

Basis of Reporting 2022

In 2023, we engaged DNV Business Assurance Services UK Limited (DNV) to conduct an independent limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'.

DNV has provided an unqualified opinion in relation to four KPIs that are identified in this Basis of Reporting for performance disclosed in the Annual Report and Accounts 2023, on pages 1, 53 and 251, identified with the symbol '†'.

For more, view centrica.com/ar23 and centrica.com/assurance

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- [Total greenhouse gas emissions \(scope 1 & 2\)](#)
- [Total energy use](#)

Total greenhouse gas emissions (Scope 1 & 2)

1. KPI description

The reporting of the company’s total greenhouse gas (GHG) emissions in our Annual Report and Accounts is a legal requirement under The Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. It also enables us to understand our GHG footprint, a pre-requisite for the successful management of such emissions.

We follow guidance on Scope 1 & 2 emissions reporting from the GHG Protocol’s Corporate Accounting and Reporting Standard and the UK Government’s Environmental Reporting Guidelines. We have continued with our operational control and Scope 2 market-based approaches, introduced in 2021, to enable us to reflect our operational decisions, including where we source our imported power. There have been no material changes in the assets and operations that we reported in 2022. For completeness, we’ll also report a location-based approach as a secondary methodology.

2. Reporting Boundary and Scope

Table A – 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 operated reporting entities across Centrica¹ irrespective of equity and ownership | <ul style="list-style-type: none"> Reporting entities where Centrica does not have operational control² Independent franchisees of Centrica owned franchises |
| Operational | <ul style="list-style-type: none"> Scope 1 emissions from the combustion of fuels in the premises, vehicles, equipment, and machinery operated³ by the reporting entity Combustion of hydrocarbons in flaring Release of unburnt hydrocarbons Scope 2 (market-based) emissions associated with the electricity, heat and steam we import for use in our premises, vehicles, equipment, and machinery | <ul style="list-style-type: none"> Carbon dioxide emissions released during the combustion of biologically sequestered carbon – biomass and biofuels |

Table B – Scope 1 & 2 emissions

| In scope | Out of scope |
|---|---|
| Offices and other buildings | |
| Scope 1 | Scope 1 |
| Emissions from offices that we wholly or partially own or lease: ⁴ | <ul style="list-style-type: none"> Emissions from offices that we sub-lease to others Emissions from non-operated customer/supplier properties where we have personnel based CO₂ emissions produced from burning biofuels onsite to generate heat and power for on and offsite use (out of scope carbon is reported separately) |
| <ul style="list-style-type: none"> Gas use Building gas oil use Refrigerant loss CH₄ and N₂O emissions produced from biofuels | |

¹ We define ‘operated reporting entities/assets’ as those where Centrica has the authority to decarbonise through fuel selection, capital investment, asset wind-down and/or closure. This includes the authority to dictate operating policy and profile, through its own workforce or that of a third party and authority to procure and control fuel sources.

² Reporting entities where we have equity but do not operate include Nuclear and Combined Heat & Power (CHP) units on customer sites. The emissions from our equity in these assets is included in our scope 3, category 15 (Investments) emissions.

³ ‘Operated’ includes buildings and vehicles leased by Centrica.

⁴ Building diesel use is excluded as Centrica has not used any in the past five years.

Table B continued

| | |
|--|--|
| <p>Scope 2 Emissions from offices that we occupy and own or lease:</p> <ul style="list-style-type: none"> • Imported power (whether from Centrica or another supplier) • Imported heat | <p>Scope 2</p> <ul style="list-style-type: none"> • Emissions from offices that we sub-lease to others • Emissions from non-operated customer/supplier properties where we have personnel based |
| <hr/> | |
| Fleet | |
| <p>Scope 1 Emissions from:</p> <ul style="list-style-type: none"> • Commercial fleet vehicles owned or leased by Centrica⁵ • Company cars (business travel only) • Rental cars where the fuel is claimed back as expensed mileage <p>Scope 2 Emissions from:</p> <ul style="list-style-type: none"> • Imported power for electric commercial vehicles • Imported power for electric company cars (business travel only) | <p>Scope 1 Emissions from:</p> <ul style="list-style-type: none"> • Contractor's vehicles • Personal mileage in company cars, including commuting • Rental car fuel use unless claimed as expensed mileage • Grey fleet (personally owned cars used for company business) • CO₂ emissions from biofuels in forecourt fuel <p>Scope 2</p> <ul style="list-style-type: none"> • Imported power for hybrid electric company cars⁶ |
| <hr/> | |
| Power generation reporting entities | |
| <p>Scope 1 Emissions from power generating entities where we are the operator:</p> <ul style="list-style-type: none"> • Combustion - Greenhouse gasses (CO₂e) from fuel combustion • Fugitive emissions - Fugitive GHG (incl. methane (CH₄) from gas turbines, Sulphur Hexafluoride (SF₆) leakage, fugitive natural gas emissions and refrigerant leakage (HFCS and PFCS) <p>Scope 2</p> <ul style="list-style-type: none"> • Imported power for plant consumption (whether from Centrica or another supplier) | <p>Scope 1 N/A</p> <p>Scope 2 N/A</p> |
| <hr/> | |
| Hydrocarbon production, transport & storage reporting entities | |
| <p>Scope 1 GHG emissions from reporting entities where we are the operator:</p> <ul style="list-style-type: none"> • Combustion - Greenhouse gases (CO₂e) from fuel combustion (incl. flaring) • Process emissions - Venting natural gas (mainly methane (CH₄)) and Carbon dioxide (CO₂) from hydrocarbon processing, • Fugitive emissions - Fugitive GHG (incl. methane (CH₄)) from gas turbines, Sulphur Hexafluoride (SF₆) leakage, fugitive natural gas emissions and refrigerant leakage (HFCS and PFCS) <p>Scope 2</p> <ul style="list-style-type: none"> • Imported power for plant (whether from Centrica or another supplier) | <p>Scope 1 N/A</p> <p>Scope 2 N/A</p> |

