

Review of our trade associations 2022 - Climate

1. Summary

Centrica utilises its position of influence to advocate for positive policy development on key issues such as getting to net zero. The aim of this review is to improve the transparency around our indirect advocacy and strengthen the surrounding governance.

We're a member of many trade associations. And we believe that these relationships are key because they help our company progress our growth ambitions as well as our ability to reach net zero, whether through utilising the associations' combined power of influence or by sharing knowledge and expertise. We recognise that each trade association engages in advocacy on matters that are important to their members, and this can often cover a broad spectrum of views. However, we're committed to ensure that each association that represents Centrica, engages in advocacy that's aligned with the goals of the Paris Agreement.

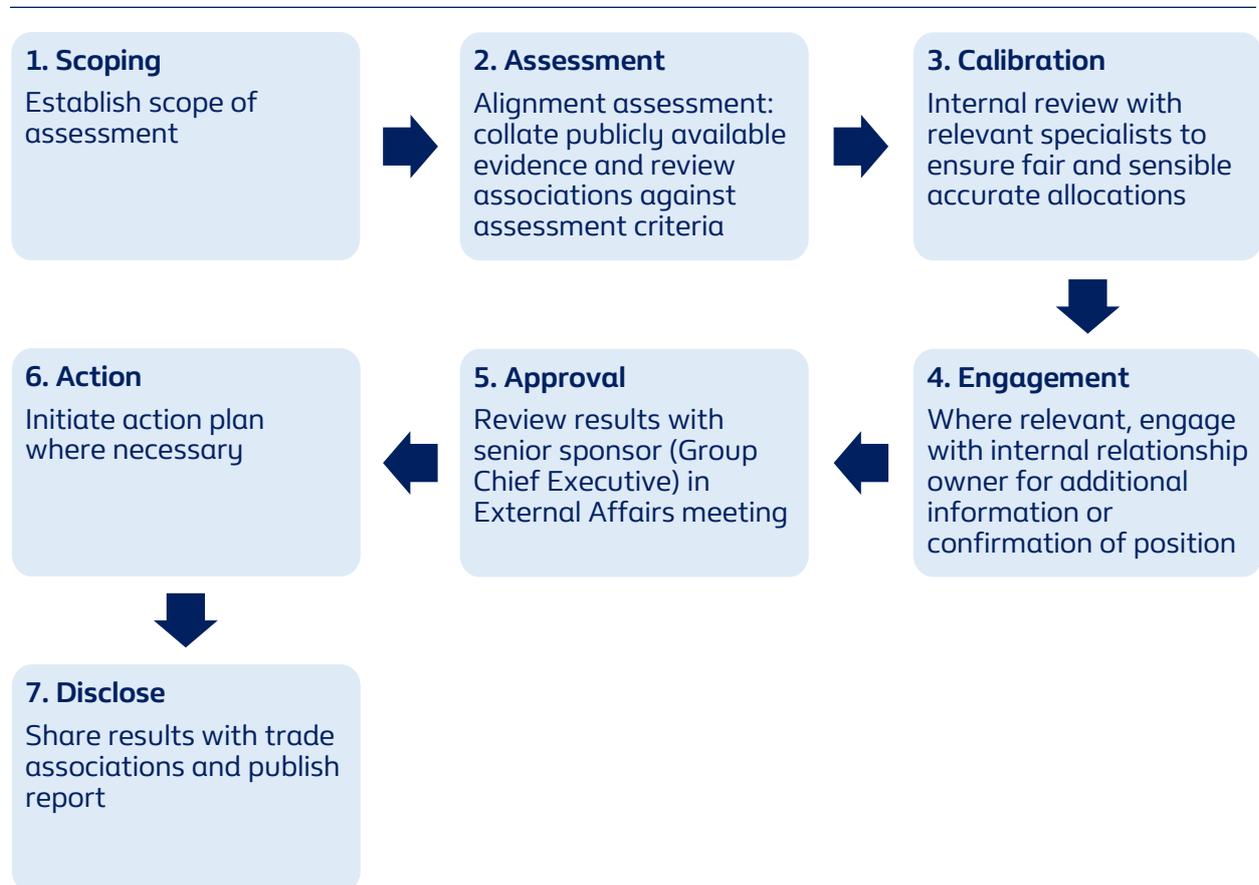
Our 2022 review found no evidence of misalignment between our trade associations and the Paris Agreement. A total of 24 associations were "Strongly Aligned", whilst two were "Aligned". We'll therefore maintain membership with these associations as we continue to advocate for positive climate policy. If we find evidence of misalignment in the future, we're committed to taking appropriate action through engagement and if necessary, re-evaluate our relationship.

