

Group Chief Executive's statement



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

Chris O'Shea, Group Chief Executive



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

That's not to say we don't take our broader responsibilities seriously at Centrica – how we do what we do is as important as delivering results, because the way we go about our job will determine whether what we do is ultimately sustainable. We are energising a greener, fairer future every day, but we never lose sight of the job at hand – value

creation. For Centrica, we don't see a conflict between these aims – the energy transition is a huge opportunity for your Company.

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

Energy has driven progress for the past 200+ years: from the energy used to create the steam which drove the industrial revolution, to the energy

required today to drive the technology revolution which is in full swing. And those companies who can offer the best, most cost-efficient service to increasingly energy-intensive customers will benefit most; companies like Centrica.

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

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

Change

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

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

Business performance

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

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

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

How we do what we do at Centrica

We keep things simple at Centrica. We have a purpose (energising a greener, fairer future); we have five core values (Care, Collaboration, Courage, Agility and Delivery); and we have a belief in a flat structure with as little management as possible (no more than six layers from the

Centrica Leadership Team, essentially my direct reports, to the front line). Our culture is what sets us apart.

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

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

- 1

One team

First and foremost, we work for Centrica. So, the question every leader must ask themselves is 'is this good for the house' when faced with making a decision.
- 2

Ownership

We must own the outcome of our actions, not assuming that someone else will fix something we see which needs fixing, and asking ourselves whether what we are doing will improve things for our customers.
- 3

Growth mindset

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

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

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

Commitment to our customers

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

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

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

Beyond investing in our customers, during 2024 we have invested in liquid air energy storage in our partnership with Highview Power; we have invested in pursuing the opportunity to build a new nuclear power station (Sizewell C) in Suffolk in the UK; we have invested in batteries and solar; we have invested in technology which gives better customer service and helps customers reduce energy bills and carbon emissions; we have invested in our plans to store CO₂ in the Morecambe Bay gas fields; we have invested in plans for clean hydrogen production and storage. But we have also invested in gas fired power stations; we have invested in the plans to extend the Rough gas storage facility; we have signed new LNG deals. We will need a mix of technologies to deliver net zero and we will need natural gas as part of the energy mix for decades to come to enable full use of renewable power. What drives us is giving our customers what they want and need, and generating a good return for our shareholders whilst doing so.

Commitment to our new Purpose

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

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

We're making good progress having reached over 30% green investment already – a big step up from less than 5% back in 2019. This reflects our commitment to move at pace in aligning our business model to net zero. Our in-house green classification system is built on the foundations of the EU's Sustainable Taxonomy. However, its 'by-inclusion'

format can today be restrictive, so we justify our own independent classifications where appropriate. We want to be active in shaping official taxonomies and plan to engage with both EU and UK policy makers to ensure they capture all activities in the right way. We will publish any deviations from official taxonomy reporting.

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

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

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

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

Our Climate Transition Plan



Centrica to be a net zero business by 2040



Customers to net zero emissions by 2050



LNG shipping will be net zero by 2035



Upskill 3,000 engineers with green skills by 2030



Gas production and gas storage to be net zero by 2035



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

[Read more about our wider Climate Transition Plan on page 73](#)

Commitment to our colleagues

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

invest in the value they create at Centrica, and I hope to be able to share more information on this in 2025.

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

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

Commitment to society

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

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

The partnerships I outlined last year – with Team GB, ParalympicsGB, Scottish Rugby, and the Scottish Football Association – have all been dialled up in 2024. For example, our partnership with the Scottish Football Association saw us launch 120 new week-long Scottish Gas Football Camps to provide 6,000 children from all socio-economic backgrounds the opportunity to play football during the school holidays –

and we provided hot meals to every child at those camps, helping alleviate the hunger which vulnerable children can experience during school holidays. And alongside Team GB and ParalympicsGB we launched Get Set for Positive Energy, our bespoke schools programme which aims to reach up to one million families and children. These partnerships are so much more than simple brand sponsorship deals.

The future for Centrica

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

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

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

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

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

Chris O'Shea, Group Chief Executive
19 February 2025