

Basis of Reporting

2011 CR Performance Review

centrica

Summary

The Basis of Reporting (BoR) outlines the scope of each of the 13 key performance indicators (KPIs) assured in our 2011 CR Performance Review. This document is an update to the Basis of Reporting for the 2011 Annual Report and Accounts.

Deloitte have assured our KPIs as stated within their Assurance statement, available at www.centrica.com/CRassurance. To review the assured KPIs, see page 6 of the 2011 CR Performance Review PDF report, accessible from www.centrica.com/CRreportinghub.

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UK power generation carbon intensity

Description

The carbon intensity of UK generated power is one of the key non-financial KPIs in both Centrica's annual and corporate responsibility reports. Measured as the amount of carbon dioxide emitted per unit of power produced, it is often used by the company to demonstrate Centrica's environmental performance and contribution to the UK carbon reduction targets.

Calculation methodology

Unit of measure

Grams of carbon dioxide per kilowatt hour (gCO₂/kWh)

Scope

Centrica has committed to carbon reporting based on average annual emissions from all wholly owned or partially owned UK power generation assets and all other power generation assets from which Centrica is entitled to output under site-specific contracts – based on verified emissions data as defined by the European Union Emissions Trading Scheme (EU ETS). This methodology, whilst defined by Centrica, is consistent with the approach presented in the Fuel Mix Disclosure in determining own generation versus residual power.

Any power generation from a new asset, either wholly owned or as part of a site-specific contract, will be included from the commencement of ownership, or contract start. Previous emissions reporting will not be restated based on the new asset.

Any small emissions sources (back up generators etc), which fall outside the definition of an installation as defined by the EU ETS will not be included.

Table A below details which emissions are included within the scope of the targets

Table A – Scope of the carbon intensity targets

Included in scope	Out of scope
Power generation from wholly owned assets, including our power stations	n/a
Power generation from other power generation assets from which Centrica is entitled to output under site specific contracts	Power generation from contracts that could be fulfilled from the open market
Emissions covered by the EU ETS	Emissions that do not fall within EU ETS
Generation from in-scope assets located within the UK	Generation from assets located outside the UK

This definition reflects our investment decisions and avoids ambiguity over the emissions associated with contracts that could be fulfilled from the open market. It also accommodates any re-financing of assets to part ownership.

Calculation methodology

Carbon intensity will be calculated as:

- Carbon Intensity (g CO₂/kWh) = Sum of EU ETS emissions from all in-scope generation sites during subject period / Sum of power available for sale from all in-scope generation sites during subject period

Power available for sale is that provided to the distribution network and is net of any transmission losses on the generation side. Losses associated with supplier distribution are not accounted for.

Data quality, collection and reporting frequency

Data quality

The EU ETS emissions data used to calculate the carbon intensity are subject to annual verification during March/April of the following year. Only these verified figures can be used to calculate the official annual carbon intensity figure.

If data is reported prior to receiving the EU ETS verification it will be caveated to that extent.

Data collection and reporting frequency

Carbon intensity figures are compiled quarterly, based on the preceding three months data, for internal tracking of cumulative carbon intensity for the year to date. The carbon intensity figure for the previous calendar year is reported externally on an annual basis – using annual emissions data as verified by an independent EU ETS verifier.

Emission calculations

In the compilation of carbon intensity figures, two general approaches are used:

- Unverified Emissions calculations – calculated internally – each quarter - based on gas chromatography samples of actual gas consumed for all thermal generation assets; and
- Verified Emissions calculations – evaluated annually using the finalised internal view of emissions for the calendar year and then verified by an accredited third party for compliance with the EU ETS.

Assumptions

Assumptions are included in Table B.

Table B – Calculations and assumptions

Category	Owner	Source	Calculation	Assumptions
Power from wholly owned assets	Power Business Development, Centrica Energy	Provided quarterly, for the preceding three months, by Centrica Energy, Power Generation Operations Team.	Sum of power generation volumes in MWh, across months, and across all assets.	n/a
Power from other generation assets under site specific contracts	Power Business Development, Centrica Energy	For wind and nuclear assets the data is provided quarterly, for the preceding three months, by Centrica Energy, Back Office Power Generation Settlements Team. Whilst generation from Other Power Purchase Agreements (PPAs) is provided by the Back Office PPA Contracts Manager.	Sum of power generation volumes in MWh, across months, and across all assets.	n/a
CCGT Emissions	Power Business Development, Centrica Energy	Provided quarterly for the preceding three months, by Centrica Energy, Power Generation Operations Team. Verified emissions data provided annually by an accredited third party.	Sum of emission volumes in tonnes, across months, and across all assets.	Unverified emissions, are derived from gas consumption, and are indicative until verified emissions are available. Where carbon intensity is reported externally prior to the provision of verified emissions, the figures will carry a caveat to that extent.
Nuclear Emissions	Power Business Development, Centrica Energy	Nuclear power stations have low, but non-zero emissions, as a result of standby combustion plant. Centrica do not have sight of these emissions pre verification, and as such, for the purposes of the CI metric, have assumed a carbon intensity of 1g/kWh.	The 1g/kWh is an assumption based on the actual verified carbon intensity of the nuclear generation for 2010.	Unverified emissions, are derived from a prudent assumption, and are indicative until verified emissions are available. Where carbon intensity is reported externally prior to the provision of verified emissions, the figures will carry a caveat to that extent.

Global internal carbon footprint target

Target

Centrica has committed to: **'Reduce the annual carbon footprint of our core offices, company vehicles and travel by 20% by the end of 2015 (from 2007 base year)'**.

Target structure

Centrica has not set an absolute reduction target to our entire (present and future) business due to our planned expansion. We are however committed to applying good practice in reducing the impacts of both our existing and future businesses. Accordingly, we have set ourselves an ambitious target in relation to our core business (existing in 2007) and are committed to applying the same good practice to our future businesses where practicable.

This target uses a 2007 base year.

Scope of target

Organisational boundary

Table C - Organisational boundaries of the target

	Emissions included in scope	Emissions excluded from scope
Existing business	<ul style="list-style-type: none"> All in-scope assets and activities associated with the businesses within Centrica plc as at 31 December 2007. Organic growth of the existing business which does not involve new assets Activities and assets associated with organic growth or new business that can not be isolated in the financial accounts 	<ul style="list-style-type: none"> Emissions from new businesses¹ acquired through merger or acquisition (including equity share) and joint ventures since 31 December 2007 Emissions from new assets² since 31 December 2007 that can be isolated in the financial accounts Emissions from business divestments since 2007
Geography	Activity associated with Centrica's global businesses	n/a

New businesses and new assets are excluded on the basis that the company is in growth mode thus allowing for consistency of scope and on-going comparability with our 2007 baseline business.

Furthermore, we aim to ensure new businesses have best technology applied from the outset (e.g. a low emission vehicle fleet), thus limiting the opportunity for further significant improvement during the target period.

Out of scope assets and activities will be accounted for separately. In only excluding future growth that can be isolated within the accounts, a conservative approach is taken and our on-going carbon footprint is over-estimated rather than under-estimated.

