022, opportunities remain for improvement including through building on the success of our #ThisIsMe campaign to drive self-declaration in 2023, which will help us better understand who's working for us and where we need to focus action.

With our leadership team sharing an open letter to colleagues that set out our diversity and inclusion (D&I) action plan in 2021, we took important steps to deliver progress in 2022. This included:

- embedding tailored D&I dashboards alongside business unit action plans that are reviewed quarterly by leaders, and will help drive continuous improvement;
- confirming that FlexFirst was here to stay which enables colleagues to choose when they want to work from home, come into the office, or flex their hours. Around 90% of colleagues said it's helped provide the right work-life balance and has given parents, carers and those living in different regions, the chance to pursue development opportunities that otherwise wouldn't have been possible; and
- rolling out allyship training to leaders and mandating anti-racism training for all colleagues, to help continuously upskill and educate.

Through these activities and more, we've received external recognition for our efforts including earning a place in The Times Top 50 Employers for Women. In 2023, we'll refresh our goals in line with 2021 Census data for working populations and advance progress by continuing to embed our action plan whilst acting on colleague feedback.

Our wider diversity headcount

	Gender(1)				Ethnically diverse(1)(2)	
	2022		2021		2022	2021
	Women	Men	Women	Men	Ethnically diverse	Ethnically diverse
Board	**4 (44%)**	**5 (56%)**	4 (50%)	4 (50%)	**1 (11%)**	1 (13%)
Senior executives and direct reports	**24 (33%)**	**49 (67%)**	29 (32%)	61 (68%)	**6 (8%)**	6 (7%)
Senior leaders	**117 (33%)**	**243 (67%)**	99 (28%)	254 (72%)	**32 (9%)**	31 (9%)
All employees	**5,938 (30%)**	**14,190 (70%)**	5,421 (28%)	13,832 (72%)	**2,761 (14%)**	2,251 (12%)

(1) Headcount as at 31 December and based on overall headcount rather than headcount based on their full-time equivalent, to more accurately reflect the full diversity of our workforce. Read more about Board diversity on page 61.

(2) Based on 65% of colleagues in 2021 and 70% of colleagues in 2022, who voluntarily disclosed that they were from a Black, Asian, Mixed/Multiple or other ethnic group across the UK, Ireland and North America.

Goal 2

By 2030, we want to:

Recruit 3,500 apprentices and provide career development opportunities for under-represented groups (1,000 apprentices by the end of 2022)(3)

2022 Progress:

Apprentices 1,033 ●

Progress against goals: ● On track ○ Behind

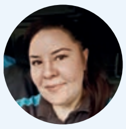
(3) Base year 2021.

To get to net zero and satisfy the wider needs of our customers, we need to create thousands of high-quality jobs – from Smart Energy Apprentices to customer service agents. To fill these roles, there's a huge opportunity to tap into the talent of under-represented groups to deliver a greener and more inclusive future. Towards this, we're recruiting 3,500 apprenticeships which is the equivalent of hiring one apprentice every day over the next decade. And by the end of 2022, we were on track with the goal having recruited 1,033 apprentices, whilst helping over 700 trainees professionally qualify in areas like gas and whitegoods.

In particular, our Ex-Forces programme got off to a great start in 2022, hiring 143 former service personnel and we're aiming to recruit 500 veterans, reservists, spouses and partners by the end of 2023. Meanwhile, following a targeted campaign aimed at women looking for a career change during COVID-19, progress against our ambition for 50% of our Smart Energy Apprentices to be women declined from 30% in 2021, to 20% in 2022. Whilst this remains higher than the gas engineer average of 0.2% women, the drop is disappointing so we're strengthening branding and marketing campaigns to continue to break down gender stereotypes and inspire more women into engineering.

Alongside this, we're working to encourage more young people to choose a career in energy by supporting Tech She Can's educational programme, Tech We Can, which has directly reached over 18,000 students.

Centrica stories



Chelsea's apprenticeship

As my son grew older, the time felt right to increase my work hours and find a new career. When I came across the Smart Energy Apprenticeship, it appealed to my love of science and learning but I wasn't sure if I'd fit in. Then I saw that British Gas were specifically targeting women, so I decided to give it a go.

I'm so glad I did! The team are really supportive, and I get treated just the same as everyone else. No two days are the same which I enjoy and it's really rewarding to leave customers with a smile on their face. I also flex my hours for the school run in the morning which makes life that little bit easier.

Having got a distinction in my apprenticeship, I'm really proud of all I've learnt and that I've now got a solid trade. And in the future, I'm sure there will be opportunities to cross-skill into electric vehicle (EV) charging or management. If more young girls see engineers like me, I hope they'll think it's a career they could do too.

3,500

Apprentices to be recruited with the ambition for 50% of recruits to be women by 2030

Goal 3

By 2030, we want to:

Give 100,000 days to build inclusive communities (20,000 days by the end of 2022)[1]

2022 Progress:

Days	12,987 ○

Progress against goals: ● On track ○ Behind

(1) Base year 2019.

We're harnessing the passion of our people to build inclusive communities because strong communities are central to a more sustainable future. It's also a great way to help colleagues develop skills and improve engagement.

In 2022, we significantly ramped up volunteering and fundraising efforts with 2,098 days donated to help our local communities. This is a massive 600% increase from 2021 and brings our cumulative total to 12,987 days since 2019. Gains were made possible with the launch of 'The Big Difference' initiative which nearly 5,000 colleagues voted on and marks the move from a national to local approach that's mobilising everyone to get involved in local causes they care passionately about.

Despite this improvement, we missed our 2022 milestone due to COVID-19 limiting volunteering opportunities in previous years and our need to focus on providing the urgent support our customers have needed over the last two years with the collapse of failed energy suppliers and the energy crisis. But we'll get back on track as we work towards 4,000 volunteering days with 1 in 6 colleagues volunteering in 2023, and build to 1 in 3 colleagues by 2030.

Making a big difference in 2022:

400

Local and national charities supported – from Little Village in London and LOROS Hospice in Leicester, to the Trussell Trust, Age UK and Focus Ireland

7

New community organisations were awarded funding to progress their journey to net zero via our Energy for Tomorrow social impact fund, which has an annual budget of up to £600,000

£4.5m

Donated and fundraised for local communities, with over £1 million also supporting the crisis in Ukraine through the Disaster Emergency Committee

Planet

Supporting every customer to live more sustainably

Goal 4

By 2050, we want to:

Help our customers be net zero (28% reduction by the end of 2030)[2]

2022 Progress:

Reduction	6% ○

Progress against goals: ● On track ○ Behind

(2) Net zero goal measures the greenhouse gas (GHG) intensity of our customers' energy use including electricity and gas with a 2019 base year of 183gCO_2e/kWh, normalised to reflect acquisitions and divestments in line with changes in Group customer base. Target 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.

Around 90% of our total GHG emissions (scope 1, 2 and 3), come from the sale of gas and electricity to customers (scope 3). So the biggest thing we can do to fight climate change, is to help our customers use energy more sustainably.

Towards this in 2022, we provided energy, services and solutions that enabled the GHG intensity of our customers' energy use to reduce by 6% against our 2019 base year, which was mainly driven by renewable and low carbon energy tariffs alongside energy efficiency and optimisation solutions. This was down from 17%[3] in 2021 following the reintroduction of fossil fuels into our electricity mix due to the escalating cost of green energy certification and the need to keep costs down for customers during the energy crisis. The zero-carbon content of our reported electricity fuel mix did, however, remain high at 75% versus the 55% UK average and is only slightly behind the glidepath for our long-term goal. We're exploring all options to decarbonise our electricity supply in an affordable way, which is key to delivering on our goal and ensuring a fair transition to net zero for our customers.