This is Centrica's first detailed trade associations review. And we plan to conduct this assessment on an annual basis so that we can monitor the ongoing advocacy of our associations. In addition to this, we've increased governance around our new membership process by including a Paris-alignment assessment before any new membership can be approved.

2. Methodology

2.a Process of review

To undertake this review and future reviews, we follow the below process:



2.b Scoping

All paid corporate memberships are in scope. Any association that's signed up to by a Centrica employee for individual membership, are excluded. For example, *Institute of Environmental Management and Assessment*.

We also screened out associations who are unlikely to take a climate position as "Not Applied" (see appendix). For example, *Step Change in Safety*. This allows us to focus only on the trade bodies who might have influence on decarbonisation.

In 2022, this resulted in the assessment of 26 out of 29 associations.

2.c Assessment

Alignment has been assessed in relation to the Paris Agreement and Centrica's net zero goals. For the purposes of this review, Paris is defined as a goal to limit global warming to well below 2 degrees Celsius, and preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Table 1: Alignment definitions

Alignment level	Definition
Strongly aligned	Evidence of alignment with Paris and relevant key positions appropriate to materiality, with negligible evidence of misalignment. Or, where the primary purpose of the association is related to decarbonisation.
Aligned	As above, but either low level of disclosure or evidence surrounding support for Paris relative to materiality.
Misaligned	Evidence of misalignment in the form of stated opposition to one or more of Centrica’s key climate policies and/or Paris.

2.d Action planning

Table 2: Proposed actions in the instance of misalignment

Alignment level	Actions
Strongly aligned	Maintain relationship and monitor advocacy. Relationship will be reviewed annually.
Aligned	Maintain relationship, but actively engage and monitor advocacy. Relationship will be reviewed annually.
Misaligned	Devise a tailored engagement approach with internal relationship owner to address perceived misalignment. Failure to respond appropriately to a confirmed misalignment will lead to a review of membership, up to and including termination.

2.e Annual review

We plan to conduct an annual refresh of this analysis and reassess the alignment of all associations. We recognise how dynamic the market landscape is and as a result, the extent of advocacy that each trade association will engage in every year. The results of every review will be published on centrica.com and all our in-scope trade associations will be notified of the report.

3. Results

Table 3: 2022 assessment results

Association Name	Alignment
British Irish Chamber	Strongly Aligned
Business in the Community	Strongly Aligned
Electricity Association of Ireland	Strongly Aligned
Energy UK	Strongly Aligned
CBI Confederation of British Industry	Strongly Aligned
Association for Decentralised Energy	Strongly Aligned
European Federation of Energy Traders	Strongly Aligned
Solar Energy UK	Strongly Aligned
Economic Social Research Institute	Strongly Aligned
Irish Business and Employers Confederation	Strongly Aligned
Heating and Hot Water Industry Council	Strongly Aligned
Aberdeen and Grampian Chamber of Commerce	Strongly Aligned
TechUK	Strongly Aligned
Heat Pump Federation	Strongly Aligned
British Vehicle Rental and Leasing Association	Strongly Aligned
Marketing Society	Strongly Aligned
Irish Information Security Forum	Strongly Aligned
Step Change in Safety	Strongly Aligned
Hydrogen Ireland	Strongly Aligned
Irish Green Building Council	Strongly Aligned
Renewable UK	Strongly Aligned
Renewable Energy Association	Strongly Aligned
Making Hydrogen Happen	Strongly Aligned
Decarbonised Gas Alliance	Strongly Aligned
Carbon Capture and Storage Association	Strongly Aligned
North-West Hydrogen Alliance	Strongly Aligned
Hydrogen UK	Strongly Aligned
Offshore Energies UK	Aligned
International Association of Oil and Gas Producers	Aligned

Appendix

A1. List of associations de-scoped from assessment:

- Marketing Society of Ireland
- Irish Information Security Forum (IISF)
- Step Change in Safety