¹ A new line of business that can be individually isolated through the financial accounts (typically through cost codes)

² A new asset is an additional asset, whether additional vehicle or office, which does not replace an existing asset (irrespective of whether it's a result of new business or organic growth)

Operational boundary

Table D - Operational boundaries of the target

	Emissions included in scope	Emissions excluded from scope
Internal carbon footprint	<ul style="list-style-type: none"> Annual emissions associated with energy and fuel consumption from our occupation of offices, our commercial fleet, our company cars and our business travel (see below) 	<ul style="list-style-type: none"> Annual emissions from upstream (gas, power, etc) assets Annual emissions from assets and activities other than listed opposite
Offices	<ul style="list-style-type: none"> Office accommodation permanently occupied by Centrica personnel, including wholly occupied and partially occupied, owned and leased offices Emissions associated with the use of gas and electricity 	<ul style="list-style-type: none"> Offices on sites and for the express purpose of upstream generation and storage (gas terminals and power stations) Offices and other facilities owned or leased by Centrica but not occupied by Centrica employees Home-worker offices Use of ozone depleting substances (ODS) within office facilities³ Diesel consumption at offices³
Commercial fleet	<ul style="list-style-type: none"> Utility vehicles used by Centrica, including downstream service engineers and upstream site based vehicles Vehicles used by long-term contractors working under Centrica management control Shuttle buses⁴ 	<ul style="list-style-type: none"> Non road legal vehicles, including heavy plant Franchisee commercial vehicles
Company cars	<ul style="list-style-type: none"> Emissions from all cars owned, leased or hired by Centrica for use by Centrica employees for business purposes 	<ul style="list-style-type: none"> Emissions associated with personal mileage Emissions associated with privately-owned vehicles used for business purposes (which includes Direct Energy since company cars are not provided) Instances where fuel costs are claimed, as opposed to mileage⁵
Business travel	<ul style="list-style-type: none"> Air and rail travel undertaken by Centrica employees booked via corporate travel providers 	<ul style="list-style-type: none"> Air and rail travel undertaken by Centrica employees not booked via corporate travel providers (with the exception of NA flights in 2007 and 2008)⁶ International rail travel, e.g. Eurostar NA rail travel Taxis Buses

Period of target

All data years are calendar years (January to December)

³ Emissions of ODS and from diesel use are not considered to have a material impact on the total footprint and therefore are not included

⁴ Buses used to transport Centrica staff to and from Centrica offices and local public transport/amenity facilities

⁵ Claiming fuel costs as opposed to mileage for business purposes is not in line with Centrica expenses policy and therefore is a rare occurrence and considered immaterial

⁶ A central booking system was not fully implemented until 2009 in North America, refer to Table F for further details

Rationale for target period

Selection of base year - the Greenhouse Gas (GHG) Protocol produced by the World Resources Institute and the World Business Council for Sustainable Development states; *'Companies should choose as a base year the earliest relevant point in time for which they have reliable data'*

2007 has been selected as a base year for Centrica as it is the earliest year for which we have reliable data.

2015 is the end year. This means that the emissions associated with the 12 months of 2015 will be compared to those of 2007 to determine the overall reduction.

Calculation methodology

Base year re-calculation

The 2007 base year emissions will not be re-calculated for mergers and acquisitions (outside scope), but in order to ensure we do not claim credit for simply down-sizing our business, the base year emissions will be reduced following divestment of any part of the existing business that was in existence during 2007.

This will entail the identification of the in-scope emissions associated with the assets and activities of the divested business and the removal of such, from the 2007 base year emissions.

We recognise that GHG accounting at the individual level can be difficult and that the separation of divested businesses is not always clear cut. Accordingly, in an effort to remain credible, a conservative approach will be taken designed to avoid positive bias in the data (i.e. overestimation of the base year footprint) and detailed records maintained for transparency.

Base year to end year comparison

The following methodology will be applied to ensure an accurate comparison between the 2007 base year and the 2015 end year.

- The property portfolio, as defined in the boundaries and scope, in existence in 2007 is documented along with the corresponding energy use and GHG emissions. This forms the core property of the 'existing businesses'.
- Should any site close or be vacated, we will cease to account for emissions from the point of vacancy. Historical emissions data will not be removed from the baseline and subsequent years unless the office was vacated due to a divestment. Where vacated sites are directly replaced by a new site(s), the new site will be included in scope from the point of occupation. The replaced site(s) will also stay in scope so that the data during Centrica's occupation is retained.
- The commercial and company car fleet portfolio, as defined in the scope, during 2007 is documented along with the corresponding fuel use and GHG emissions. This forms the core fleet of the 'existing businesses'.
- Business travel is accounted by cost centre. In this way, any travel associated with new, out of scope business can be identified and accounted for discretely.

Data quality

Where available we will take direct use / sources as defined in Table E. Estimations are made for serviced offices⁷ and fuel card user private mileage, see Table E.

Data collection and reporting frequency

Data is compiled on a quarterly basis, UK and EU data is captured using an online software solution - *ourEnvironment*. Direct Energy data will transfer to the ourEnvironment system in 2012. The system is designed to receive the quarterly data by reporting entity and by indicator. The data providers (such as fleet department) submit and validate the data in the system and can attach supporting documents, as well as commentary. Where appropriate, the system automatically calculates the carbon dioxide equivalent (CO₂e) using referenced emission factors where required.

The internal footprint is internally reported to the Centrica Executive Committee on a quarterly basis and reported externally on an annual basis through the Corporate Responsibility Report.

Emission factors

Emission factors relevant to each year will be applied, recognising that a time-lag is often present. In the case of DEFRA the emission factors are published two years after the reporting year, with the exception of electricity emission factors which are updated annually for all years. This methodology is consistent with good reporting practice and is the methodology applied in the Corporate Responsibility Report. The final two years, 2014 and 2015, will use the most recent factors available.

The 'Total GHG' direct emission factors are used. These include the global warming potential of carbon dioxide, methane and nitrous oxides. This total GHG approach is considered to be most reflective of the company's actual in-scope carbon footprint.

Refer to Tables E and F for the actual emission factor values used (correct as of February 2012).

⁷ Serviced offices – Centrica occupies space within a number of third party owned offices. Staff numbers can range from hundreds to less than five. In most cases we do not have access to energy use data and have little or no influence on the energy efficiency of the building or the actions of the other occupants. For completeness, we do include these offices within our emission data, but calculate the emissions in accordance with Tables E and F

Table E - UK and European emission factors

Category	Owner	Source	Calculation	Emission factors	Assumptions
Offices					
Electricity	Group Property	Solely occupied sites: meter readings validated against bills	Consumption (kWh) x emission factor	DEFRA's Five Year Grid Rolling Average (GRA) (recalculated annually for all years)	n/a
		Serviced offices: calculated using average Centrica power use per FTE	Average Centrica power use per FTE x FTE in office x emission factor	As above	There will be a lower rate of improvement in the serviced offices; therefore an average (2009) Centrica power use/FTE value is applied to all years
Gas	Group Property	Solely occupied sites: meter readings validated against bills.	Consumption (kWh) x emission factor	DEFRA's Gross Calorific Value	n/a
		Serviced offices: calculated using average Centrica gas use per FTE	Average Centrica gas use per FTE x FTE in office x emission factor	As above	There will be a lower rate of improvement in the serviced offices; therefore an average (2009) Centrica gas use/FTE value is applied to all years
Fleet					
Commercial	Group Fleet	Fuel card data	Fuel volume (l) x emission factor	DEFRA Total Direct GHG emission factor relevant to fuel type	All Fleet activity is for business purposes
Company cars	Group Fleet	Expenses data provided by external HR provider	Mileage (m) x emission factor	Vehicle-specific manufacturers tail-pipe emission factors (where this is not available an emission factor based on a Centrica average by vehicle type will be used)	Mileage claims are accurate
		Fuel card data	Volume (l) x emission factor	DEFRA Total Direct GHG emission factor relevant to fuel type	47% of fuel use is private and therefore excluded (based on a March 2010 review and an expanded review in November 2011)

Category	Owner	Source	Calculation	Emission factors	Assumptions
Travel					
Rail	Group Procurement	External corporate travel provider	Passenger miles x emission factor	DEFRA's 'National Rail' category	All rail journeys are categorised as 'National Rail'
Air travel	Group Procurement	External corporate travel provider	Flight km x 109% uplift factor x emission factor	Short Haul ($\leq 500\text{km}$) = DEFRA's Domestic flight emission factor Medium Haul ($>500\text{km} \leq 4000 \text{ km}$) = DEFRA Short Haul flight emission factor Long Haul ($> 4000\text{km}$) = DEFRA Long Haul flight emission factor	It is assumed that all flights are booked according to standard company policy that long haul and transatlantic journeys are business class, while other flights are economy class

Table F – Non-European emission factors

Category	Owner	Source	Calculation	Emission factors	Assumptions
Offices					
Electricity	Group Property	Solely occupied sites: meter readings validated against bills	Consumption (kWh) x location specific emission factors	Emissions & Generation Resource Integrated Database eGRID Year 2007 Summary Tables Environment Canada Electricity Intensity Tables 2008 data	n/a
		Serviced offices: square footage and type	Square footage x consumption rate (by property type) x state/province emission factor	(as above) Consumption rates (by location and building type) from Energy Information Administration (EIA)	
Gas	Group Property	Solely occupied sites: meter readings validated against bills.	Consumption (m^3) x gas emission factor	National Inventory Report 1990-2006, Environment Canada	n/a
		Serviced offices: square footage and type	Square footage x consumption rate (by property type) x gas emission factor	Consumption rates (by building type) from EIA	