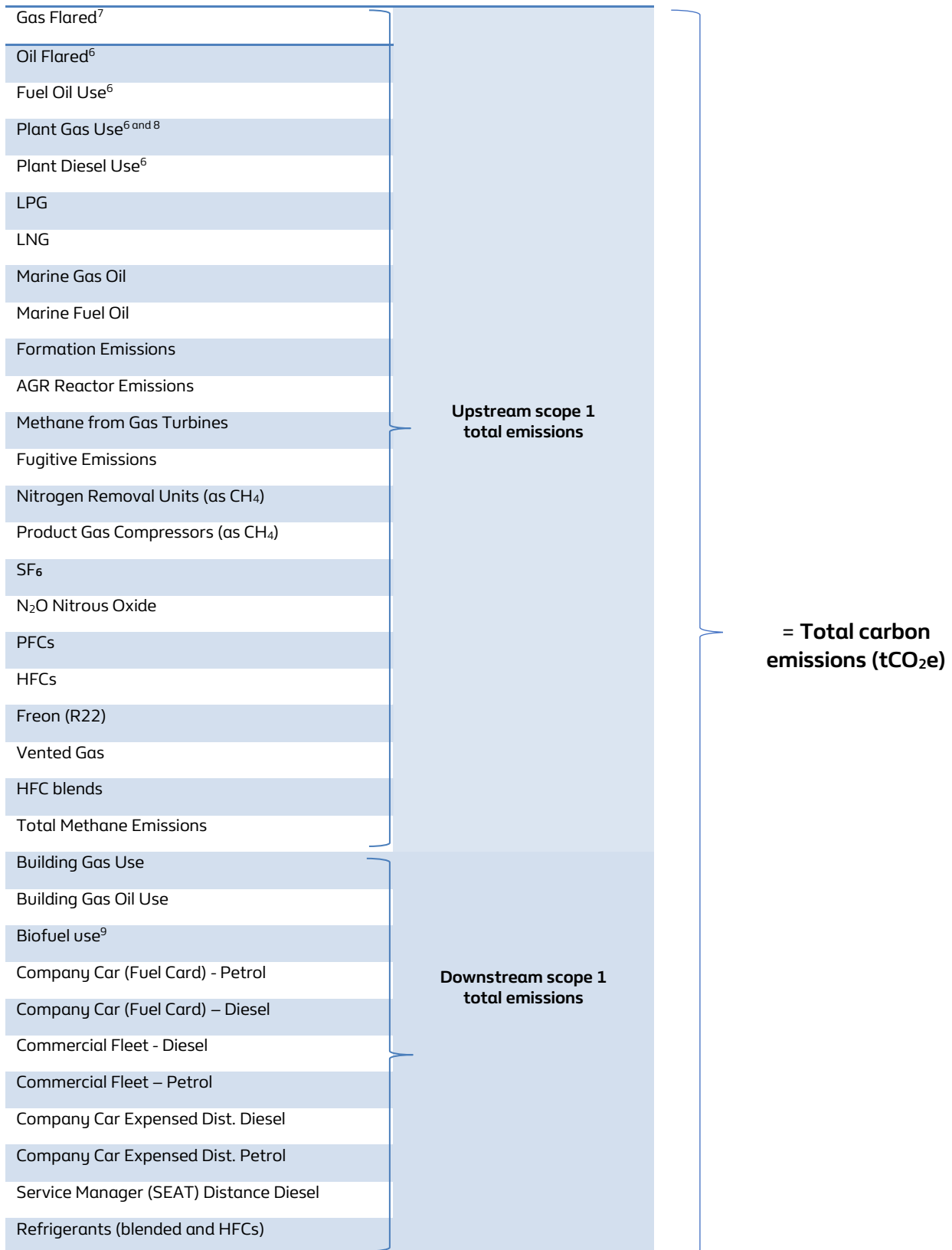
⁵ CH₄ and N₂O emissions from biofuels in forecourt fuel are included in Scope 1 emissions.