(3) Restated due to availability of improved data.

630,000 homes

The equivalent annual emissions we've saved through our energy, services and solutions

In 2022, we helped our customers advance towards net zero by supporting them with measures to decarbonise power, heat and transport by:

- launching British Gas Net Zero Ventures, a new business whose sole mission is to support customers with their journey to net zero by helping them adopt key technologies – from heat pumps to EV charging;
- installing over 2,300 heat pumps to date which is more than any other UK company, and we expect to ramp this up significantly with our market-leading price guarantee launched at the start of 2023;
- supporting growth in the take-up of EVs having installed nearly 28,000 charging points so far; and
- completing the Energy Company Obligation Phase 3 2019-22, providing energy efficiency measures to 150,000 homes, which is estimated to save around £2 billion on energy bills and 2mtCO_2e across the measures' lifetime – that's equivalent to avoiding seven billion miles being driven in a combustion engine car.

Goal 5

By 2045, we want to:

Be a net zero business
(40% reduction by the end of 2034)[(1)]

2022 Progress:

Reduction	6%† (On track)

Progress against goals: On track / Behind

(1) Net zero goal measures scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary, which now includes all emissions from our shipping activities relating to Liquified Natural Gas (LNG) alongside the retained Spirit Energy assets in the UK and 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 2,132,680mtCO_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 mid-century.

† Included in DNV Business Assurance Services UK Limited (DNV)'s 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'. See page 258 or centrica.com/assurance for more.

In 2022, we continued to make progress against our net zero target with our total GHG emissions decreasing by 6%† against the 2019 base year. With our Whitegate power station resuming normal operations to play an important role in boosting energy security and providing a stable baseload power for intermittent renewables following an outage in 2021, savings were down from the 53%[(2)] temporary reduction achieved that year. Overall, we remain on track with our long-term goal.

The main driver of reductions in 2022 from the 2019 base year, arose from our oil and gas operations, which included closing our Hummingbird oil production offshore facility in the UK North Sea which is our last remaining oil production facility. Sustainable savings were also secured via our low carbon fleet initiatives such as rolling out EVs, delivering property efficiencies across lighting, heating and cooling systems, alongside property rationalisation and lowering occupancy as a result of FlexFirst which lets colleagues choose when they want to come into the office to connect and collaborate or work from home (see page 40).

As set out in our Climate Transition Plan, we'll continue to cut emissions by focusing on delivering energy efficiency and optimisation services, alongside low carbon technologies and cleaner energy (see page 51).

11.6GW

Route-to-market for renewables under our management, which can power around 10 million homes

70%

Our GHG emission reduction over the last decade following our strategic transformation away from most of our carbon intensive operations, to provide low carbon services and solutions for customers

11.5m

Electric miles driven by our British Gas fleet in 2022 – equivalent to driving around the world more than 460 times

To get to net zero, we remain committed to driving emissions out of our own activities and identifying opportunities wherever possible to support the adoption of lower carbon energy for our customers. This involves securing up to 800MW of low carbon and transition assets by 2025 that drive the transition forward including solar, flexible generation and battery storage, whilst exploring the conversion of our Rough gas storage facility to store hydrogen in the long term (see page 51).

It is, however, becoming increasingly clear that the path to achieving net zero by 2050 is unlikely to be linear in the context of a challenging geopolitical environment, where security of supply is a real risk for consumers in the markets in which we operate. We know that some investment decisions specifically geared towards enabling the energy transition and supporting energy consumers, may make our own path to net zero by 2045 more challenging in the short term, such as the development of two new flexible gas-fired generation plants in Ireland alongside our LNG activities (see pages 23 to 24). However, we see these investments as being in line with the view of policymakers that gas will be a key transition fuel[(3)] and as such, critical to support energy security until the issue of intermittency in renewable energy is addressed during the transition. Equally, national infrastructure that we depend upon to deliver our targets remains very much in its infancy – for example, plans to fully electrify our own fleet of vehicles by 2025, has been materially hampered by the UK's failure to develop a public charging network at scale over the past two years. We'll therefore continue to play our full part in the policy debate to secure a framework that facilitates the adoption of greener forms of energy.

(2) Restated due to LNG shipping and Spirit Energy's remaining assets moving into scope in 2022.

(3) British Energy Security Strategy, April 2022.

Our Foundations

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

Customers

We've been making big investments to deliver a better service for customers. Towards this in the UK, we recruited around 800 engineers to rebuild capacity and hired 700 additional UK-based call service agents. As a result in 2022, British Gas Services & Solutions Engineer Net Promoter Score (NPS) improved by four points to +64, whilst our British Gas Energy Touchpoint NPS rose by two points to +13 despite the challenging operating environment. In both the UK and Ireland, we've seen complaints increase which broadly reflects the significant rise in global wholesale and commodity prices impacting customer bills (see pages 22 to 24).

Colleagues

We want our people to feel safe, engaged and rewarded. Tragically, we experienced our first work-related fatality in six years when a British Gas engineer lost their life after being involved in a road traffic collision. And whilst our Tier 1 and 2 process safety incident frequency rate improved to zero with no events occurring compared to three Tier 2 events in 2021, our total recordable injury frequency rate rose by 5% to 1.12 per 200,000 hours (see page 27). Safety remains front-of-mind, with the need to continually reinforce a strong safety culture and advance controls and monitoring. In particular, with the majority of incidents occurring in British Gas Services & Solutions due to the size of the business and nature of work delivered, we'll enhance new starter safety training and aim to further embed procedures in 2023. Alongside physical health, we're mindful of the impact that the cost of living crisis may have on colleague wellbeing. So we provided two cost of living payments to colleagues and ran campaigns that talked about the importance of being open about mental health whilst encouraging use of our suite of support which includes a company-funded benefit healthcare plan for all, a wellbeing app, and our 100-strong network of mental health first aiders (see page 37).

Support like this as well as an improvement in trust in senior leaders amongst other things, has helped improve our engagement score by 18% to 73% favourable in 2022. This surpasses our goal of 70% by the end of 2023. With engagement being key to having a happy and productive team, we'll build on this with our continued focus on providing a more inclusive and supportive place to work.

As a responsible employer, we also reward our people fairly. This includes paying at least the Real Living Wage in the UK and upholding equal pay. In 2022, our gender pay gap reduced by 7% to 23% median and is driven by more men working in higher paid roles like engineering, with more women in valued but lower paid jobs like customer service. We're one of few companies to have voluntarily published our ethnicity pay gap which is driven by similar factors as gender, and likewise improved by 3% to 10% median. Tackling the pay gap won't be quick or easy, but we hope to continue to help transform our business, sector and society as our People & Planet Plan gets fully underway (see pages 40 to 41).