Category	Owner	Source	Calculation	Emission factors	Assumptions
Fleet					
Commercial	Group Fleet	Fuel card data	Fuel volume (l) x emission factor	GHG Protocol Tools (WRI), GHG emissions from transport or mobile sources 2011	All Fleet activity is for business purposes
Travel					
Rail	N/A	N/A	N/A	N/A	Emissions associated with rail travel are considered immaterial due to low levels of use
Air travel	Group Procurement	External corporate travel provider	Flight km x 109% uplift factor x emission factor	Short Haul ($\leq 500\text{km}$) = DEFRA's Domestic flight emission factor Medium Haul ($>500\text{km} \leq 4000 \text{ km}$) = DEFRA Short Haul flight emission factor Long Haul ($> 4000\text{km}$) = DEFRA Long Haul flight emission factor	It is assumed that all flights are booked according to standard company policy that long haul and transatlantic journeys are business class, while other flights are economy class In 2007 and 2008 not all North American flights were booked through the corporate travel provider. To account for the 'leakage' a 1.5 correction factor has been applied to the corporate travel provider data to more accurately reflect actual emissions. The factor was calculated by assessing the flight spend ratio between the corporate travel provider spend and the total flight spend

Lifetime CO₂ savings under CERT

Description

The Carbon Emissions Reduction Target (CERT) obligation on British Gas requires us to promote energy efficiency measures and products to domestic consumers living in the existing housing stock within England, Scotland and Wales. In 2011, the measures primarily used to deliver CO₂ emission reductions are the professional installation of loft, cavity wall and solid wall insulation.

Our internal target for CO₂ emission reductions for 2011 was 16.3 mtCO₂ of which 40% was to be delivered by promoting energy efficiency measures to a specified Priority Group (PG) made up of vulnerable consumers. In addition, new CERT regulations introduced in April 2011 have identified a new subset of the Priority Group, called the Super Priority Group (SPG). An obligation target has been set for SPG as an equivalent to 15% of the total CERT obligation extension target, which was increased pro-rata from the original CERT target for 2010, subject to revision for a change in domestic gas and electricity market share. This revised overall target figure was also used as the basis for a new professionally installed insulation target, equivalent to 68% of the total CERT obligation extension target. In practice, this means that the vast majority of measures promoted to PG and SPG groupings will be professionally installed loft and cavity wall insulation, the most effective energy saving measures.

Calculation methodology

Unit of measure

Lifetime million tonnes of CO₂

Scope

The CERT programme applies to domestic energy consumers in England, Scotland and Wales. CO₂ savings are reported for the calendar year. The metric is calculated based on carbon savings achieved over the life of the product or measure.

Area of Business

The metric covers the CERT programme as administered by British Gas.

Conversion factors

Under the CERT programme, qualifying energy efficiency products and works are attributed with a lifetime CO₂ emission value by Ofgem, as part of a wider approval process for supplier-submitted schemes for delivering energy efficiency products. The emission value can relate to either a 'works project' such as loft insulation in a three bed, semi-detached house, or a 'product' such as a new energy efficient boiler.

Estimations

Actual insulation installation data are used wherever possible. For non-insulation schemes operating in early 2011, accruals were used. For example, our retail partners would provide three weeks of actual sales data via their EPoS systems and accrue for a month's sales by adding in a proportional number of sales, based on the number of days to the month-end, to make up a monthly forecast. Actual figures are used when available.

Assumptions

All CO₂ claims will be eligible for 'banking' where approved scheme requirements have been met (no retrospective adjustments to scheme rules by Ofgem/DECC). Banking is the process of submitting official lifetime CO₂ emission reduction claims to Ofgem, along with associated supporting evidence, as defined by Ofgem. Ofgem will then confirm the CO₂ savings achieved, based upon the submission.

Attributed lifetime CO₂ savings values will not be adjusted during the scheme period, either by a change to the value by adjusting for previously unconsidered factors, or an adjustment to product life.

Data quality, collection and reporting frequency

Data collection

Progress towards our CERT obligation as reported to the corporate responsibility team are based upon figures derived from our financial systems, and are underpinned by invoiced expenditure. We report separate figures to Ofgem, which are based upon actual insulation installations and product data as provided by internal and external suppliers. These two sets of figures will vary from time to time because of recognition period timing differences and operational requirements, such as obligation trades and delays to the verification of figures. This basis has continued for reasons of historical comparison.

For professional insulation and heating measures, the full name and address details of customers and properties where installations occur are recorded. This data will also include details of any benefits received by members of the household that would indicate eligibility of the CERT Priority and Super Priority Groups. This also contributes towards our monitoring of services to vulnerable customers.

The majority of this data is recorded on the MIDAS system operated by Walker Martyn Ltd on behalf of British Gas. The remaining data is recorded either on British Gas' Social Housing database or the British Gas New Energy (BGNE) Database. The former records insulation in social housing data, while the latter records heating, behavioural measures and appliance data. Property details are forwarded to the Energy Savings Trust for de-duplication processing and submission to the Home Energy Efficiency Database (HEED).

Insulation and heating measures installed within Social Housing projects are recorded in British Gas' own social housing database. This data is recorded as and when it is received (usually daily) and will include full details of name and address, property type, measures installed. This scheme also requires the completion of a declaration by the social housing provider stating the percentage of tenants who receive measures that are in receipt of Priority Group and Super Priority Group qualifying benefits.

Retail Partners and suppliers with whom we have factory gate schemes for products and product subsidies will provide monthly sales and delivery data. Some of these products (for example goods provided to consumers free of charge) must be 'requested in writing by the consumer' hence, the name and address and any benefit details are recorded and submitted to the fulfilment house working on behalf of British Gas. Here, they are subjected to a de-duplication process to prevent multiple claims from single household.

Data quality

All key scheme delivery partners have had their data and processes reviewed by the British Gas' CERT Compliance Team. Activity data is submitted to Ofgem quarterly for performance reporting. During 2011, the CERT programme was reviewed by Ofgem Audit, the CR Data Assurance Review, and statutory audit.

Finance and activity data is formally reviewed in detail by senior management twice every month. The first review is performed at the monthly CERT finance meeting which seeks to understand and verify the performance of each scheme, and compare actual performance to the predicted outturn. The second review is within the monthly business review attended by the BGNE Managing Director and the Heads of CERT/Policy, Finance and Insulation, as well as the CERT Innovation/Insulation and Compliance Managers.

Reporting frequency

The metric is reported on a monthly basis.

British Gas net promoter score (NPS)

Description

NPS is a measure of customer advocacy and has been shown to be linked to company growth. It uses a scale of 0 to 10, to measure how much a customer would recommend a company.

Calculation methodology

Unit of measure

NPS is calculated by categorising customers into three groups based on how they answer the question: *How likely is it you would recommend British Gas?*

On a scale of 0-10 with 0 being Definitely Not Recommend and 10 being Definitely Recommend, how likely is it that you would recommend British Gas?

