

Basis of Reporting – Climate Transition Plan 2024

This is a shortened version of the Basis of Reporting (BOR) held internally, intended to provide external stakeholders with essential information to better understand the principles of the ambition. Excluded sections include RACI tables, reporting frequency and format, glidepaths and documented dependencies. This document includes two of Centrica's ambitions, which were chosen for external publication based on investor interest.

Contents

- [Green investment](#)
- [Green skills](#)

Green investment: >50% from 2023-28

1. Ambition description

Expectations are rising for companies to measure, disclose and start to target the growth of 'green' revenues and capital allocation aligned to their Climate Transition Plans and net zero. As a demonstration of our commitment, and a clear indicator of our ongoing alignment towards a low carbon economy, we have publicly reaffirmed our ambition to invest over 50% of our total capital expenditure in green activities from 2023 to 2028.

Ambition definitions:

Capex: Organic and inorganic project investments/expenditure, fund investments, M&A costs, maintenance costs, other Group and system spend.

Green activities: Activities evaluated as 'green' according to our company's framework, which is grounded in the principles of the EU's Sustainable Taxonomy.

2. Scope

Table 1 – Scope overview

	In scope	Out of scope
Geography	<ul style="list-style-type: none"> Global 	<ul style="list-style-type: none"> N/A
Organisational	<ul style="list-style-type: none"> All Centrica businesses incorporated into our accounts (incl. Spirit Energy joint venture) 	
Financial	<p>Aligned with Centrica's standard financial accounting, financial investment includes:</p> <ul style="list-style-type: none"> Centrica capex (incl. organic and inorganic project investments/expenditure, fund investments, maintenance costs, other Group and system spend) Acquisition costs 	<ul style="list-style-type: none"> Divestment costs Pre-FID costs (i.e. Devex)

The ambition and scope are subject to periodic review by the Group in line with reporting frequency and revisions may be needed should there be material changes in our geographic operations, operational coverage, or organisational structure.

3. Calculation methodology

Base year: Start of 2023 calendar year

Target year: End of 2028 calendar year

Unit of measure

Percentage (%) of total capex invested into green activities according to our company framework (see classification approach).

4. Classification approach

Due to the strict limitation and evolving nature of the EU Taxonomy, we use a company framework built on the same foundations to assess whether activities can be classed as 'green'. All activities must align with an Eligible activity, either directly or indirectly, be in a strong position to pass the relevant Alignment tests should they be undertaken and support the growth of our green initiatives.

Green classification by activity

This section provides a representative overview of material investments made over recent years. It is not an exhaustive list but aims to illustrate the types of investments categorised as green versus non-green. The focus is on highlighting key examples rather than detailing every investment, many of which may not be relevant to investors.

Green

Smart metering service (Meter Asset Provider)
Storage of electricity in Battery Energy Storage Systems (BESS)
Electricity generation from solar photovoltaic technology (Solar PV)
Electricity generation from nuclear energy
Engineer fleet electric vehicle (EV) charge points

Non-green

System transformation costs
Natural gas-fired peaking power plants
Software systems
Engineer devices
Maintenance investment in existing gas production assets

Engineers with green skills – 3,000 by 2030

1. Ambition description

Equipping our engineer base with green skills will be crucial to meeting future consumer demand for low carbon technologies. With the publication of the second Climate Transition Plan and having reviewed our business strategy and latest market conditions, we have refreshed and expanded our set of ambitions, including a commitment to helping transition our labour force to deliver net zero, by having 3,000 engineers with green skills in the UK and Ireland by 2030.

Ambition definitions:

Field engineers – Direct labour employed by Centrica

Green skills – Ability to install, repair or maintain any of the following: heat pumps (HPs), electric vehicle (EV) chargers, gas or electricity smart meters.

2. Scope

Table 1 – Scope overview

	In scope	Out of scope
Geography	<ul style="list-style-type: none"> UK and Ireland (UK&I) 	<ul style="list-style-type: none"> Non-UK&I
Organisational	<ul style="list-style-type: none"> British Gas Services and Solutions (BG S&S) Bord Gáis Energy 	<ul style="list-style-type: none"> All other business units Any future acquisitions
Operational	<ul style="list-style-type: none"> Direct labour FTEs Skills in installing, repairing and maintaining green technologies (see Table 2) Home Electrical Cover (HEC) electricians with green skills 	<ul style="list-style-type: none"> Service partner FTEs FTEs from future acquisitions

Table 2 – Green skills classification

Green technologies eligible for green skills

Air source heat pumps
EV chargers
Gas and electric smart meters

The ambition and scope will be subject to review should there be material changes in our geographic operations, market and asset coverage, or organisational structure. The inclusion of additional skills such as energy efficiency advice will be reviewed annually to reflect latest business activities.

3. Calculation methodology

Target year: End of 2030 calendar year

Unit of measure: Number of engineers with green skills