Communities and ethics

Our Code and Our Values help us operate in a way that's beneficial to communities by setting out the high standards we expect. For example, Our Code includes our commitment to uphold and protect human rights. We therefore take action to ensure colleagues and workers in our supply chain are safeguarded from abuses through activities such as risk-based training, reviewing social and environmental standards via ongoing due diligence, and monitoring of supplier selection and renewal. If suppliers receive a high-risk rating relating to the country where they operate or the products and/or services provided, we consider appropriate action which may involve conducting a third-party audit to better understand the level of risk or ending our relationship and reporting the abuse. In 2022, we rolled out on-the-ground audits to nine sites and issued 7,245 remote worker surveys spanning garment manufacturing and electrical products across Bangladesh, Cambodia, China, Hong Kong, Pakistan and the UK. Whilst we identified no serious non-conformance, we agreed 61 improvement opportunities with suppliers to continuously help make a positive contribution in raising standards on labour as well as health and safety. The majority of actions have now been completed subject to sign off by the auditor, with the rest due to be completed in 2023. To date, we've found no instances of modern slavery but we remain vigilant.

Our Code also provides clear guidance on bribery and corruption. We prohibit any improper payments, including facilitation payments regardless of value or jurisdiction, and exchange gifts and hospitality responsibly, 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. Due diligence and monitoring is additionally undertaken across supplier selection and contract renewals including compliance with sanctions on Russia. A register is used to record and manage potential or actual conflicts of interest.

During 2022, 98% of colleagues completed refresher training on Our Code and confirmed they'd uphold its principles. If anyone has concerns about Our Code being contravened, they can raise them via our confidential Speak Up helpline. We had 1.5 reports of concern per 100 employees in 2022 which largely aligns with the external benchmark of 1.3, and illustrates that colleagues feel safe to speak up. Reports are investigated by the Ethics and Compliance team, with quarterly monitoring via the Safety, Environment and Sustainability Committee as well as the Audit and Risk Committee, with matters brought to the attention of the Board as appropriate.

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

Environment

Monitoring and managing our wider environmental impact is really important. During 2022, our water consumption increased by 30% to 317,760m^3 whilst waste also rose by 3% to 18,686 tonnes. This was largely due to Whitegate resuming normal operations following an outage in 2021 and more colleagues choosing to work from the office compared to the previous year.

Top 3

Our leadership position in the CCLA Mental Health Benchmark for the UK

Non-Financial Information Statement

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

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

Reporting requirement	Section
Business model	Our Strategy & Business Model – pages 8 to 9

Reporting requirement and policy position	Due diligence and outcome
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**	
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.	• Stakeholder Engagement – page 13 • Principal Risks and Uncertainties: People, Safety and Operational Asset Integrity – pages 32 to 33 • Group Chief People Officer's Report – pages 37 to 38 • People and Planet – pages 40 to 42 and 44 • Key Performance Indicators (KPIs) – pages 27, 40 to 42, 44 and 258 to 259
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.	• Chairman's Statement – page 3 • Group Chief Executive's Statement – page 5 • Macro Trends – page 10 • Stakeholder Engagement – pages 12 to 13 • Business Review – pages 23 to 25 • Principal Risks and Uncertainties: Energy market, Government and regulatory intervention, Political, Legal, Regulatory or Ethical Intervention/Compliance, Operational Asset Integrity and Climate Change – pages 29, 31 and 33 • People and Planet – pages 42 to 54 • KPIs – pages 27, 42 to 44, 52 to 53, 258 and 260
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 difference and help create more inclusive communities. We partner with community and charity organisations on key issues and inspire colleagues to volunteer and fundraise.	• Chairman's Statement – page 2 • Group Chief Executive's Statement – pages 4 and 6 • Market Changes – page 11 • Stakeholder Engagement – pages 12 to 13 • Business Review – pages 22 to 24 • Principal Risks and Uncertainties: Inflation and cost of living, Supply chain, Customer, Political, Legal, Regulatory or Ethical Intervention/Compliance and Safety – pages 29 and 31 to 32 • People and Planet – pages 40, 42 and 51 • KPIs – pages 27, 22 to 24, 40, 42 and 258 to 260
Human rights This policy commits 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.	• Stakeholder Engagement – page 13 • Principal Risks and Uncertainties: Political, Legal, Regulatory or Ethical Intervention/Compliance – page 31 • People and Planet – page 44 • KPIs – pages 44 and 260
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.	• Principal Risks and Uncertainties: Political, Legal, Regulatory or Ethical Intervention/Compliance – page 31 • People and Planet – page 44 • Based on materiality, KPIs specific to anti-bribery and corruption are not reported externally.

Task Force on Climate-related Financial Disclosures

Climate change is one of the greatest challenges facing society. As an energy company, we play a pivotal role in helping our customers, communities and our business reach net zero.

We believe it's therefore important to share our action and plans on climate-related matters in a transparent and robust way. That's why across our business (see pages 8 to 9), we were early adopters of the TCFD and why we've achieved full compliance for the second year running in our 2022 reporting.

Governance

Climate change is an increasingly important issue for the Board, so its governance is embedded throughout the business – from our Board, to colleagues in our business (see diagram on next page).

The Board, and in particular our Group Chief Executive, has regular engagement with investors, government and regulators on climate change – whether that's on the technologies and incentives needed for the UK to reach net zero, or understanding more about our Climate Transition Plan (see page 51). It's vital therefore that the Board continuously strengthens capabilities on climate change to ensure they've the wide range of skills needed across energy, regulation, geopolitics and technology to reduce risk and maximise opportunities.

With this in mind, management's role in assessing and managing climate-related matters was strengthened during 2022-23. This included:

- 'climate change and sustainability' added as one of 11 criteria used in the Skills Matrix to assess Board capability, spanning a deep understanding of climate science, climate risk and mitigation, alongside evolving stakeholder expectations. 50% of our Board were identified as having these competencies when assessed in 2022, which we believe provides the necessary capability to effectively govern climate matters;
- a deep-dive session on greenwashing of climate and sustainability-related matters was run for the Board by internal and external experts;
- climate risk and opportunities were further embedded into strategic planning processes through updating and enhancing our climate scenario analysis with the business unit strategy teams, alongside the implementation of a new Group investment framework containing a number of specific net zero tests; and
- progress against our Climate Transition Plan was incorporated into the remuneration scheme for Executives. The 'Restricted Share Plan' will vest every three years and is subject to an underpin of the Remuneration Committee assessing performance across a range of financial and non-financial KPIs which includes our Climate Transition Dashboard, as well as any material risk of regulatory failures (see page 95).

Our governance and disclosure is strongly influenced by the materiality of Environmental, Social and Governance (ESG) matters, including those that are climate-related. We identify issues and assess materiality through a number of methods including direct engagement with stakeholders such as investors and government, customer surveys and our TCFD financial materiality thresholds. Through identification of these issues together with associated laws and regulations, management teams are able to focus on what we need to measure and report. We know what's important will shift over time as stakeholder needs change and the regulatory landscape evolves, so we'll continue to assess and align our approach in future years.