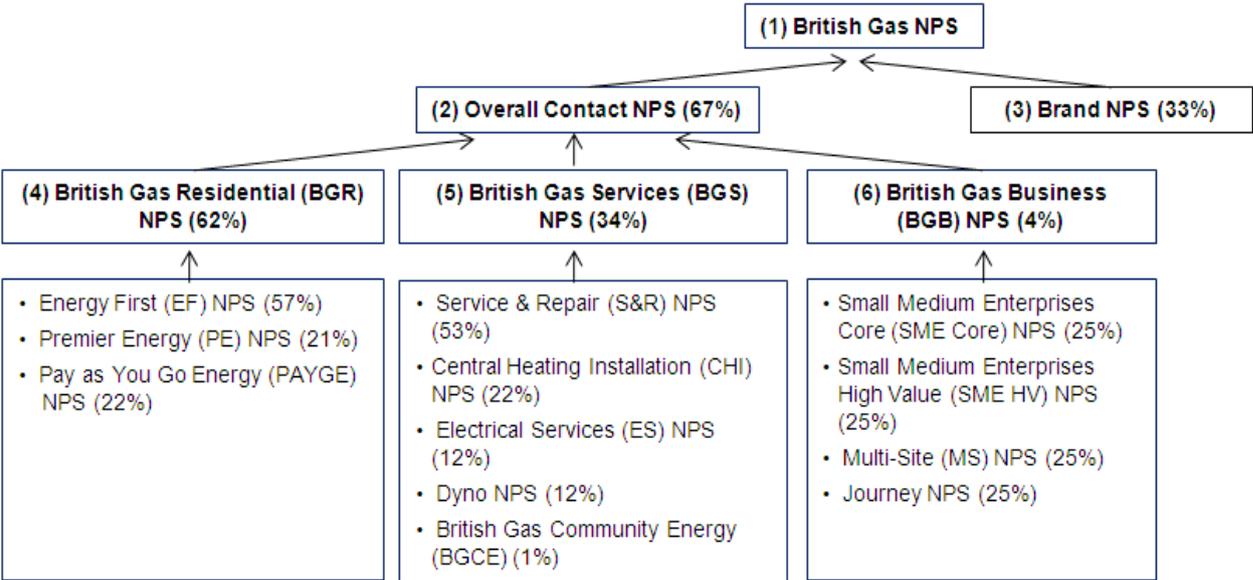


NPS = % Promoters - % Detractors

Scope

British Gas NPS measure is a composite metric combining NPS scores for Residential, Services and Business divisions. There are multiple NPS metrics from multiple separate survey sources that go into making up this composite score (outlined below – Figure 1), using the weightings shown.

Figure 1



Types of measurement

The British Gas NPS is made up of two types of measurement: Contact NPS across Residential Energy, Services and Business divisions and Brand NPS across Residential Energy and Services divisions. The Contact NPS measures customer advocacy soon after an interaction (call centre or engineer visit across both Residential and Services). Brand NPS measures customer advocacy among all Residential customers, including customers with no recent interaction with the business.

Table G - Outlines type of measurement used

Metric	Measurement type	Composition / inputs
(1) British Gas NPS	Blend of Contact and Brand NPS	British Gas Contact NPS (67%) + British Gas Brand NPS (33%)
(2) British Gas Contact NPS	Blend of British Gas Residential, British Gas Services and British Gas Business NPS	British Gas Residential NPS (62%) + British Gas Services NPS (34%)+ British Gas Business NPS (4%), each of these scores are in themselves derived from scores based on multiple surveys. Weightings determined by volume of accounts
(3) British Gas Brand NPS	Brand	NPS calculated from one survey which is representative of residential customers
(4) British Gas Residential NPS	Contact	Energy First (EF) NPS (57%) + Premier Energy (PE) NPS (21%) + Pay as you go energy (PAYGE) NPS (22%) Weights determined by call volumes. Each of these scores are in themselves derived from scores based on multiple surveys.
(5) British Gas Services NPS	Contact	Composite of Service & Repair (S&R), Central Heating Installation (CHI), Electrical Services (ES), Dyno, British Gas Community Energy (BGCE) NPS scores weighted based on profit margins
(6) British Gas Business NPS	Contact	Average of Small Medium Enterprise (SME), corporate markets and end to end customer journey view, non-weighted reflective of actual completed survey volumes

Calculation methodology

For all business areas within the contact measurement types, the NPS is calculated monthly by calculating the percentage of promoters for that month, the percentage of detractors for the month and subtracting detractors from promoters.

Brand NPS

The Brand NPS monthly score is calculated as a rolling 3 month average. The study is designed to ensure that the results are representative of residential customers and as such are weighted based on whether customers are dual fuel or single fuel, what type of Homecare product they purchase, and their method of payment (cash/cheque, direct debit or Pay As You Go).

The monthly total completed surveys are 1,500 (3 month average based on 4,500). The 2011 year end score for Brand NPS was the 12 month average, January 2011- December 2011.

British Gas Residential NPS

NPS calculations are first done for each of the business areas (EF, PE, and PAYGE). Weighting for monthly British Gas Residential NPS is determined by call volumes.

Monthly completed survey totals for British Gas Residential in 2011 were 1,730 up until May 2011. This consisted of a combination of EF, PE and PAYGE completed telephone surveys – collected by an external research agency.

In June and July 2011, EF and PE surveys moved to an automated telephone survey while the methodology for PAYGE remained as an outbound telephone survey administered by external research agency. The total completed number of surveys for June and July 2011 was 117,400.

From August 2011 the methodology for each of EF, PE and PAYGE has been an automated phone survey. Between August and November 2011 the number of monthly completed surveys was 127,000.

The 2011 year end score for British Gas Residential is based on the weighted average of the three year end NPS scores for PE, EF and PAYGE. The year end score for each individual area is a moving annual total (MAT). However, MAT for EF was calculated from January 2011 to November 2011 due to the automated telephone survey collection being put on-hold. As a result there is no composite British Gas Residential NPS metric for December 2011. The surveys were put on hold in order to allow the agents to deal with increased levels of call volumes, allowing British Gas to focus on servicing customers as quickly as possible during the critical winter months.

British Gas Services NPS

NPS calculations are first done for each of the business areas (S&R, CHI, ES, Dyno, and British Gas CE). Weighting for combining these scores into overall British Gas Services NPS is determined by operating profit.

Monthly number of completed surveys for British Gas Services in 2011 ranged between 23,000 and 27,000.

The year end score for British Gas Services is a weighted average of the year end scores for each of the separate British Gas Services survey inputs. The year end score is MAT calculated across December 2010 to November 2011, due to the 1 month lag in postal survey methodology.

British Gas Business Contact NPS

NPS is an average of SME Core (Core Service Centre inbound and outbound), SME HV (inbound and outbound), MS (inbound and outbound) and Journey (including Sales, Billing, Connection & Metering, Retention, Credit, Business Movers, Save) non-weighted, reflective of the actual number of completed surveys.

The Journey score was introduced in 2011 and did not exist in 2010, therefore this has to be taken into account when comparing 2010 British Gas Business Contact NPS vs. 2011 British Gas Business Contact NPS (not 100% comparability). In SME HV October– December 2011 a new proposition called Business Energy Insight was introduced into SME HV, in the initial phases of launch between October and December these customers were omitted from SME HV (a volume of 1,071 surveys, 13% of SME HV total completed surveys or 2% of British Gas Business).

Overall British Gas Contact NPS

The Overall Contact NPS is calculated by combining British Gas Residential, British Gas Services and British Gas Business NPS scores using the weighting outlined in Figure 1.

Overall British Gas NPS

The Overall British Gas NPS is calculated by then creating a weighted average of Brand NPS (33%) and Overall Contact NPS (67%).

Data quality, collection and reporting frequency

British Gas Residential NPS

Prior to July 2011 telephone interviews were conducted by an external research agency. On a daily basis, British Gas sent a list of customers from each of the business areas (EF, PE, and PAYGE) who had called into British Gas Residential call centres, the files being transferred in a secure manner. These files were then de-duped from customers surveyed in the last month.

From June 2011 agents receiving calls from customers within PE and EF would invite customers to participate in an automated telephone survey, at the end of the call. If the customer agreed, they would be transferred to the automated system.

As noted earlier, in June 2011 and July 2011 PAYGE NPS surveys were based on outbound telephone survey methodology administered by an external research agency.

As of August 2011 all three inputs to the British Gas Residential metric were based on automated telephone surveys.

British Gas Residential reporting is available on the 5th of the month, reporting on the previous month.

British Gas Services NPS

The methodology employed in 2011 for S&R, and Dyno is a postal survey, administered by an external research agency. Each week each of these business areas provide a list of all customers who had a visit from an Engineer in the previous week. These customers are then sent a paper survey to complete and return, and the agency calculate the monthly NPS score for S&R and Dyno.

There is no data for Dyno On-Demand from June 2011 to December 2011. (Dyno On-Demand makes up 22% of overall Dyno NPS, the other 78% coming from Dyno Contract Survey). Prior to June 2011, Dyno On-Demand was an in-house paper survey administered in-house by British Gas Dyno On-Demand team. Due to a re-organisation this team were no longer available to administer the survey and so it was put on hold until an alternative methodology could be put in place.

BGCE and CHI customers are surveyed by post, administered internally by British Gas. Each week each business area pulls together a list of all customers who have had an engineer visit in the prior week. All of these customers are sent a paper survey. Completed surveys sent back by customers are analysed by British Gas and NPS scores created.

