

Board meetings

The Board held eight formal meetings in 2022. In addition, supplementary meetings were called for specific approvals. The table showing the attendance of Directors at Board meetings in 2022 can be found below. If Directors are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the Chairman. The agendas for Board meetings are agreed in advance by the Chairman, Group Chief Executive and Group General Counsel & Company Secretary. The agenda typically consists of regular standing items, such as reports on financial performance, and in-depth examination or analysis of a topic, facilitating exchanges of views and robust debate.

During the year, the Non-Executive Directors, including the Chairman, met frequently without management present.

Site visits

The Directors recognise the importance of, and benefits gained by, visiting the Group's operations and endeavour to make a couple of visits to Centrica sites each year. The Board undertook site visits to the British Gas sites at Spinneyside in Leicester, to meet with our Leicester-based call handlers, who are focused on 'Changing the way Customer Services serve our Customers'. The Board also visited Dublin and met with the Bord Gáis Energy management team and various colleagues from across the Irish business.

Number of Board and Committee meeting attended during 2022⁽¹⁾:

Name	Role	Joined the Board	Tenure ⁽²⁾	Board	AC	NC	RC	SC
Scott Wheway	Chairman	01/05/2016	6 years, 7 months	8/8	N/A	4/4	N/A	3/3
Chris O'Shea	Group Chief Executive	01/11/2018	4 years, 1 month	8/8	N/A	N/A	N/A	N/A
Kate Ringrose⁽⁶⁾	Group Chief Financial Officer	18/01/2021	1 year, 11 months	8/8	N/A	N/A	N/A	N/A
Carol Arrowsmith	Independent Non-Executive Director	11/06/2020	2 years, 6 months	8/8	4/4	4/4	5/5	N/A
Nathan Bostock	Independent Non-Executive Director	09/05/2022	0 years, 7 months	5/8	3/4	3/4	N/A	3/3
Stephen Hester⁽³⁾	Senior Independent Non-Executive Director	01/06/2016	6 years, 5 months	3/8	1/4	1/4	3/5	N/A
CP Duggal	Independent Non-Executive Director	16/12/2022	0 years, 1 month	—	—	—	—	N/A
Pam Kaur⁽⁴⁾	Independent Non-Executive Director	01/02/2019	3 years, 9 months	3/8	1/4	1/4	N/A	3/3
Heidi Mottram	Independent Non-Executive Director	01/01/2020	2 years, 11 months	8/8	N/A	4/4	5/5	3/3
Kevin O'Byrne	Senior Independent Non-Executive Director	13/05/2019	3 years, 7 months	8/8	4/4	4/4	N/A	N/A
Amber Rudd⁽⁵⁾	Independent Non-Executive Director	10/01/2022	0 years, 11 months	8/8	N/A	3/4 ⁽⁶⁾	5/5	3/3

(1) Any Director who is unable to attend a Board meeting provides feedback to the Chairman on the matters to be discussed in advance of the meeting.

(2) Data as at 31 December 2022.

(3) Stephen Hester stood down from the Centrica plc Board at the conclusion of Centrica's 2022 Annual General Meeting. Kevin O'Byrne succeeded him as Senior Independent Director, with effect from 1 June 2022.

(4) Pam Kaur stood down from the Centrica plc Board at the conclusion of Centrica's 2022 Annual General Meeting.

(5) Amber Rudd joined the Nominations Committee with effect from 9 March 2022.

(6) On 12 January 2023, we announced that Kate Ringrose will step down as Group Chief Financial Officer and an Executive Director on 28 February 2023 and is expected to leave Centrica towards the end of 2023 after an orderly transition. Russell O'Brien will be appointed Group Chief Financial Officer and an Executive Director on 1 March 2023.

Board activity including Section 172(1) considerations

As stewards of the Company, the Board recognises that being aware of the needs and expectations of stakeholders is crucial, as it ensures that the Company is well-positioned to achieve long-term sustainable success and deliver value for all our different but interrelated stakeholder groups and society as a whole.

During the year, the Board considers a comprehensive programme of regular matters covering operational and financial performance reporting, strategic reviews and updates, and various governance reports and approvals. In addition, Board meetings regularly feature

in-depth reviews of specific topics. The Directors confirm that the deliberations of the Board, which underpin its decisions, incorporated appropriate consideration with due regard to the matters detailed in Section 172 of the Companies Act 2006.

The outcome from the key engagements, stated above, are fed back to the Board through the appropriate forum.

Woven throughout this report and on our website are further examples and evidence of how the Directors have performed their fiduciary duty under Section 172.