Listing Rule Compliance

We've complied with the requirements of LR 9.8.6R, 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 54.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Signatories of the TCFD since 2020

'A' grade leadership rating for action and disclosure on climate change by CDP

CDP DISCLOSURE INSIGHT ACTION

A diagram of our climate governance

The Board

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

- Oversees People and Planet-related matters including climate change, whilst prioritising material issues and setting strategy
- Challenges management on progress against climate targets and ambitions as well as ensuring the Company maintains a robust risk management framework, encompassing climate risks and opportunities
- Provides final sign-off on People and Planet annual reporting
- Reviews strategic and financial planning to ensure the full integration of climate considerations, and that opportunities to transition to net zero are maximised
- Chaired by Scott Wheway with attendance including the Group Chief Executive, who has overall accountability for climate change and regularly attends Committee meetings as well as chairing the CLT

+ Read more about our **pages 56 to 67**

Challenge

Report

Our Committees

Receive regular updates from senior leaders to ensure robust challenge and review, whilst outputs are shared with the Board

Safety, Environment and Sustainability Committee (SESC)

- Primarily responsible for supporting the Board in overseeing climate change, which is a standing item at each of the three annual meetings
- Assesses and approves proposals relating to net zero targets and the Climate Transition Plan, whilst monitoring progress, risks and opportunities
- Reviews annual reporting and associated requirements like TCFD
- Monitors stakeholder views including on climate change
- Oversees climate-related issues at the CLT
- Chaired by Heidi Mottram, Independent Non-Executive Director

+ Read more on **pages 82 to 83**

Audit and Risk Committee (ARC)

- Meets quarterly
- Reviews mitigations related to Principal Risks and opportunities for climate change
- Oversees and informs Group audits, financial statements and non-financial disclosures
- Manages effectiveness of whistleblowing
- Oversees audit and risk at the CLT
- Chaired by Kevin O'Byrne, Independent Non-Executive Director

+ Read more on **pages 72 to 79**

Remuneration Committee

- Meets at least four times a year
- Ensures that Executive Directors are appropriately rewarded, with climate change considered as part of remuneration arrangements
- Chaired by Carol Arrowsmith, Independent Non-Executive Director

+ Read more on **pages 84 to 103**

Challenge

Report

Centrica Leadership Team (CLT)

Provide ongoing oversight and challenge on climate strategy

CLT – As frequently as needed at the eight meetings held each year and chaired by the Group Chief Executive, the CLT monitors, assesses and informs progress and plans relating to our net zero targets and Climate Transition Dashboard alongside Principal Risks and opportunities, whilst reviewing Group-wide investment opportunities which considers the potential impact on delivering net zero as part of the investment framework

Challenge

Report

Sub-groups and sub-Committees

Support leadership on integrating climate change into strategy

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

Group Risk & Controls Committee – Chaired by the Chief Risk and Audit Officer with business unit Managing Directors and Chief Financial Officers in attendance; risks and opportunities alongside controls to manage Principal Risks are evaluated quarterly (see page 28)

Challenge

Report

Business units

Follow and feedback on climate strategy

Managers and teams – Operationalises climate change considerations in line with Group strategy

Risk owners – Identifies, assesses and mitigates 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 Strategy embeds climate change into our strategic planning and investment frameworks. Group Head of Enterprise Risk and Controls integrates climate risk and opportunities into the Enterprise Risk Management (ERM) Framework. Head of Accounting Reporting and Tax supports the business to understand the financial impacts of net zero. Group Head of Reward integrates ESG targets into remuneration frameworks.

Strategy

In 2022, we assessed our strategic resilience to climate change using 10 independent climate scenarios that are most relevant to our business and national climate targets, within our key markets of the UK and Ireland. These were the same scenarios used in 2021 but updated to the most recent versions. This allows us to robustly test the implications on each Centrica business of various plausible pathways relating to global warming ranging between 1.5°C to 4°C[1]. We did this using our in-house scenario analysis model, which assesses the potential positive and negative implications of each climate scenario on our gross margin (GM) for key services and solutions alongside asset valuations over the short, medium and long term, corresponding to 2025, 2035 and 2050. We consider this time horizon appropriate as it aligns with our net zero targets as well as our Climate Transition Plan, and encompasses the expected lifetime of the vast majority of our assets as well as the materialisation of key potential transitional risks and opportunities across the Group. We also recognise that scenarios extending this far out into the future are subject to significant uncertainties and carry material dependencies which should be considered when seeking insights.

Our scenario analysis showed that based on our strategic plans and capabilities, we remain well positioned to mitigate the risks and seize the opportunities related to climate change. Whilst some areas of our business will inevitably face greater disruption than others as the world increasingly decarbonises, our modelling suggests an overall net financial benefit for the Group across all scenarios as we continue to evolve in line with the needs of the energy transition and progress our Climate Transition Plan ambitions (see page 51), to ensure that we deliver on our Purpose of helping our customers live sustainably, simply and affordably.

As set out in the table on the next page, parts of our business are exposed to potential transitional risks and opportunities such as those relating to policy and regulatory changes which range from ‘low’ to ‘high’ in significance over the longer term. We recognise that the potential for risks to manifest in any given scenario is subject to uncertainty, as are the adjacent opportunities and our ability to pivot effectively and secure the value they offer. We therefore fully consider this uncertainty when assessing our strategic resilience to decarbonisation. For example, the key risk for businesses like British Gas and Bord Gáis Energy primarily relate to the gradual phase-out of natural gas in heating, which although an essential transition fuel in the mid-term, could require a shift in the range of services and solutions offered to our customers in the future. We believe we’re well positioned to pursue the opportunities created by this shift, given our trusted brands have all the necessary systems and capabilities in place to adjust from the trading and sale of gas and electricity to a system more heavily dependent on electricity and hydrogen. Similarly our market-leading engineering teams primarily install gas heating solutions today, but can be upskilled via our world-class training facilities. And we’re already enhancing our strategic resilience by establishing positions in low carbon solutions like heat pumps, EV charging and hydrogen, which will become an increasingly important focus now that we’ve launched British Gas Net Zero Ventures. Meanwhile, whilst Centrica Business Solutions provide some fossil fuel-based solutions to customers, the business was created to help drive the energy transition forward and over the last couple of years, we’ve increasingly ramped up investment in renewable and low carbon asset development such as solar and battery storage, and are helping more and more companies with bespoke action plans to get to net zero. All growth plans relevant to these key opportunities, are incorporated into budgets and business plans, with appropriate metrics and targets to monitor progress (see pages 52 to 53). They are also considered and factored into accounting assumptions, where relevant and in accordance with the specific accounting requirements (see note 3 to the financial statements).

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

Net financial benefit

Our modelling suggests an overall net financial benefit for the Group across all climate scenarios and time periods assessed

Scenarios we’ve used:

- Transitional impacts are assessed using the National Grid Future Energy Scenarios comprising of four different pathways for the future of energy out to 2050, where assumptions on energy demand, production and use cases are adjusted. This allows detailed modelling of the potential impacts of the energy transition in the UK and Ireland at the individual product and commodity level, such as the demand for natural gas, electricity, hydrogen and the adoption of technologies like heat pumps, EVs and insulation. Where necessary, we adapt the scenarios to better reflect the Irish context including the higher proportion of off-grid consumers.
- Physical impacts are 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.
- To assess asset impairment, we use the International Energy Agency Net Zero Emissions scenario and Aurora Net Zero Mixed & High RES 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 responding to drivers such as carbon pricing. This in turn affects commodity prices and the potential implications for the valuation of gas and power assets.