ES customers are surveyed by an outbound automated phone survey. Each week a dialler file is created for all customers who have had an ES Engineer visit in the previous week. The file is uploaded to externally hosted secure FTP site, and customers are called automatically and invited to participate in the survey.

All metrics are provided to an external agency who in 2011 created the composite overall British Gas Services NPS metric.

British Gas Services reporting was available 5th of the month, reporting on the previous month.

British Gas Business NPS

Data is collected via the automated survey system, the scores are accessed in the system and pulled out for reporting on a daily, weekly and monthly basis according to need at team level.

For British Gas Business, reporting happens on the 12th of each month emailed to senior managers and posted on the intranet news for all British Gas Business employees to access.

Brand NPS

Interviews are conducted by telephone by an external research agency. Residential customers who were already surveyed in the last month for British Gas were excluded. British Gas provides our external agency with a randomly generated list of British Gas customer records, securely via an FTP site. The external agency collates responses via their internal CATI tool called Askia Vista.

Reporting is monthly and available on the 5th of each month, reporting on the previous month. However, the performance shown is always rolling three months to ensure robustness and to eliminate any 'noise'. Therefore, number of completed surveys reported against are:

- British Gas customers (4,500 rolling three months)
- Competitor customers (750 rolling three months per supplier)

Direct Energy net promoter score (NPS)

Description

NPS is a measure of customer advocacy and has been shown to be linked to company growth. It uses a scale of 0 to 10, to measure how much a customer would recommend a company.

The North America Direct Energy NPS metric reflects customer advocacy from residential and business energy customers and home services customers from across its operating markets in the United States and Canada.

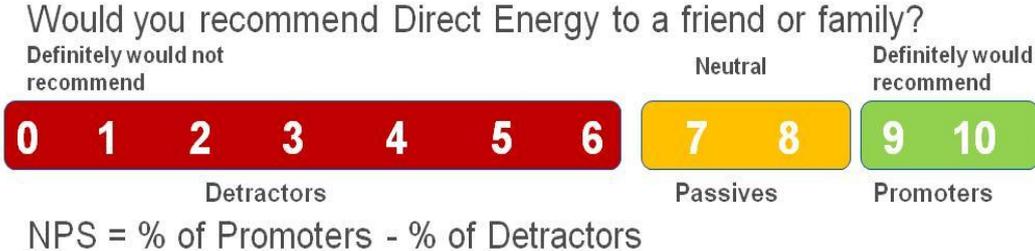
Calculation methodology

Unit of measure

NPS is calculated by categorising our customers into three groups based on how they answer the question: *How likely are you to recommend Direct Energy to friends or colleagues?*

Customers rate their likelihood to recommend on a scale of 0 to 10, with zero being 'definitely would not recommend' and 10 being 'definitely would recommend'. As depicted in the image below, customers are grouped three ways based on how they rate their likelihood to recommend:

- 0 to 6 are detractors
- 7 or 8 are passive
- 9 or 10 are promoters



Types of measurement

Direct Energy employs two methods for measuring NPS: 'relationship' and 'moment of truth'. The relationship approach is used to measure residential and business energy customers' advocacy. It measures the 'likelihood to recommend' at an overall brand level on a monthly basis by region and commodity where applicable.

The moment of truth approach is used to measure Home Services customers. Moment of truth measures the 'likelihood to recommend' at an overall brand level following a moment of truth customer interaction with respect to a service / maintenance visit and a furnace / air conditioning installation.

Scope

The North America Direct Energy (NA DE NPS) metric measures Direct Energy's residential and business energy customers and home services customers across Direct Energy's various operating regions. The table below outlines the scope of the metric and indicates the type of measurement used.

Table H - Scope of the metric and type of measurement used

Line of business	Measurement	Regions/Segments
Residential	Relationship	<ul style="list-style-type: none"> ▪ Texas (Organic Direct Energy Brand and Incumbent that includes brand CPL Retail Energy and WTU Retail Energy) ▪ Canada (Alberta Competitive) ▪ USN region (CT, OH, PA, MI and MD. The Gateway brand benchmarked in 2011 but not included in final score)
Business	Relationship	<ul style="list-style-type: none"> ▪ Canada and US ▪ Large, Medium and Small Commercial (excludes Small Commercial customers sourced via DER acquisition channels) customer base
Home Services	Moment of truth	<ul style="list-style-type: none"> ▪ Ontario, ▪ Airtron/US Home Services (USHS) ▪ Clockwork Brands (new in 2011)

Calculation methodology

An NPS score is calculated by each line of business. Calculations for residential and business energy customers are first conducted on a regional basis to show an NPS regional score, and then combined with other regions to produce a line of business NPS score. Home services customers are calculated on a service type basis and then combined to produce a Home Services NPS score with the Service vs. Install weights based on relative proportion of total jobs. For residential and business customers, scores are weighted regionally to account for different customer numbers across operating markets

Each business’ NPS score (except for Airtron/USHS) is calculated by adding all the promoters, divided by the rolling total sample for the last twelve months, and adding all the detractors, divided by the rolling total sample for the last twelve months. A score is produced by subtracting the percentage of promoters by the percentage of detractors and multiplying by 100. Airtron/USHS rolling 12 month score was calculated based on a straight average of the 12 monthly scores.

The full NA DE NPS score is then calculated by multiplying each business’ NPS score against a weighting and adding the totals together. The formal below shows the calculation:

$$\text{NA DE NPS} = (\text{Residential NPS} \times 50\%) + (\text{Services NPS} \times 30\%) + (\text{Business NPS} \times 20\%)$$

Deliverables – data and reporting

Data collection – relationship NPS

Data is collected through telephone interviews conducted by research agencies. Direct Energy provides the agencies with a random sample of DE customer records. Data management aligns to industry best practices with the research agency performing the cleaning to ensure no duplications exist. The agency collates interview responses and provides data to the Direct Energy Customer Insights team who calculates the final NPS score excluding don’t know responses with data being cleaned of errors and de-duplicated.

Data collection – moment of truth Home Services NPS

For Canadian Home Service (CHS), data is collected through the daily execution of mail and email NPS surveys the day following the MOT customer interaction. All eligible customers (not on (DNC) list) with an email address are surveyed. For mail, a random sample is selected for Service while 100% of Installs are selected. A contact storage table is maintained daily for each survey to keep track of all customers who have been targeted with a survey. The mail vendor sends back daily response files and the email vendor sends back a weekly response file. The responses are loaded to an individual response table for each of the two surveys. Derivation and reporting of NPS scores is performed by Canadian Home Services CRM team using the contact storage table joined to the response table for each of the two surveys.

A similar process is followed for each of Clockwork and Airtron/USHS with the exception that only mail surveys are conducted for each of them. For Clockwork and Airtron/USHS, Successware and USHS respectively provide a daily targetable file of all service and install visits and the 25% sampling on Service calls is performed by the mail vendor who provides a daily file indicating who was targeted for the survey. The Canadian Home Services CRM team maintains a single contact storage table and a single response table for Clockwork and Airtron/USHS in order to provide all results tracking.

Reporting timelines

The NA DE NPS is reported on monthly and on a rolling 12 month basis for each year. The metric is reported to management, corporate affairs and back to each business.

Total number of vulnerable households impacted

Description

The metric measures the total number of vulnerable households impacted through British Gas initiatives. A 'vulnerable household' is where one or more of its residents are defined as 'vulnerable'.

Those households impacted are where a specific product or service is provided to help improve the service experienced or ensure the household is able to manage their gas or electric supply.

The broad industry definition of vulnerability agreed with Energy Retail Association and the big six UK energy suppliers is:

A customer is vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the household.

British Gas has defined more specific criteria to enable us to apply this framework. The criteria include any one of the following:

- Customers suffering from severe financial insecurity:
 - Customers claiming Means Tested Benefits; and / or
 - Customers with a household income of < £16,190
 - Customers spending >10% household income on fuel per year for adequate heating (usually 21 degrees for the main living area, and 18 degrees for other occupied rooms)
- Age, disability or long term illness - households with one or more of the following:
 - Households with children aged 16 years or under;
 - A household member aged 60 or over;
 - A household member who requires constant carer's assistance;
 - Relies on mains powered medical equipment;
 - Long term/chronic ill health including terminal illness e.g. cancer;
 - Claiming disability benefits or registered disabled
- Customers suffering from severe stress or any other mental health problems:
 - People living with dementia (Alzheimer's is the most common form)
 - Very confused or stressed and unable to understand basic information, hold a normal conversation or make a decision

Products and services available to vulnerable customers may differ, depending on the vulnerability criteria being met.