Section 172

The likely consequences of any decision in the long term
The interests of our colleagues
The need to foster relationships with suppliers, customers and others
The impact of the Company's operations on the community and the environment
The desirability of the Company maintaining a reputation for high standards of business conduct
The need to act fairly between members of the Company

Evidence

Please see page 7 to 9, 12 to 13, 39 to 54 and 66 to 69
Please see page 12 to 13, 37 to 38, 39 to 42, 66 to 69 and 71
Please see page 12 to 13 and 82 to 83
Please see pages 39 to 45 and 82 to 83
Please see pages 44, 71 and 82 to 83, and visit our website centrica.com
Please see pages 67 to 69

Board discussions held during the year included:

Strategy and business plan

The Board considered and oversaw the delivery of the strategic initiatives for the benefit of our stakeholders, including customers. The Board also considered the following matters:

- Strategic reviews, updates, and stress testing under a range of scenarios
- 2021 final dividend
- 2022 interim dividend
- Group Annual Plan 2022
- The Group’s strategic plan
- The Energy Supply Market
- The Climate Transition Plan
- Return of surplus capital to shareholders
- Energy transition investment opportunities
- LNG growth opportunities
- Responsible Sourcing strategy

Stakeholders considered:



Performance and risk

Financial performance and Risks, as well as risk controls and processes are regularly reported to the Board and to the Audit and Risk Committee. Risks are also brought to the attention of the Board through reports from the Group Chief Executive, Group Chief Financial Officer, heads of business and functional subject matter experts.

- Health and safety performance and Process Safety risk
- Group Performance Reports
- 2021 Preliminary results statement
- Group credit exposure and liquidity
- Business reviews, including operational performance
- Periodic results
- Cyber security risk management
- Commodity price movements
- Climate Transition Plan performance
- People & Planet Plan performance
- Going concern and viability statements
- Audit fees
- Internal Audit review
- Annual tax update
- Treasury risk management annual update
- Insurance update

Stakeholders considered:



Governance

The Board receives regular reports from the Group General Counsel & Company Secretary on governance and regulatory matters, as well as regular updates and insights on market trends from the Investor Relations function. During the year, the Board took time to consider or oversee the following key governance activities/matters:

- 2021 Annual Report and Accounts
- General Meetings
- Sale of Spirit Energy Norway and Statfjord UK
- Non-Executive Director search
- Board evaluation
- Succession planning for the Board
- Committee composition
- Reports from Committee Chairs
- Conflicts of interest reviews
- Terms of reference reviews
- Director skillset and Director training requirements
- Director independence
- Workforce engagement
- All-Employee Share Plan
- Dividend policy
- AvantiGas acquisition

Stakeholders considered:



Culture and stakeholders

The Board recognises that understanding the views and interests of the Company’s diverse community of stakeholders, including customers, is important.

The views and interests of stakeholders are considered in the development, delivery and oversight of the Group’s business model, strategy and culture. During the year, the Board considered the following matters:

- Cost of living crisis and the impact on customers
- Colleague engagement
- Pensions
- Company culture
- Investor updates and feedback
- Voice of the Customer
- Diversity & Inclusion Strategy

Stakeholders considered:



Political and regulatory environment

During the year, the Board considered the following matters:

- Macro/geopolitical developments
- Reform of energy markets
- Sanctions
- Modern Slavery Act
- TCFD disclosure
- Government intervention initiatives
- UK and Ireland energy security

Stakeholders considered:



Stakeholders key

Customers	Colleagues	Investors
Government and Regulators	Suppliers	Communities and NGOs

Stated below are some examples of the decision-making of the Board during the year demonstrating key stakeholders and their interests, and how our Section 172 duties influenced the matters considered by, and the decision-making of, the Board during the year.

Consideration of stakeholders and outcomes:

Supporting customers and colleagues in relation to the cost of living crisis

Consideration of stakeholders

Customers:

- recognising the difficult environment many customers faced due to rising energy bills and wider inflationary impacts
- supporting customers impacted by the energy suppliers that ceased to trade

Communities and NGOs:

- using our resources and reach to make a big difference in our local communities, from helping people with their energy bills, to supporting local charities

Colleagues:

- recognising the impact of the cost of living crisis on colleagues
- providing resources and wellbeing support for customer-facing colleagues assisting customers

Investors:

- identifying and managing the commercial and financial considerations arising from the energy crisis, including ensuring the strength and resilience of the Company's balance sheet

Suppliers:

- ensuring we pay suppliers fairly

Outcomes

Recognising and balancing the interests and perspectives of the different stakeholders, a wide range of measures were implemented in the Company's core markets of the UK and Ireland, including:

UK:

- providing £50 million of funding to help UK customers struggling with their energy bills, establishing the UK's largest voluntary customer support package. The Company announced on 26 January 2023 that it was committing £10 million of this funding to helping British Gas prepayment and vulnerable customers;
- investing over £25 million in 2022 in customer service, support and pricing in the UK, including the recruitment of an additional 700 UK-based customer service roles in British Gas Energy to handle a 50% increase in call volumes and help ensure we can be there when our customers need us; and
- partnering with the Post Office and British Gas Energy Trust funded organisations to deliver over 100 Post Office 'Pop-ups' in over 50 locations, ensuring people can access the help they need with their energy bills.

In 2022, we worked more closely with our local communities having moved from a national to local charity approach which included volunteering 2,098 days, a 600% increase compared to last year.

Ireland:

- investing €3.8 million to help vulnerable customers with our commitment to contribute 10% of Bord Gáis Energy's operating profits for the duration of the energy crisis; and
- we agreed a new pay deal in 2022 which takes current inflationary pressures in the UK into account.