Summary of our most material risks and opportunities[1]

Impact on gross margin (GM)

0-5% GM	5-10% GM	>10% GM

TFCD category	Climate related trend	Potential financial impact		Potential materiality 2025 (short term)	2035 (medium term)	2050 (long term)	Strategic response and resilience
Transition: Policy, Markets and Technology	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)	>2°C	0-5% GM	0-5% GM	5-10% GM	• Strategic aim to remain the market leader in heating solutions in the UK and Ireland (UK&I), whilst growing market share in heating installs • Installation of hydrogen-ready boilers and CHP
			1.5°C	0-5% GM	5-10% GM	>10% GM	
Transition: Policy, Markets and Technology	Growth in low carbon heating market	**Opportunity**: Increased sales and servicing of electric and hydrogen fuelled heating systems	>2°C	0-5% GM	5-10% GM	5-10% GM	• Heat pump business launched with material growth plans, aiming for 20,000 installs a year by 2025 and build from there • Partnering in UK hydrogen use trials and research and development into low carbon CHP to grow adoption and capability
			1.5°C	0-5% GM	>10% GM	>10% GM	
Transition: Policy, Markets and Technology	Transition away from natural gas	**Risk:** Reduced GM from the sale of natural gas and energy efficiency	>2°C	0-5% GM	0-5% GM	>10% GM	• Strategic aim to grow customer numbers in UK&I energy supply
			1.5°C	5-10% GM	>10% GM	>10% GM	
Transition: Policy, Markets and Technology	Growth in low carbon heating market	**Opportunity:** Increased sales of electricity and green/low carbon hydrogen	>2°C	5-10% GM	5-10% GM	>10% GM	• 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	5-10% GM	5-10% GM	>10% GM	
Transition: Markets	Growth of EV transport market	**Opportunity:** Access to new and growing value pools related to EV charging installs, operation and maintenance (O&M), and energy supply	>2°C	0-5% GM	5-10% GM	>10% GM	• British Gas Net Zero Ventures launched with aim to become a leader in EV charging infrastructure installs and O&M • Ambition to install up to 100,000 EV charging points per annum by 2025
			1.5°C	0-5% GM	>10% GM	>10% GM	
Transition: Energy Source	Growth in demand for renewable energy	**Opportunity:** Strong growth in the market for low carbon and transition assets driven by decarbonisation	>2°C	0-5% GM	0-5% GM	0-5% GM	• Strategy to invest up to £100 million each year by 2025 to build a low carbon and transition asset portfolio of more than 800MW • Value derived from install, O&M and asset ownership
			1.5°C	0-5% GM	5-10% GM	5-10% GM	
Physical: Chronic	Rising mean temperatures	**Risk:** Reduced sales of natural gas and electricity for heat	4.3°C	0-5% GM	0-5% GM	5-10% GM	• Strategic aim to grow customer numbers in UK&I energy supply • Heat pump business launched with material growth plans – can also provide cooling
			1.6°C	0-5% GM	0-5% GM	0-5% GM	
Net Impact for Group			>2°C	+ (>10% GM)	+ (>10% GM)	+ (>10% GM)	• Analysis suggests an overall net financial benefit for the Group across all scenarios, based on our strategic plans, portfolios and capabilities
			1.5°C	+ (5-10% GM)	+ (>10% GM)	+ (5-10% GM)	

(1) Materiality is based on Group GM for Centrica plc 2021. 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 its less material than all other key risks in the long term, it's important to transparently show the net impact of physical risk on GM. The table concludes by showing an overall net financial benefit for the Group across all climate scenarios and time periods assessed.

Moreover, not only do most modelled opportunities exist within markets that we're already well established in, but they're also associated with relatively mature technologies such as EVs, electric heat pumps, battery storage and solar. The only high-impact opportunity identified that's reliant on more nascent technology is the use of clean hydrogen for heating. We've therefore been proactive in getting involved in research and development opportunities within the UK, as demonstrated by our role in the hydrogen village trials in Whitby and our investment in early-stage hydrogen production technology with HiiROC.

In terms of our physical risks, such as those associated with extreme weather in the UK and Ireland where we have material operations, we enhanced our assessment in 2022. This included testing existing analysis with additional modelling sources and assessing the risk of increased wave height to our offshore assets. Similar to 2021, our analysis confirmed that our asset businesses which consists of Centrica Storage Limited and Spirit Energy, are exposed to risks that are 'low' in significance over the near and longer term. This is because the remaining lifespan of these assets meant that modelled extremes had limited impact. However, having enhanced our assessment of the potential impact from a rise in mean temperature, we identified a potential 'medium' risk by 2050 in an extreme >4°C warming future, due to a reduction in energy demand for heating. This risk will be partially offset by an increase in cooling demand and is countervailing to many of the transition risks, providing a natural hedge for the Group.

We also assessed the risk of asset impairment based on price forecasts aligned with a 1.5°C scenario, whereby our most exposed assets were our gas production fields alongside our investment in nuclear. We found that the impact on the value of our gas assets was relatively 'low' due to existing impairment headroom, whilst our investment in nuclear would be impaired by around £100 million, as baseload power price scenarios are lower under net zero price forecasts (see note 7 to the financial statements). Further details on how the Directors' have considered the impact of climate risk and opportunities on the wider financial reporting judgements and estimates are provided in note 3 to the financial statements.

In 2022, we deepened our assessment of the potential impact climate change could have on our supply chain. Through our Responsible Procurement framework, we identified all strategic suppliers who provide vital products that we need to run and grow our business, as well as our 'bottleneck' suppliers who provide us with products that are only available through a small number of companies, and assessed the potential of their operations relevant to our business being exposed to climate change risks. We identified one boiler assembly site located in an area of the UK with a potential risk of flooding, however, the risk was assessed as 'low' even in the most extreme warming scenario. We additionally looked at our energy supply chain and concluded the risk is 'low' in significance over the near and longer term, with risk effectively managed through defined hedging strategies and collaboration with counterparties. As with all risks identified, we'll continue to monitor these risks so that we can act if the level of anticipated impact rises.

All modelled scenarios contain significant disruption to our markets as the energy strategy evolves and we'll need to adapt accordingly. Our assessment of the capital expenditure required to manage potential risks and opportunities required by decarbonisation, remains in line with current plans and balance sheet. Moreover, we've identified numerous opportunities for capital investment into new and existing assets and technologies required by decarbonisation. For example, we're investing up to £100 million in low carbon and transition assets annually from 2020 to 2025[(1)], and we're exploring investing up to £3 billion in the mid-term to convert assets that'll play an important role in the transition to net zero, including carbon capture and storage as well as hydrogen storage (see page 51).

Our assessment of how climate-related issues might affect our business were integrated into our annual strategic and financial planning process. In 2022, we again addressed net zero and the energy transition in all business unit strategic plans, which underpins how we are pivoting our organisation towards a lower carbon future and shapes our decisions on assets, supply, services and solutions as summarised in our Climate Transition Plan. This process includes growth plans for key opportunities identified, with metrics and targets to determine whether performance is on track (see pages 52 to 53).

(1) A mixed portfolio of solar, battery and gas-fired peaking assets, all enabling the grid to decarbonise.

Some investments we're making for a greener future:

18MW solar farm

Construction fully completed at our very first Centrica-owned solar farm at Codford, which can power 5,000 homes

50MW battery

Transforming our old gas-fired power station at Brigg to store energy from 40 wind farms, capable of supplying 11,000 homes

Hydrogen

Trial announced with the Net Zero Technology Centre to inject hydrogen using HiiROC technology into our gas-fired peaking plant at Brigg

+ Read more about our financial planning process in our CDP 2022 disclosure at **centrica.com/CDP22**

Centrica stories

Our Climate Transition Plan

In 2021, we set out our plan for how we intend to deliver our net zero targets whilst ensuring a fair and affordable transition for all.

To help our customers be net zero by 2050, we've set ambitions to:

- double the number of Hive customers to 2.5 million by 2025;
- achieve annual installs of up to 100,000 EV charging points and 20,000 heat pumps by 2025; and
- invest up to £100 million in low carbon and transition assets each year from 2020 to 2025[(1)].

