

CENTRICA PLC

REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Centrica plc
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Registered in England & Wales No 3033654

centrica

Introduction

This Report contains payments to Governments made by Centrica plc and its subsidiaries for the year ended 31 December 2017 as required under the UK's Report on Payments to Governments Regulations 2014 (as amended in December 2015). These UK Regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive (2013)) and apply to large UK incorporated companies like Centrica Plc that are involved in the exploration, prospection, discovery, development and extraction of oil, natural gas deposits or other materials. This Report is also intended to satisfy the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom.

Basis of preparation

Legislation

This Report is prepared in accordance with The Reports on Payments to Governments Regulations 2014 as enacted in the UK in December 2014 and as amended in December 2015.

Reporting entities

This Report contains payments to Governments made by Centrica plc and its subsidiaries involved in the "Activities" below.

Activities

Payments made by Centrica Plc or any of its subsidiaries to Governments arising from activities involving the exploration, prospection, discovery, development and extraction of oil and natural gas deposits or other materials (extractive activities) are disclosed in this Report.

Government

Government includes any national, regional or local authority of a country, and includes a department, agency or entity that is a subsidiary of a Government, which includes a national oil company.

Project

Payments are reported at project level except those which are not attributable to a specific project, are reported at entity level. 'Project' means the operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a Government. If agreements of the kind referred to in the definition of 'project' are substantially interconnected, those agreements are treated for the purposes of these regulations as a single project.

Payment

The information is reported under the following payment types. All payments are denoted as positive numbers and receipts/refunds are denoted in brackets.

Production entitlements

Subject to the terms of the contractual arrangements, payments are calculated on the basis of the Government's share of production (whether a Government department, agency or state-owned enterprise) under production sharing agreements. There were no reportable Production entitlement payments made to a Government during the year ended 31 December 2017.

Taxes

Tax payments made on the income, production or profits of companies, but excluding taxes levied on consumption (such as VAT, personal income taxes or sales taxes).

Royalties

These are payments for the rights to extract oil and gas resources, typically at set percentage of revenue less any deductions that may be taken. Any Royalty payments made in kind are also included.

Dividends

These are dividend payments other than dividends paid to a Government as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties. There were no reportable Dividend payments made to a Government during the year ended 31 December 2017.

Bonuses

These are payments for Bonuses. These are usually paid upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or reached a milestone. There were no reportable Bonus payments made to a Government during the year ended 31 December 2017.

Fees

These are licence fees, rental fees, entry fees and other considerations for licences or concessions. Administrative fees, payments for permits and payments for services provided by a government have been excluded.

Infrastructure improvements

These are payments which relate to the construction of infrastructure (road, bridge or rail) not substantially dedicated for the use of extractive activities. There were no reportable Infrastructure Improvement payments made to a Government during the year ended 31 December 2017.

Operatorship

Where Centrica Plc or any of its subsidiaries make a payment directly to a Government arising from a project, regardless of whether Centrica Plc is the operator, the full amount paid is disclosed irrespective of whether costs are subsequently recovered through cost sharing arrangements.

Cash and in-kind payments

Payments are reported on a cash basis. In-kind payments are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment, which can be at cost or market value or such value as stated in the contract. In-kind payments are reported in both volumes and the equivalent cash value.

Materiality Level

Payments, whether made as a single payment or as a series of related payments to a Government, have been excluded from the report if they are cumulatively below £86,000 for the reporting period.

Exchange Rate

Payments made in currencies other than British Pound are translated for this Report based on the foreign exchange rate as of the Centrica Plc year end 31 December 2017.

Summary Report by Country (GBP 000's)

Payments/(Refunds)

Country	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
United Kingdom		(16,488)				2,123		(14,365)
Netherlands						1,239		1,239
Norway		149,404				3,469		152,873
Canada		9,291	14,046			6,238		29,575
Trinidad & Tobago						851		851
Total		142,207	14,046			13,920		170,173

United Kingdom (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Oil and Gas Authority						2,123		2,123
Her Majesty's Revenue and Customs		(16,488)						(16,488)
Total		(16,488)				2,123		(14,365)

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Brae		(949)						(949)
Chestnut						115		115
Greater Markham Area						1,258		1,258
Morecambe Hub		(11,310)				339		(10,971)
Statfjord						140		140
Victor		(4,229)						(4,229)
Exploration Licences						271		271
Total		(16,488)				2,123		(14,365)

Netherlands (GBP 000's)	Payments/(Refunds)
--------------------------------	---------------------------

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Apeldoorn Tax Authority						300		300
Oil and Gas Authority						939		939
Total						1,239		1,239

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Greater Markham Area						1,239		1,239
Total						1,239		1,239

Norway (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Oljedirektoratet						3,469		3,469
Skatteetaten		149,404						149,404
Total		149,404				3,469		152,873

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		149,404						149,404
Fogelberg						1,235		1,235
Ivory/Vale						(80)		(80)
Oda						2,314		2,314
Total		149,404				3,469		152,873

Canada (GBP 000's)

Payments/(Refunds)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Alberta Department of Energy			9,083					9,083
Alberta Energy Regulator						3,337		3,337
Alberta Petroleum Marketing Commission*			2,661					2,661
Alberta Energy Minister of Finance						808		808
British Columbia Minister of Finance, Energy & Mines						857		857
Canada Revenue Agency		2,226						2,226
Government of Alberta						860		860
Minister of Finance, Mineral, Oil & Gas Revenue Branch						132		132
Minister of Finance, Province of Alberta		1,119						1,119
Canada Receiver General			473					473
Saskatchewan Ministry of Energy and Resources						150		150
British Columbia Ministry of Finance			1,829					1,829
Alberta Boilers Safety Association						94		94
Municipal Government – Rocky View		289						289
Municipal Government – Stoney Tribal Administration		127						127
Municipal Government – MD of Bighorn No 8		650						650
Municipal Government – Yellowhead		1,320						1,320
Municipal Government – Ponoka County		296						296
Municipal Government – Tumbler Ridge		300						300
Municipal Government – Northern Rockies		288						288
Municipal Government – Saddle Hills		305						305
Municipal Government – Camrose No 22		258						258
Municipal Government – Barrhead		131						131
Municipal Government – Lacombe		94						94
Municipal Government – Wetaskiwin No 10		144						144
Municipal Government – Clearwater		1,381						1,381
Provincial Government – British Columbia Minister of Finance		363						363
Total		9,291	14,046			6,238		29,575

Canada (GBP 000's)

Payments/(Refunds)

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		3,345						3,345
Foothills Operating Area		127	2,874			672		3,673
Hanlan Robb Operating Area		2,198	3,378			706		6,282
North Operating Area*		2,304	4,605			410		7,319
South Operating Area		62	938			3,264		4,264
Peace River Arch Operating Area		1,255	2,251			1,186		4,692
Total		9,291	14,046			6,238		29,575

Trinidad (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Ministry of Finance and the Economy						851		851
Total						851		851

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Block 22						155		155
NCMA-4						696		696
Total						851		851