For customers who are identified as vulnerable, an indicator is added to their gas and / or electricity account to ensure their status is recognised in future interactions, and as a trigger for our agents to offer appropriate products and services that the customer may be entitled to, or in need of.

Calculation methodology

Unit of measure

Total number of households that benefited in 2011 from one or more of British Gas' social programmes designed to assist vulnerable customers.

Scope

The metric covers British Gas residential customers and programmes. Each of the seven vulnerable customer programmes that British Gas offers are shown below, including the products offered within each. Data is sourced from these products to produce the metric.

Table I – British Gas Vulnerable customer programmes

1. Essentials

Essentials is our discounted energy tariff. Four products make up the programme. They vary on the criteria they apply to determine eligibility and on the products they offer. For example, some products offer discounts on gas and electricity while others also include dedicated helpline for advice. Our Essentials tariff is now closed to new applicants.

2. Debt Customers

Products which support vulnerable households suffering from debt. These products differ for the energy they receive (e.g. electricity or gas). Customers are considered in debt with outstanding arrears of greater than 28 days. PAYGE customers are identified where a debt was added to their meter at the point of meter exchange from credit to prepayment. Fuel Direct supports customers on certain benefits to repay their debt. A weekly repayment value is agreed with Department for Work and Pensions, and with the customer's permission.

3. British Gas Energy Trust (BGET)

Grants to help vulnerable customers manage their energy debt.

4. Home Energy Care and Extra Care

HEC scheme provides additional help to customers who are elderly, disabled or on long term sick; as well as those on means tested benefits with children under 5. Forms of help include bills in alternative formats, annual free gas safety checks and specially designed appliance controls. Extra Care is the umbrella term for the process of identifying the most vulnerable customers, which then flags their customer profile to protect them from disconnection due to debt at any time.

5. Energy Efficiency

Customers can receive an Energy Savers Report (ESR) and/or have insulation installed as well as water widgets and electricity monitors, to help with managing their energy use. The metric includes any household receiving any one of these products.

6. Benefits Assessment / Income Maximisation

Customers on low income are offered advice and guidance on eligibility and application for government benefit.

7. Vulnerable Customers Off Supply

Where customers are without fuel due to faulty meter or card / key, a visit is undertaken to get them back onto supply within four hours where practicable to do so. This service is measured in terms of successful visits / measures (some measures may include providing alternative sources of heat or cooking or paying for a taxi to stay at a relative's house).

Data collection, quality and reporting frequency

Data collection and quality

Data is collected for the seven programmes from eight individuals. The customer data for each of these programmes is sent to data analytics. MIDAS marketing database is used to match the addresses against those held in the database and perform any de-duplications. Where more than one product is assigned to one house, the figure is consolidated to produce a total number of unique households.

Reporting frequency

Some of the individual vulnerable customer products are collated and reported monthly, but the metric for all vulnerable customer programmes and products is measured on a half-yearly basis.

Lost time injury rate

Description

Lost time injury rate (LTIR) is an industry standard measure for tracking personal safety performance for serious injuries.

A lost time injury is defined as an incident arising out of Centrica's operations which leads to an injury where the employee or contractor is not available to work for one day or more, excluding the day that the injury occurred.

Calculation methodology

Unit of measure

$$\text{LTIR} = \frac{\text{Number of lost time injuries} \times 100,000}{\text{Hours worked}}$$

Scope

All Centrica businesses are included for the scope of reporting as defined below for the period January to December 2011 including the acquisition of Business Services in BGB. British Gas acquisitions (PH Jones and JKE) and the DE acquisitions Gateway, McCann, and Airtron Oklahoma are excluded from the 2011 statistics. Oxxio was excluded from June onwards following its sale.

For the purpose of injury reporting directly controlled activities are included, and so cover injuries to employees and where we have direct control of the contractor activities This will cover situations where one or a combination of the following criteria applies:

- Centrica is legally responsible (duty holder)
- the third party operates under Centrica's HSE Management System
- Centrica operates premises where the third party is working

Third party managed activities are also included in the scope of reporting. Where the criteria for directly controlled are not met, third party managed activities are defined as where one or a combination of the following criteria applies:

- the third party operates their own management system but Centrica owns facility
- Centrica holds the environmental licence (for downstream Centrica has environmental legal responsibility)
- the third party work is exclusively for Centrica
- the third party operates under Centrica brand

However, Clockwork franchises are not included in the 2011 statistics because legal and contractual issues pertaining to entitlement remain unresolved, and because Clockwork franchisees do not have in place the necessary infrastructure to allow for adequate reporting.

Data quality, collection and reporting frequency

Data is reported through incident reporting systems in each business, 'myHSE'. The source recording system used by Corporate Centre (CC), British Gas (BG), Centrica Storage (CSL), Centrica Energy Power (CEP), Centrica Energy Millstream (CE Millstream) and Centrica Energy Upstream (CEU) is myHSE. In Direct Energy, the source recording system is Analytix and the data from this is downloaded to myHSE on a nightly basis. Oxxio used a simple spreadsheet to record safety incident data given the nature of their operation.

The required data is then transferred to a template for the purpose of reporting to Centrica Group. A nominated person from each business extracts the relevant data from the source reporting system to complete the reporting template. This is reviewed by Group HSE and verified against myHSE where required.

Hours are mostly derived from headcount numbers and businesses use a typical hours per employee/contractor as detailed below. Where access control systems are used these are detailed also.

Table J - Hours per employee / contractor

BU	Hours Basis
CC	159.4 hours/month
BG	140 hours/month
CSL	160 hours/month for office Access Control system for the Terminal 24 hours/day for every person staying offshore
DE	160.33 hours/month per FTE except for USHS/Airtron, Clockwork and Upstream Gas where actual hours worked are recorded.
CEU	Information on CEU contractor/staff man hours and contractor/staff headcount is collated from the following sources. The basis for headcount is from headcount daily records for offshore facilities, from HR or manager numbers for offices with contractor estimates based on audit / contractor invoices. Hours are determined from local working practice. The man hours and headcount figures generated from the spreadsheet are used for the monthly CEU reporting requirements. <ul style="list-style-type: none"> • CEU Netherlands onshore and offshore (from Occupational Health & Safety Co-ordinator, Netherlands) • CEU EIS onshore and offshore (from Acting HSEQ Advisor (Governance), Heysham) • CEU Projects Storage (From HSEQ Manager, Projects Aberdeen) • CEU Norway offshore (from HSEQ Advisor, Norway) • CEU Norway onshore (from Senior Accountant - Accounting and Reporting, Norway) • CEU T & T onshore and offshore (from HSE Advisor, T&T) • CEU Aberdeen Projects offshore (from HSEQ Manager, Projects Aberdeen) • CEU Aberdeen onshore (from HR Administration Assistant, Aberdeen) • CEU Aberdeen offshore assets (from Senior Operations Engineer or Operations Engineer, Aberdeen) • CEU Aberdeen Wells Sites offshore (from HSEQ Manager, Wells, Aberdeen) • CEU Aberdeen offshore Hummingbird (from HR Logistics Team Leader, Wood Group, Aberdeen) • CEU Aberdeen offshore Kittiwake (from HSE Advisor, Petrofac, Aberdeen)
CEP	Working days per month (excluding weekends, 2 days holiday allowance and bank holidays) * 8.5 hours/day
CE Millstream	Working days per month (excluding weekends, 2 days holiday allowance and bank holidays) * 8.5 hours/day
Oxxio	173 hours/month

Reporting frequency

Data is reported monthly to Group HSE.

Fatalities

Description

Metric measures any work related fatalities associated with our activities.

Calculation methodology

Unit of measure

Number of people

Scope

All Centrica businesses are included for the scope of reporting as defined below for the period January to December 2011 including all acquisitions. Oxxio was excluded from June onwards following its sale.