And to be a net zero business by 2045, our ambitions are to:

- build a zero-emission road fleet in the UK by 2025;
- cut our UK property emissions by a further 50% by 2030;
- progress our strategic transformation to exit remaining activities in oil and gas exploration and production with our intention to run-off remaining fields and meet decommissioning obligations substantively by the early 2030s, whilst stopping any further investment in exploring new oil and gas fields; and
- redirect investment into assets that drive the transition forward – from securing up to 800MW of low carbon and transition assets including solar, peaking generation and battery storage by 2025, to exploring the conversion of our Rough gas storage facility to store hydrogen in time to help deliver a net zero electricity system by 2035, and decarbonise the Humber industrial cluster by 2040.

Although these ambitions are aspirational, they are baked into our business unit growth plans and will ensure that we aim high to deliver the necessary momentum to drive the transition forward. Whilst they provide great opportunities for our customers and our business, we know they'll be challenging with many factors beyond our control. It'll also require customers, government and others, to play their part as we play ours. Key to this is continuing to maintain an open dialogue with stakeholders, and specifically working to achieve the positive policy and regulatory support to make it possible.

And for the transition to be a success, we must ensure that we don't leave anyone behind. We'll therefore endeavour to champion the needs of our customers and support those who struggle with their energy bills, create thousands of high-quality inclusive green jobs, back sustainable initiatives in communities and collaborate for a low carbon supply chain.

At the AGM in 2022, our Climate Transition Plan went for a shareholder advisory vote that achieved 79.96% approval (see page 70).

(1) A mixed portfolio of solar, battery and gas-fired peaking assets, all enabling the grid to decarbonise.

+ Read more about how our ambitions are progressing on **page 53**

+ Read more at **centrica.com/climatetransition**

+ Read more about climate engagement with trade associations at **centrica.com/tradeassociations**

Risk management

In 2022, transitional and physical climate risks were predominantly managed via our ERM Framework alongside other risks. This enables us to effectively identify, assess and manage risks in a consistent way across the Group. Our ERM Framework uses a time horizon of 0–3 years to assess Principal Risks, alongside a longer timeframe of 3–20 years to assess Emerging Risks. Through this process, climate change was made a Principal Risk in 2021 and 2022.

As part of our wider strategic planning process, Group Strategy and Environment run the climate scenario analysis to identify and assess risks and opportunities across a range of plausible future scenarios. They then work closely with the Group Enterprise Risk and Control team, to ensure full consideration of potential financial impacts across time horizons, alongside integration within the ERM Framework, the Group Principal Risks table, and business unit risk registers.

As set out on page 47, to ensure appropriate Board oversight, climate change risks are considered along with other business unit risks at the Group Risk and Control Committee, with the most material Principal Risks reported to the CLT and then to the ARC. This rigour is complemented by a more detailed report on climate change strategy, progress, risk and opportunities, presented to the SESC by the Group Head of Environment. The Board Annual Planning Conference subsequently examines the external landscape and strategic plans, which includes risk relating to market, competition, technology and policy that are all influenced by climate change, and with this context, they are able to review robustness of the business's strategic proposals and transition plans.

+ Read more about risk on **pages 28 to 33**

Metrics and targets

We were early adopters of best practice reporting of GHG emissions and have a strong track record in setting and achieving climate-related targets. We therefore have targets, ambitions and metrics in place to help us manage our impact on climate change, respond to its risks and opportunities, and ultimately achieve net zero. Having fully considered the TCFD recommendations for all-sector and sector-specific metrics and targets, we report those that are most relevant and material to our business operations, and are most decision-useful for stakeholders.

For example, we monitor and report:

- our energy consumption and global scope 1, 2 and 3 emissions (see emissions table below). The majority of these metrics have undergone limited external assurance† every year since 2012. In 2021-22, our emissions roughly doubled and was largely due to Whitegate power station coming back online to play its important role in boosting energy security and providing a stable baseload power to back up intermittent renewables, following an outage the previous year;
- our People & Planet Plan targets include being a net zero business by 2045 and helping our customers be net zero by 2050 at the latest (see Dashboard on the next page). These targets are aligned to the Paris Agreement and based on science, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century. We are, however, currently unable to progress our validation by the Science Based Target initiative (SBTi) due to the delayed Oil and Gas guidance which they believe will apply to us. In line with best practice, the vast majority of our targets will be delivered through carbon abatement rather than offsetting. We anticipate having hard to remove residual emissions during the 2040s, and consequently intend to use our in-house carbon trading team to engage high-quality carbon removal projects like tree planting, to capture carbon and achieve net zero in a credible way. Our targets receive limited external assurance† on a rotational basis every three years. Key drivers of performance are outlined on pages 42 to 43; and
- our Climate Transition ambitions (see Dashboard on the next page) were introduced as part of our Climate Transition Plan. The ambitions support our net zero targets and are incorporated into budgets, business plans and accounting assumptions. They enable us to track progress on our strategic response to climate-related risks and opportunities, by ramping-up key capabilities, services and solutions that'll help us achieve our net zero targets and secure a more sustainable future for all. We're on track with most of our ambitions but some areas are challenging with significant dependencies beyond our control. For example, our EV fleet roll-out has been impacted by van availability and viable charging solutions for some of our engineers who don't have driveways, but we're expecting the final delivery from our order of 3,000 vans made in 2021-22, to now be delivered during 2023 and we're trialling new charging solutions. Moreover, whilst EV charging point installation and heat pumps have received lower demand than expected, we're now seeing a more positive take-up of EV charging, whilst our British Gas Net Zero Ventures has secured a strong sales pipeline for heat pumps which has been partly aided by our market-leading price guarantee in 2023. See more about our performance on pages 42 to 43.

The Dashboard, which includes our net zero targets and Climate Transition ambitions, has been incorporated within arrangements for Executive remuneration (see page 95).

We expect this set of metrics, targets and ambitions to evolve as we keep pace with best practice and respond to the changing world around us.

Our energy use and GHG emissions

	2022	2021
GHG emissions (scope 1 and 2)[1]	**2,007,655tCO_2e†[2]**	1,032,807tCO_2e[3][4]
Scope 1 GHG emissions	**1,994,153tCO_2e†[5]**	1,018,888tCO_2e[4][6]
Scope 2 GHG emissions	**13,502tCO_2e†[7]**	13,919tCO_2e[4][8]
Scope 3 GHG emissions[9]	**24,330,208tCO_2e**	22,812,989tCO_2e[10]
Total GHG intensity by revenue[11]	**85tCO_2e/£m[12]**	70tCO_2e/£m[4][13]
Total energy use	**9,047,097,047kWh†[14]**	3,561,052,815kWh[4][15]

Our energy and GHG emissions set out above and on pages 42 to 43, constitute our most material areas of environmental impact. Further metrics on energy and carbon as well as our wider environmental metrics, can be found on pages 44 and 260. Reporting practices 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 set out by the WRI/WBCSD Greenhouse Gas Protocol, and now 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 258 or centrica.com/assurance for more.

(1) Comprises scope 1 and scope 2 emissions as defined by the Greenhouse Gas Protocol.

(2) Comprises UK 737,725tCO_2e and non-UK 1,269,930tCO_2e.

(3) Comprises UK 757,518tCO_2e and non-UK 275,289tCO_2e.

(4) Restated due to LNG shipping and the retained Spirit Energy assets in the UK and Netherlands moving into scope following the transition to become a fully operated joint venture in 2022.