In early 2022, Bord Gáis Energy announced an extension of its partnership with homeless charity Focus Ireland for a further five years. Since the partnership was established in 2015, Bord Gáis Energy has committed over €4.4 million to help those experiencing homelessness and in 2022 alone, Bord Gáis Energy supported services assisted 1,869 Focus Ireland customers.

For colleagues, we provided a one-off cost of living payment in December 2022 to more than 19,000 employees to help them manage rising household prices. We also introduced a number of other financial and non-financial initiatives for our employees including an energy allowance for all employees who are British Gas customers and reduced price lunches at all our sites, and we have launched a number of new programmes aimed at supporting the mental health of our employees, particularly those that work in our call centres helping our customers who are struggling with rising household bills.

Supporting energy security in our core markets in response to the global energy crisis

Consideration of stakeholders

Government and Regulators:

- acting as a Supplier of Last Resort (SoLR)
- supporting and implementing Government initiatives, including the UK Energy Price Guarantee and UK Energy Bills Support Scheme
- supporting and enabling Government management of energy security

Customers:

- improving UK security of supply to ensure energy remains reliable and affordable for customers

Investors:

- realising commercial strengths available from the Company's assets and enabling the transition to net zero, including through a potential future pathway to hydrogen storage and associated market opportunities

Suppliers:

- targeting high standards of business conduct, which in turn brings benefits to communities and the environment

Outcomes

The Company played an active role in furthering energy security in its core markets of the UK and Ireland, including through:

- recruitment of over 1,000 new apprentices across 2021 and 2022, creating skilled, well-paid British jobs to play an important role in the drive for net zero in the UK;
- taking on another 176,000 customers in 2022 (taking the total over 2021 and 2022 to 700,000 customers) through Ofgem's SoLR processes, ensuring they received an uninterrupted supply of gas and electricity;
- securing increased volumes of gas and renewable energy to improve the UK and Europe's security of supply, including an agreement with Equinor to bring an additional 1 billion cubic metres of gas to the UK for each of the next three winters;
- re-opening Rough as a gas storage facility contributing to strengthening the UK and Ireland's security of supply with the potential transition to hydrogen storage in future;
- announcing plans to convert a decommissioned gas-fired power station at Brigg into a 50MW/100MWh battery storage facility capable of supplying the equivalent of a full day's energy consumption for 11,000 households;
- recognising the role of natural gas as a transition fuel, whilst assessing any impact on climate transition objectives; and
- collaboration with suppliers to embed high standards from our Responsible Sourcing Policy and undertaking audits with suppliers to verify that they uphold our commitments.

Reintroduction of the dividend

Consideration of stakeholders

Investors:

- recognising the importance of the dividend to shareholders and of the impact on shareholders by the decision taken by the Board to cancel the 2019 final dividend payment amidst the COVID-19 pandemic and that no dividend was declared by the Company in respect of 2020 or 2021 due to the ongoing COVID-19 pandemic
- strengthening the Group's balance sheet
- ensuring the delivery of strong free cash flow generation

Customers and colleagues:

- providing support for customers and colleagues in the context of the macroeconomic environment

Government and Regulators:

- taking steps to repay COVID-19 furlough monies received from the UK Government prior to the declaration of a dividend

Pensions:

- ensuring the interests of the Company's pension schemes were properly reviewed to ensure that they were protected prior to declaring a dividend

Outcomes

Following the actions taken by the Company in 2020, 2021 and 2022 to strengthen the Company's balance sheet, the Company was well placed to reintroduce the dividend to shareholders.

On 28 July 2022 the Company announced the reinstatement of an ordinary dividend via declaration of a 2022 interim dividend per share of 1.0 pence, the first dividend to be paid since 2019, paid on 17 November 2022 to shareholders on the register on 7 October 2022.

The Directors' propose a 2022 final dividend per share of 2.0 pence for the year ended 31 December 2022, consistent with our historic policy of paying roughly a third of the full year dividend as an interim.

We expect the dividend to be progressive and dividend cover from earnings to move to around two times over time, recognising the ratio is likely to vary each year dependent on the business cycle.

Launching the share repurchase programme

Consideration of stakeholders

Investors:

- ensuring the Company considers the potential return of any surplus structural capital to shareholders

Customers:

- ensuring the provision, in parallel, of additional funding to support customers facing difficulties with bills during the ongoing energy and cost of living crisis

Colleagues:

- ensuring steps could be taken in parallel to deliver an appropriate pay settlement for colleagues amidst the cost of living crisis

Pensions:

- ensuring that the funding required to be provided by the Company to the schemes was costed and built into the Company's future financial plans

Outcomes

Given the Company's financial performance, balance sheet strength and liquidity position, the Company announced, on 10 November 2022, plans to commence a share repurchase programme of up to 5% of its issued share capital. On 15 November 2022, the Company announced the commencement of the share buyback programme to be conducted over a period of up to 6.5 months to buy back shares up to an aggregate price of up to £250,000,000, representing an amount equal to the aggregate value of approximately 5% of the Company's issued share capital at the share price on that date.