For the purpose of fatality reporting directly controlled activities are included, and so cover injuries to employees and where we have direct control of the contractor activities. This will cover situations where one or a combination of the following criteria applies:

- Centrica is legally responsible (duty holder)
- the third party operates under Centrica's HSE Management System
- Centrica operates premises where the third party is working

Third party managed activities are also included in the scope of reporting. Where the criteria for directly controlled are not met, third party managed activities are defined as where one or a combination of the following criteria applies:

- the third party operates their own management system but Centrica owns facility
- Centrica holds the environmental licence (for downstream Centrica has environmental legal responsibility)
- the third party work is exclusively for Centrica
- the third party operates under Centrica brand

Third party monitored activities are also included in the scope of reporting. Where the criteria for directly controlled or third party managed activities are not met, third party monitored activities are defined as where one or a combination of the following criteria applies:

- the third party operates their own management system but activities are a key part of Centrica business e.g. equity share
- Centrica does not hold environmental licence
- the third party work is not exclusively for Centrica
- there is a full time Centrica presence on a third party site

Fatalities of members of the public resulting from our activities are also reported, but these are not included in the total fatalities figure.

Data quality, collection and reporting frequency

Data collection

Data is collected from each business upon occurrence.

Reporting frequency

Our reporting standard requires any fatality to be reported to the Chief Executive within 24 hours.

Road safety incident – number of high severity incidents and low severity rate

Description

The road safety metric measures the number of driving-related incidents. Data is evaluated in terms of levels of severity from level 1 to 5. Incidents of high severity are levels 4 and 5, and low severity levels 1, 2 and 3.

Calculation methodology

The key performance indicators tracked are number of high severity incidents and the low incident severity rate.

The unit of measure for high severity incidents is the number of incidents.

The unit of measure for low severity incident rate is:

$$\text{Road incident rate} = \frac{\text{Number of road safety incidents} \times 1,000,000}{\text{Km driven}}$$

Table K – Incident classification

Vehicle Level 5 – Major / Fundamental	An incident would be classified as Major/Fundamental , if: <ul style="list-style-type: none"> • There is an employee or third party fatality.
Vehicle Level 4 – Significant	An incident would be classified as Significant , if: <ul style="list-style-type: none"> • There is an employee major injury permanent disabling injury/illness or permanent disabling injury/illness. • There is a third party injury that requires hospitalisation for more than 24 hours.* <p>* The Centrica vehicle is involved in a multi vehicle collision, head on collision at A road speeds, or there is a Centrica vehicle or third party vehicle rollover.</p>
Vehicle Level 3 – Important	An incident would be classified as Important , if: <ul style="list-style-type: none"> • There is a serious injury to an employee that results in Lost Time. • There is a serious injury to a third party that requires hospitalisation.* • A Centrica vehicle is involved in a head on collision at urban road speeds <p>* The Centrica vehicle or third party vehicle is damaged to the extent that it requires a separate recovery vehicle to remove it from the scene.</p>
Vehicle Level 2 – Minor	An incident would be classified as Minor , if: <ul style="list-style-type: none"> • There is an injury to an employee or third party* that requires Medical Treatment or First Aid. <p>* The Centrica vehicle or third party vehicle requires repair (e.g. body panels damaged which need to be replaced and or mechanical damage).</p>
Vehicle Level 1 – Near Miss	An incident would be classified as Near Miss , if: <ul style="list-style-type: none"> • Event where there was a loss of vehicle control but no injury or damage to property e.g. skid on black ice, aquaplaning.

Scope

All Centrica businesses are included for the scope of reporting as defined below for the period January to December 2011 including the acquisition of Business Services in British Gas Business. British Gas acquisitions (PH Jones and JKE) and the Direct Energy acquisitions Gateway, McCann, and Airtron Oklahoma are excluded from the 2011 statistics. Oxxio was also excluded from road safety reporting given this was a small office based operation with very limited requirement to drive on company business.

For the purpose of road safety incident reporting directly controlled activities are included, and so cover road safety incidents involving employees and where we have direct control of the contractor activities. This will cover situations where one or a combination of the following criteria applies:

- Centrica is legally responsible (duty holder)
- the third party operates under Centrica's HSE Management System
- Centrica operates premises where the third party is working.

Third party managed activities are excluded.

Road safety incidents irrespective of the avoidability or fault for the incident involving company owned, leased or branded vehicles are included in the reports. The following incidents are not included:

- whilst using short term hire vehicles
- whilst using vehicles owned by employees and agency workers
- Centrica staff driving company vehicles for personal reasons
- the commute to employee's normal place of work

Only business related distance is used for calculation of the incident rate.

For the small number of fuel card holders in the UK (less than 2% of overall distance travelled within UK) who can purchase fuel for personal and business use, an estimate of personal distance travelled is made to exclude this from the data (47% is assumed personal from Fleet data).

For Business Unit performance, the distance travelled is allocated to businesses based on headcount where aligned cost centres are not available.

Data quality, collection and reporting frequency

Data collection

Data is reported through incident reporting systems in each business. The source recording system used by Corporate Centre, British Gas, Centrica Storage, Centrica Energy Power, CE Millstream and Centrica Energy Upstream (CEU) is myHSE. In Direct Energy the source recording system is Analyx and the data from this is downloaded to myHSE on a nightly basis.

The required data is then transferred to a template for the purpose of reporting to Group. A nominated person from each business extracts the relevant data from the source reporting system to complete the reporting template. This is reviewed by Group HSE and verified against myHSE where required.

Distance travelled data is reported to Group HSE on a quarterly basis. British Gas Fleet provides data for the UK commercial fleet and company car fleet. Direct Energy Fleet provides data for North America.

Reporting frequency

Data is reported on a monthly basis to Group HSE.

Total recordable injury rate

Description

Total recordable injury rate (TRIR) is a commonly used industry measure for tracking personal safety performance for injuries. A recordable injury is an incident arising out of Centrica's operations which leads to an injury but excluding first aid. This includes fatalities, and injuries resulting in lost time, restricted duty and medical aid.

A lost time injury is an incident arising out of Centrica's operations which leads to an injury where the employee or contractor is not available to work for one day or more, excluding the day that the injury occurred.

A restricted duty injury is an incident arising out of Centrica's operations which leads to an injury where the employee or contractor is not able to complete their full set of normal activities, but continues to work.

A medical aid injury is an incident arising out of Centrica's operations which leads to an injury where the employee or contractor receives medical treatment from a medical practitioner over and above that covered by a basic first aid training course.

Calculation methodology

Unit of measure

$$\text{TRIR} = \frac{\text{Number of recordable injuries} \times 100,000}{\text{Hours worked}}$$

Scope

All Centrica businesses are included for the scope of reporting as defined below for the period January to December 2011 including the acquisition of Business Services in British Gas Business. British Gas acquisitions (PH Jones and JKE) and the DE acquisitions Gateway, McCann, and Airtron Oklahoma are excluded from the 2011 statistics. Oxxio was excluded from June onwards following its sale.

For the purpose of injury reporting directly controlled activities are included, and so cover recordable injuries to employees and where we have direct control of the contractor activities. This will cover situations where one or a combination of the following criteria applies

- Centrica is legally responsible (duty holder)
- the third party operates under Centrica's HSE Management System
- Centrica operates premises where the third party is working

Third party managed activities are also included in the scope of reporting. Where the criteria for directly controlled are not met, third party managed activities are defined as where one or a combination of the following criteria applies:

- the third party operates their own management system but Centrica owns facility
- Centrica holds the environmental licence (for downstream Centrica has environmental legal responsibility)
- the third party work is exclusively for Centrica
- the third party operates under Centrica brand

However, Clockwork franchises are not included in the 2011 statistics because legal and contractual issues pertaining to entitlement remain unresolved and because Clockwork franchisees do not have in place the necessary infrastructure to allow for adequate reporting.

Data collection and reporting frequency

Data collection

Data is reported through incident reporting systems in each business, 'myHSE'. The source recording system used by Corporate Centre (CC), British Gas (BG), Centrica Storage (CSL), Centrica Energy Power (CEP), Centrica Energy Millstream (CE Millstream) and Centrica Energy Upstream (CEU) is myHSE. In Direct Energy the source recording system is Analyx and the data from this is downloaded to myHSE on a nightly basis. Oxxio used a simple spreadsheet to record safety incident data given the nature of their operation.

The required data is then transferred to a template for the purpose of reporting to Group. A nominated person from each business extracts the relevant data from the source reporting system to complete the reporting template. This is reviewed by Group HSE and verified against myHSE where required.