(5) Comprises UK 725,422tCO_2e and non-UK 1,268,731tCO_2e.

(6) Comprises UK 746,243tCO_2e and non-UK 272,645tCO_2e.

(7) Market-based. Location-based is 16,261tCO_2e. Comprises UK 12,302tCO_2e and non-UK 1,200tCO_2e.

(8) Market-based. Location-based is 19,592tCO_2e. Comprises UK 11,276tCO_2e and non-UK 2,643tCO_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) Restated due to availability of improved data.

(11) 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.

(12) Comprises UK 42tCO_2e/£m and non-UK 203tCO_2e/£m.

(13) Comprises UK 70tCO_2e/£m and non-UK 71tCO_2e/£m.

(14) Comprises UK & Offshore 2,394,832,533kWh and non-UK energy use 6,652,264,514kWh.

(15) Comprises UK & Offshore 2,263,144,251kWh and non-UK energy use 1,297,908,564kWh.

Our Climate Transition Dashboard[1]

Includes our net zero targets, supported by our Climate Transition ambitions

	Target date	2022	2021
Customer GHG emissions – 28% intensity reduction[2] (net zero by 2050)	**2030**	**6% reduction** ○	**17% reduction[3]** ●
Hive Active Heating – 2.5 million customers (units sold to date)	2025	2.0m ●	1.6m ●
Smart meters – 6 million additional installed (from 2020)	2025	2.3m ●	1.5m ●
EV charging points – 100,000 in year (annual units installed)	2025	7.4k ○	2.4k ●
Heat pumps – 20,000 in year (annual units installed)	2025	200 ○	500 ○
Centrica GHG emissions – 40% reduction[2] (net zero by 2045)	**2034**	**6% reduction†** ●	**53% reduction[4]** ●
Low carbon and transition assets – 800MW installed[5] (from 2020)	2025	101MW ●	101MW ●
Fleet – 100% EV roll-out – Vans (total EVs)	2025	23% ○	12% ●
– 100% EV roll-out – Cars (total EVs)		43% ●	9% ●
Property – 50% reduction in UK emissions[6] (from 2019)	2030	63% ●	33% ●

Progress against goals: ● On track ○ Behind

† Included in DNV's independent limited assurance report. See page 258 or centrica.com/assurance for more.

(1) Glidepath trajectory for Climate Transition ambitions is not linear. Demand is expected to gradually grow, resulting in increased delivery against the target as we approach the target date.

(2) Base year 2019. See pages 42 to 43 for key drivers of performance.

(3) Restated due to availability of improved data.

(4) Restated due to LNG shipping and Spirit Energy's remaining assets moving into scope in 2022.

(5) A mixed portfolio of solar, battery and gas-fired peaking assets, all enabling the grid to decarbonise.

(6) Spans scope 1 and 2 emissions.

+ Read more about our data 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.

Recommendation	Recommended disclosure	Pages
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	• Pages 46 to 47 and 56 to 67
	b) Describe management's role in assessing and managing climate-related risks and opportunities	• Pages 46 to 47, 51, 72 to 79 and 82 to 103
Strategy	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	• Pages 48 to 51, 133 to 136 and 146 to 150
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	• Pages 48 to 51, 133 to 136 and 146 to 150 • CDP 2022 submission centrica.com/CDP22
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• Pages 48 to 51
Risk management	a) Describe the organisation's processes for identifying and assessing climate-related risks	• Pages 28 to 29, 47 and 51
	b) Describe the organisation's processes for managing climate-related risks	• Pages 28 to 29, 31, 33, 47 and 51
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	• Pages 28 to 29, 47 and 51
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 51 to 53 • Data centre at centrica.com/datacentre
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Page 52
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Pages 42 to 43 and 51 to 53 • Climate Transition Plan at centrica.com/climatetransition

The Strategic Report, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved by the Board and signed on its behalf by:

Raj Roy
Group General Counsel
& Company Secretary
15 February 2023

People and Planet – Performance Measures

In 2022, 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, 27, 43, 52 to 53, 258 and 260. It is important to read the responsible business information in the Annual Report and Accounts 2022 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 39 to 45**

+ Read more about our wider non-financial performance at **centrica.com/datacentre**

+ Read more about our SASB disclosure at **centrica.com/peopleandplanet**

Progress against our People & Planet Plan

Key: Progress against goals On track ● Behind ○

Goal	Milestone	2022 Progress		2021 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]: • 47% women • 14% ethnically diverse • 15% disability • 3% LGBTQ+ • 3% ex-service	By the end of 2022: • 30% women • 13% ethnically diverse • 4% disability • 3% LGBTQ+ • 3% ex-service	**All company:[ii]**		All company:[ii]	
		• **30% women**	●	• 28% women	○
		– 41% excluding field engineers	●	– 44% excluding field engineers	●
		• **14% ethnically diverse**	●	• 12% ethnically diverse	○
		• **3% disability**	○	• 1% disability	○
		• **3% LGBTQ+**	●	• 2% LGBTQ+	●
		• **2% ex-service**	○	• 2% ex-service	●
		Senior leaders:[ii]		Senior leaders:[ii]	
		• **33%women**	●	• 28% women	○
		– 32%excluding field engineers	●	– 29%excluding field engineers	●
		• **9% ethnically diverse**	○	• 9% ethnically diverse	○
		• **3% disability**	○	• 1% disability	○
		• **0% LGBTQ+**	○	• 1% LGBTQ+	○
		• **3% ex-service**	●	• 2% ex-service	●
Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (base year 2021)	1,000 apprentices by the end of 2022	**1,033 apprentices**	●	666 apprentices[iii]	●
Inspire colleagues to give 100,000 days to build inclusive communities by 2030 (base year 2019)	20,000 days by the end of 2022	**12,987 days**	○	10,889 days	○
Help our customers be net zero by 2050[iv] (base year 2019)	28% carbon intensity reduction by the end of 2030	**6% reduction**	○	17% reduction[iii][v]	●
Be a net zero business by 2045[vi] (base year 2019)	40% carbon reduction by the end of 2034	**6%† reduction**	●	53% reduction[vii]	●

† Included in DNV's independent limited assurance report referenced at the top of this page.

(i) Our 2030 goal was based on 2011 Census data for working populations. For 2023 annual reporting onwards, our goal will be re-aligned to the recently released 2021 Census data of 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service.

(ii) Beyond gender, 2021 disclosure is based on 65% of colleagues disclosing their diversity data and 70% in 2022. Senior leaders include colleagues above general management and spans senior managers, the Centrica Leadership Team and the Board.

(iii) Restated due to availability of improved data.

(iv) Net zero goal measures the greenhouse gas (GHG) intensity of our customers' energy use including electricity and gas with a 2019 base year of 183gCO_2e/kWh, normalised to reflect acquisitions and divestments in line with changes in Group customer base. Target 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) Previous figure included in DNV's limited assurance scope for the Annual Report 2021 was an 18% reduction.

(vi) Net zero goal measures scope 1 (direct) and 2 (indirect) GHG emissions based on operator boundary, which now includes all emissions from our shipping activities relating to Liquified Natural Gas (LNG) alongside the retained Spirit Energy assets in the UK and 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 2,132,680mtCO_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 mid-century.

(vii) Restated due to LNG shipping and Spirit Energy's remaining assets moving into scope in 2022.

