

Independent assurance statement by Deloitte LLP to Centrica plc on the Responsible Business Update and the Responsible Business Update section of the Annual Report and Accounts 2016

What we looked at: scope of our work

Centrica has engaged us to perform limited assurance procedures on the company's Group or Business Unit level compilation of selected responsible business (RB) performance indicators for the year ended 31 December 2016. The assured data¹ appears in either or both of, as indicated by footnotes:

- the 2016 Responsible Business Update at www.centrica.com/RBU16, pages 11-14; and
- the Responsible Business update section of the 2016 Annual Report and Accounts at www.centrica.com/ar16 and within the data table on pages 25, 26, 29 and 30.

For the year ended 31 December 2016 the assured indicators comprise of:

- British Gas net promoter score (NPS) (Contact/brand) (Number)
- British Gas net promoter score (NPS) (Journey) (Number)
- UK Home net promoter score (NPS) (Brand) (Number)
- UK Business net promoter score (NPS) (Brand) (Number)
- Direct Energy net promoter score (NPS) (Touchpoint/ brand) (Number)
- North America Home net promoter score (NPS) (Brand) (Number)
- North America Business net promoter score (NPS) (Brand) (Number)
- Total carbon emissions (Tonnes CO₂ equivalent)
- Carbon intensity of power generation (gCO₂ / kWh)
- Product indirect emissions (Tonnes CO₂ equivalent)
- Total customer carbon savings from measures installed by British Gas (cumulative total since 2008) (Tonnes CO₂ equivalent)
- Employee engagement (Mean score out of 6)
- Lost time injury frequency rate (LTIFR) (Per 200,000 hours worked)
- Total recordable injury frequency rate (TRIFR) (Per 200,000 hours worked)
- Significant process safety event (Number)
- Process safety event frequency rate – tier 1 and 2 (Per 200,000 hours worked)
- Fatalities (Number)
- Customer injuries (Number)
- Customer injury frequency rate (Per 1,000,000 jobs)

What standards we used: basis of our work, criteria used and level of assurance

We carried out limited assurance on the selected key performance indicators in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). To achieve limited assurance ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. Centrica publish a Basis of Reporting, which defines the scope of each assured metric and the method of calculation - the 'criteria'. It should be read together with this report, and is available at www.centrica.com/BoR.

What we did: key assurance procedures

To form our conclusions, we undertook the following procedures:

- Interviewed management at Centrica, and those with operational responsibility for performance of the assured indicators listed above;
- Read and analysed public information relating to Centrica and industry RB practices and performance during 2016;
- Understood, analysed and tested on a non-statistical sample basis the collation, validation and reporting of selected RB performance data at Group or Business Unit level, as indicated by footnote symbols within the data table at www.centrica.com/datacentre, in accordance with their definitions and basis of reporting at www.centrica.com/BoR;
- Reviewed the content of the RB section of the Annual Report and Accounts 2016 and online 2016 Responsible Business Update against the findings of the aforementioned procedures.

What we found: our assurance conclusion

Based on the scope of our work and the assurance procedures we performed, nothing has come to our attention that causes us to believe that the selected RB performance indicators are materially misstated.

Our independence and competence in providing assurance to Centrica

- We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* in their role as independent auditors, and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality, and from any involvement in the preparation of the report.
- We have confirmed to Centrica that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity.
- Our team consisted of a combination of Chartered Accountants with professional assurance qualifications and professionals with a combination of environmental, CR and stakeholder engagement experience, including many years' experience in providing corporate responsibility report assurance.
- We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

¹ Scope of performance data varies as described in the 2016 Basis of Reporting available at www.centrica.com/BoR

Limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Centrica publish a Basis of Reporting, which defines the scope of each assured metric and the method of calculation. It should be read together with this report, which is available at www.centrica.com/BoR.

Roles and responsibilities

Centrica:

- The Directors are responsible for the preparation of the RB section in the Annual Report and Accounts 2016 and the 2016 Responsible Business Update and for the information and statements contained within the section. They are responsible for determining the RB goals and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte:

- Our responsibility is to independently express conclusions on the subject matters as defined within the scope of work above to Centrica plc in accordance with our letter of engagement. Our work has been undertaken so that we might state to Centrica those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Centrica for our work, for this report, or for the conclusions we have formed.

Deloitte LLP

London

21 March 2017

¹ Scope of performance data varies as described in the 2016 Basis of Reporting available at www.centrica.com/BoR