Hours are mostly derived from headcount numbers and businesses use a typical hours per employee/contractor as detailed below. Where access control systems are used these are detailed also.

Table L - Hours per employee / contractor

BU	Hours Basis
CC	159.4 hours/month
BG	140 hours/month
CSL	160 hours/month for office Access Control system for the Terminal 24 hours/day for every person staying offshore
DE	160.33 hours/month per FTE except for USHS/Airtron, Clockwork and Upstream Gas where actual hours worked are recorded.
CEU	Information on CEU contractor/staff man hours and contractor/staff headcount is collated from the following sources. The basis for headcount is from headcount daily records for offshore facilities, from HR or manager numbers for offices with contractor estimates based on audit / contractor invoices. Hours are determined from local working practice. The man hours and headcount figures generated from the spreadsheet are used for the monthly CEU reporting requirements. <ul style="list-style-type: none"> • CEU Netherlands onshore and offshore (from Occupational Health & Safety Co-ordinator, Netherlands) • CEU EIS onshore and offshore (from Acting HSEQ Advisor (Governance), Heysham) • CEU Projects Storage (From HSEQ Manager, Projects Aberdeen) • CEU Norway offshore (from HSEQ Advisor, Norway) • CEU Norway onshore (from Senior Accountant - Accounting and Reporting, Norway) • CEU T & T onshore and offshore (from HSE Advisor, T&T) • CEU Aberdeen Projects offshore (from HSEQ Manager, Projects Aberdeen) • CEU Aberdeen onshore (from HR Administration Assistant, Aberdeen) • CEU Aberdeen offshore assets (from Senior Operations Engineer or Operations Engineer, Aberdeen) • CEU Aberdeen Wells Sites offshore (from HSEQ Manager, Wells, Aberdeen) • CEU Aberdeen offshore Hummingbird (from HR Logistics Team Leader, Wood Group, Aberdeen) • CEU Aberdeen offshore Kittiwake (from HSE Advisor, Petrofac, Aberdeen)
CEP	Working days per month (excluding weekends, 2 days holiday allowance and bank holidays) * 8.5 hours/day

BU	Hours Basis
CE Millstream	Working days per month (excluding weekends, 2 days holiday allowance and bank holidays) * 8.5 hours/day
Oxxio	173 hours/month

Table M - Basis of headcount

BU	Contractor headcount / hours basis
CC	Embedded agency staff are included in the HR headcount numbers. Number of contractors working in building provided by Facilities and hours are calculated as stated in the table above.
BG	Embedded agency staff are included in the HR headcount numbers. BGCE contractor numbers are obtained from finance payment records and Dyno franchise employees are obtained from issue of ID cards. Contractors working on BG premises are provided by Facilities. Hours are calculated as stated in the table above.
CSL	Terminal – Access control system in place. Offshore – 24 hours/day for offshore contractors (numbers provided via the Vantage records). Offices – Average monthly man hour figure calculated from an audit of the number of contractors in the offices and using 8hours/ working day. Standby vessel – manual record of persons on board working 12 hours per day Killingholme stores – 45 hours worked per weekday. Caythorpe – Manual record of man hours.
DE	Canadian Franchisees are based on headcount x 160.33 hrs/month
CEU	See CEU section above
CEP	Access Control system collects hours for contractors and visitors for Power Stations. For Renewables, agency worker headcount is collected from a finance report. For contractors, an estimate of hours is used based on workload planning.
CE Millstream	Embedded agency staff are included in the HR headcount numbers and hours are calculated as stated in the table above.
Oxxio	Agency staff included in headcount

Reporting frequency

Data is reported monthly to Group HSE.

Retention rate

Description

Retention is the proportion of the workforce that remains with the business in a given reporting period. The retention rate is the complementary ratio to the attrition rate. There would be some level of correlation between retention rates and Employee Engagement scores, in that a fully engaged workforce is more likely to stay in the business.

Calculation methodology

Unit of measure

The number of employees who stay with the business in a given reporting period expressed as a percentage of the average headcount in the period.

Scope

- a) Leavers only includes unplanned leavers (i.e. employee initiated and not within the control of Centrica) as this is the part of attrition that the business has no control over.
- b) Retention is measured and reported for the UK & North American Business Units, Germany and Norway.
- c) Data is collected for all the Business Units in the UK, North America and Europe as follows:
 - Corporate Centre
 - British Gas Residential
 - British Gas Services
 - British Gas Business
 - British Gas New Markets
 - Centrica Energy
 - Centrica Storage
 - Direct Energy – data is available at Business Units level but it is summarised at Direct Energy level for absence reporting purposes
 - Germany
 - Norway
- d) The retention rate is the complementary ratio to the attrition rate, which is the number of unplanned leavers in a given reporting period expressed as a percentage of the average headcount in the period. Therefore, the retention rate can be determined as being 100% minus the attrition rate (e.g. if the attrition rate is 9%, the retention rate is 91%).

Data quality, collection and reporting frequency

Data quality

Quality is reliant on the accuracy and timeliness of the data being input into the systems. This is more critical in certain parts of the business which are reliant on up to date resource planning tools to man at optimum resource levels (e.g. Engineers and Call Centres).

Data collection

Data is collected on a monthly basis for all the Business Units and reported and reported in the Centrica People Metric reports.

Reporting frequency

The number of employees leaving the business is reported on a monthly basis at Group, Business Unit and cost centre level. The retention percentage is then calculated from that.

Absence rate (MAT Sickness per FTE rate)

Description

Employee sickness absence relates to the number of days lost to sickness absence in a given reporting period.

Calculation methodology

Unit of measure

The MAT sickness/FTE rate is calculated by dividing the moving annual total number of absence days by the full time equivalent in the given reporting period.

Scope

Absence is measured and reported for the UK and North American Business Units. Absence data is not available for the European entities and Trinidad. Given that these employees represent less than 1% of the 2011 headcount, these are not considered to be material from a Group absence perspective. Contractors are not included in absence calculations.

Data is collected for all the Business Units in the UK and North America as follows:

- Corporate Centre
- British Gas Residential
- British Gas Services
- British Gas Business
- British Gas New Markets
- Centrica Energy
- Centrica Storage
- Direct Energy – data is available at Business Unit level but it is summarised at Direct Energy level for absence reporting purposes

Data calculation

For each business the total number of absence days in the month is divided by the business' FTE for that month. For the 2011 Annual Report and 2011 Corporate Responsibility Report, the MAT sickness/FTE figure covers the period from November 2010 to October 2011. The total figure is calculated by adding together the monthly rates for this period.

It should also be noted that there is a time lag of up to two months for all of the absence data to be uploaded into the systems as there are multiple systems interfaces required to complete the process. Consequently, the most accurate absence data is two months prior to the given reporting period (i.e. when reporting absence metrics in December 2011, the most accurate figures will be October 2011).

Data quality, collection and reporting frequency

Data quality

Quality is reliant on the accuracy and timeliness of the data being input into the systems. This is more critical in certain parts of the business which are reliant on up-to-date resource planning tools to deliver at optimum resource levels (e.g. Engineers and Call Centres).

Data collection

Data is collected on a monthly basis for all the Business Units and reported in the Centrica People Metric reports.

In July 2011, a new absence reporting system was introduced in the British Gas Business Units, known as 'Absence Manager'. The operational system allows employees to contact a 24/7 telephone line where they can provide details of their absence from work and estimated return to work date, which is communicated to their line manager via email and text message. When the employee is fit to return to work they call the helpline again to confirm their return date and the manager is informed of this via email and text message. The system provides real time information on levels of employee absence.

This new reporting tool now covers 93% of the UK employee population and a business decision needs to be made to roll out the system to the remaining 7% in 2012 to Centrica Energy, Centrica Storage and Corporate Centre.

As Direct Energy uses a different version of SAP to the UK there is currently no plan to introduce this system in North America and this decision sits with the HR Director for Direct Energy.

Irrespective of whether Absence Manager has been launched in a Business Unit, all managers in Centrica are responsible for completing a notification form of absence and sending it to Centrica People Services so that the SAP system is updated, including payroll.

Reporting frequency

Absence data is reported by line managers on a daily basis to a central team, where the data is then uploaded onto the HR system. Data is then reported monthly at Group, Business Unit and cost centre level.