Progress against our Foundations

People

Metric	2022	2021	What's next
Customers			
British Gas Services & Solutions – Services Engineer Net Promoter Score (NPS)(i)	**+64**	+60	Continue to deliver energy, services and solutions that help our customers live sustainably, simply and affordably
British Gas Energy – Energy Touchpoint NPS(ii)	**+13**	+11(iii)	
Bord Gáis Energy – Journey NPS(iv)	**+19**	+30	
British Gas Services & Solutions – Services complaints per customer(v)	**12.6%**	12.1%	Maintain focus on driving down complaints by improving customer experience
British Gas Energy – Energy complaints per customer(vi)	**14.4%**	8.5%	
Bord Gáis Energy – Complaints per customer(v)	**2.2%**	1.6%	
Vulnerable customers helped through the UK Warm Home Discount scheme	**589,460**	535,866	Ensure customers in vulnerable circumstances receive the help they need with their energy bills
Customer safety incident frequency rate per 1,000,000 jobs completed	**3.64**	3.03	Consistently follow existing controls as well as encourage customers to maintain distance from work areas

(i) Measured independently, through individual questionnaires, the customer's willingness to recommend British Gas following an engineer visit.
(ii) Measured independently, through individual questionnaires and the customer's willingness to recommend British Gas following contact.
(iii) Restated to reflect the average weighted score by channel across the year.
(iv) Weighted NPS for the main customer interaction channels.
(v) Total complaints, measured as any oral or written expression of dissatisfaction, as a percentage of average customers over the year.
(vi) Total complaints, measured as an expression of dissatisfaction in line with submissions made to Ofgem, as a percentage of average customers over the year.

Metric	2022	2021	What's next
Colleagues			
Colleague engagement(i)	**73%**	55%	Continue to improve colleague experience by connecting colleagues with our Purpose and leaders, whilst supporting everyone to perform at their best
Gender pay gap(ii)	**23% median** **15% mean**	30% median 20% mean	Drive action through our People & Planet Plan to create an engaged team that reflects the full diversity of the communities we serve
Gender bonus gap(iii)	**12% median** **30% mean**	10% median 31% mean	
Ethnicity pay gap(ii)(iv)	**10% median** **3% mean**	13% median 0% mean	
Ethnicity bonus gap(iii)(iv)	**23% median** **0% mean**	12% median 4% mean	
Retention	**88%**	72%	Improve retention through our focus on talent development whilst providing a supportive and inclusive culture
Absence(v)	**10 days**	12 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	**1.12**	1.07	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	**0.67**	0.72	
Process safety incident frequency rate (Tier 1 and 2) per 200,000 hours worked	**0**	0.20	Continue to ensure robust operational controls and operator competencies, timely safety-critical maintenance programmes and effective performance management
Significant process safety events (Tier 1)	**0**	0	
Fatalities	**1**	0	Return to zero fatalities

(i) Measured through colleague responses to a survey asking them to rate how they 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 2021 and 2022. Read our Gender and Ethnicity Pay Statement to find out more at centrica.com/paygap.
(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 65% of colleagues who confirmed whether they are from a Black, Asian, Mixed/Multiple or other ethnic group in 2021 and 70% in 2022.
(v) Relates to absence from sickness rather than wider forms of absence such as bereavement.

Metric	2022	2021	What's next
Communities			
Total community contributions	**£293.4 million[i]**	£307.8 million[ii]	Make a big difference in our local communities – from helping people with their energy bills and energy efficiency, to volunteering and fundraising for causes colleagues feel passionately about
On the ground site audits completed	**9**	7	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	**6**	7	
Colleagues committed to Our Code	**98%**	98%	Ensure all colleagues uphold Our Code as part of our commitment to doing the right thing and acting with integrity

(i) Comprises £243.8 million in mandatory and £45.1 million in voluntary contributions to support vulnerable customers, alongside £4.5 million in charitable donations which includes £0.23 million in contributions from third parties such as colleague fundraising.

(ii) Comprises £304.8 million in mandatory and £2.0 million in voluntary contributions to support vulnerable customers, alongside £0.96 million in charitable donations which includes £0.21 million in contributions from third parties such as colleague fundraising. Restated due to availability of improved data.

Planet

Metric	2022	2021	What's next
Greenhouse gas (GHG) and energy			
Total GHG emissions (scope 1 and 2)[i]	**2,007,655tCO_2e†[ii]**	1,032,807tCO_2e[iii][iv][v]	Measure and reduce our emissions through our People & Planet Plan, whereby we're focused on being a net zero business by 2045 and helping our customers be net zero by 2050
Scope 1 emissions	**1,994,153tCO_2e†[vi]**	1,018,888tCO_2e[iv][v][vii]	
Scope 2 emissions	**13,502tCO_2e†[viii]**	13,919tCO_2e[iv][v][ix]	
Scope 3 emissions[x]	**24,330,208tCO_2e**	22,812,989tCO_2e[xi]	
Total GHG intensity by revenue[xii]	**85tCO_2e/£m[xiii]**	70tCO_2e/£m[iv][xiv]	Continue to analyse the impact of our strategy on decoupling GHG emissions from value creation
Total energy use	**9,047,097,047kWh†[xv]**	3,561,052,815kWh[iv][v][xvi]	Remain focused on energy efficiency as we strive to be a net zero business by 2045
Water, waste and non-compliance			
Total water use	**317,760m^3**	245,242m^3[iv]	Effectively monitor, manage and reduce our water use and waste production, as well as our incidence of environmental non-compliance
Total waste generated	**18,686 tonnes**	18,060 tonnes[iv]	
Environmental non-compliance[xvii]	**22**	12[iv]	

Reporting is based on operator boundary which is the more commonly used approach set out by the WRI/WBCSD Greenhouse Gas Protocol, and now 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 258 or centrica.com/assurance for more.

(i) Comprises scope 1 and scope 2 emissions as defined by the Greenhouse Gas Protocol.

(ii) Comprises UK 737,725tCO_2e and non-UK 1,269,930tCO_2e.

(iii) Comprises UK 757,518tCO_2e and non-UK 275,289tCO_2e.

(iv) Restated due to LNG shipping and the retained Spirit Energy assets in the UK and Netherlands moving into scope following the transition to become a fully operated joint venture in 2022.

(v) Previous figures included in DNV's limited assurance scope for the Annual Report 2021 was 226,904tCO_2e for total carbon emissions, 222,064tCO_2e for scope 1, 4,840tCO_2e for scope 2 and 1,142,249,379kWh for total energy use.

(vi) Comprises UK 725,422tCO_2e and non-UK 1,268,731tCO_2e.

(vii) Comprises UK 746,243tCO_2e and non-UK 272,645tCO_2e.

(viii) Market-based. Location-based is 16,261tCO_2e. Comprises UK 12,302tCO_2e and non-UK 1,200tCO_2e

(ix) Market-based. Location-based is 19,592tCO_2e. Comprises UK 11,276tCO_2e and non-UK 2,643tCO_2e.

(x) 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.

(xi) Restated due to availability of improved data.

(xii) 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.

(xiii) Comprises UK 42tCO_2e/£m and non-UK 203tCO_2e/£m.

(xiv) Comprises UK 70tCO_2e/£m and non-UK 71tCO_2e/£m.

(xv) Comprises UK & Offshore 2,394,832,533kWh and non-UK energy use 6,652,264,514kWh.

(xvi) Comprises UK & Offshore 2,263,144,251kWh and non-UK energy use 1,297,908,564kWh.

(xvii) 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.