

**Centrica General Meeting
13 January 2022
Responses to questions from shareholders**

Q1. Will the sale proceeds, that is, the profit from the sale of Spirit Energy's Norwegian business and interests in the Statfjord field, be used to pay shareholders a special big dividend, and if so, when? In a following related question, will a scrip or drip be available to shareholders after the sale regarding the payment of the dividend for shareholders wishing to increase their shareholding instead of receiving a cash dividend?

Scott Wheway: As both of those questions relate in different ways to the dividend, I'll take those directly. Shareholders will have noted in our announcement our intention at the moment to retain the proceeds from this proposed transaction.

We still have a number of moving parts that we're working through in our balance sheet and the environment that sits around it, not least of which we remain in constructive discussions with our pension trustees on the next triennial settlement.

And, as you will have seen from the environment that we've been working through the last year, the Board's view is that our decisions earlier to maintain and keep a very strong balance sheet have served the Company well recently, and we intend to continue to take that prudent position.

Having said that, the Board is very mindful of the importance of the dividend to shareholders, and it remains under active consideration, but at the point of this meeting, we've got nothing further to describe on that subject.

As regards the different types of dividend distributions and treatments, I would note that in our half-year of 2019, we made the announcement that we intended to discontinue the items that have been alluded to, but of course, at the moment, we do not have a dividend announced, and so, therefore, we can't speculate on other forms that would sit around it, and we will continue to actively consider all of those options.

Q.2 Our next question relates to the link between the transaction and Centrica's share price. It asks: do you expect the sale to result in an increased Centrica share price, and will this be substantial?

Scott Wheway: I know many shareholders will appreciate we're never in a position where it's appropriate for us to speculate on what's going to happen to future share prices, but I will hand over to Chris and ask him to give us some detail around his thoughts as to how this transaction fits into our strategic requirements.

Chris O'Shea: Thank you, Chairman. So, obviously, there are many factors which affect our share price, and we can't provide a prediction of what might happen in the future, but your Board believes that this transaction represents attractive value, and we consider collectively the sale to be in the best interests of shareholders.

We believe we're taking the right actions to create a more sustainable Company focused on our core businesses and, as a consequence, unlock shareholder value.

You will have noted that the share price increased by around 50 per cent in 2021, albeit from a low base. But we are, as a Board and as a management team, all too aware that the shareholder experience has been challenging to say the least, after too many years of disappointment and unacceptable performance. The Board and the management team remain focused on further improving performance and further improving your Company. And we expect if we do that, that will be reflected in the share price.

Thank you, Chairman.

Q.3 The next question relates to any linkage to Centrica's pension scheme. The question asks: My question relates to the Centrica final salary pension scheme. My understanding is that there is an agreement that Centrica PLC contributions to the pension scheme will be asset-backed. Can the Board provide assurance that with the raft of disposals in recent years, the asset backing is still secure and that it is still the Board's intention for such backing to be maintained?

Scott Whewey: Our Chief Financial Officer has been leading for the executive team on this issue, and I'll ask Kate to address that question, please.

Kate Ringrose: Thank you, Scott, and thank you for the question. Just as a reminder, Centrica operates three Defined Benefit Schemes, and the last completed triennial valuation of these schemes was back in March 2018, at which point in time the three schemes were in a technical provision or requiring funding, so a deficit.

And we all agreed with the pension fund trustees that we would address this deficit through annual payments, which were a mixture of cash and previously committed contributions from an asset-backed contribution arrangement.

I can confirm that that arrangement remains unchanged at this point, and it hasn't been affected by the recent disposals, and the Board remains committed to them. Under the pension regulations, we have 15 months in total from the date of the triennial valuation for the three defined benefit schemes, which was at 31 March 2021, to reach an agreement with the pension scheme trustees on the level of the deficit and the structure of the deficit repair plan.

These conversations are constructive and are ongoing. And it's also just worth noting that Spirit Energy as a whole is not a participant in the Centrica Defined Benefit Schemes.