⁶ Hybrid company cars are a small component of our company car fleet. Their emissions are captured in the scope 1 vehicle emissions.

3. Calculation methodology

3.1 Unit of measure - Tonnes of carbon dioxide equivalent (tCO₂e)

3.2 Calculation: Table C - Constituent indicators

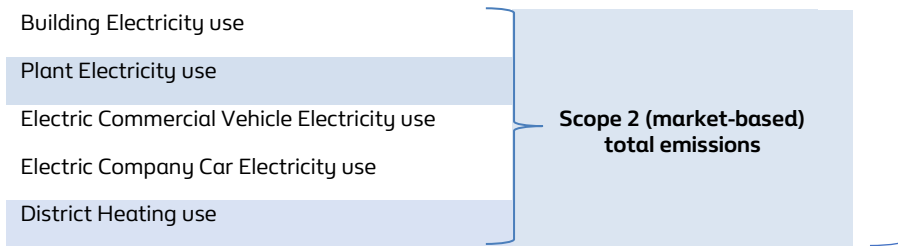


⁷ Where ETS data is available, this value will replace Gas Flared, Oil Flared, Fuel Oil Use, Plant Gas Use, Plant Diesel Use.

⁸ Includes non-CO₂ emissions (CH₄ and N₂O) from Plant Landfill Gas Use.

⁹ Includes non-CO₂ emissions (CH₄ and N₂O) from Biofuel and Biomass Use.

Table C continued...



4. Data quality, collection and reporting frequency

Centrica plc HSES Reporting Standard 03 sets out the detailed data collection process and is available internally. Data is collected quarterly and biannually via a global online reporting system. We have Centrica’s ‘Total greenhouse gas emissions’ KPI externally assured, demonstrating our commitment to the data quality that underpins our reported figures.

Imported power market-based emissions are calculated based on the following premise:

- Green tariff at zero emissions
- Supplier specific emission factors
- Residual emission factor where power source is unknown
- Grid average in North America and Israel

Where fuel consumption is reported in energy units, the relevant emission factor is applied based on the calorific value approach of the fuel. For example, natural gas consumption is reported as gross calorific value.

5. Assumptions

Site specific emission factors are used where available and when there is site specific variation (e.g. unprocessed natural gas) to convert activity data into GHGs. Where there is negligible site-specific variation, standard emission factors from published sources are applied, including:

- UK Government GHG Conversion Factors for Company Reporting
- United States Energy Information Administration (EIA)
- Egrid Summary Tables, International Energy Agency (IEA)
- Environmental Protection Agency (EPA)

6. Appendix

Assets that materially contribute to our total GHG emissions include:

- Bord Gáis Energy
 - Whitegate power station
- British Gas
 - Vehicle fleet
- Centrica Business Solutions
 - Glanford Brigg power station
 - Roosecote battery storage
- Centrica Energy
 - LNG shipping
- Centrica Energy Storage+
 - Easington gas terminal
 - Platform 473B
- Spirit Energy
 - Barrow terminal
 - J6A platform
 - Morecambe offshore platform
 - York platform

Together, these assets account for >90% of Centrica's total carbon emissions.

Total energy use

1. KPI description

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, implements the UK Government's policy on Streamlined Energy and Carbon Reporting (SECR), which requires quoted companies to report the underlying global energy use that is used to calculate their scope 1 and 2 Greenhouse Gas Emissions (GHG) emissions.

Energy consumption is one of the Global Reporting Initiative's (GRI) core indicators (GRI 302-1) for environmental reporting. The KPI includes the global consumption of all forms of energy products, including fossil fuels, renewable energy, and electricity. The energy use is required to be reported by 'UK and Offshore' and 'Non-UK'.

We continue to report an operational control approach for our energy consumption and emissions. This includes Spirit Energy's operated assets¹⁰.

2. Scope

Table A – 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 operated reporting entities across Centrica¹¹ irrespective of equity and ownership | <ul style="list-style-type: none"> Reporting entities where Centrica does not have operational control¹² Independent franchisees of Centrica owned franchises |
| Operational | <ul style="list-style-type: none"> Energy consumed as fuel or electricity | <ul style="list-style-type: none"> Assets sub-leased to a third party Third-party assets contracted, but not operated, by Centrica. e.g., offshore helicopters and shipping Flared Gas¹³ |

3. Calculation methodology

3.1 Unit of measure

Kilowatt hours (kWh) as specified by the Regulations 2018.

3.2 Conversion Factors

Net Calorific Value conversion factors are applied to all fuel consumption conversions to energy units.

¹⁰ After the sale of Spirit Energy Norway in 2021 and a change in the Spirit Energy Board, Centrica's relationship with the remaining Spirit Energy assets (UK and Netherlands) changed from non-operated joint venture to operated joint venture. In 2022 we re-incorporated Spirit Energy UK and Netherlands into our operational scope.

¹¹ We define 'operated reporting entities/assets' as those where Centrica has the authority to decarbonise through fuel selection, capital investment, asset wind-down and/or closure. This includes the authority to dictate operating policy and profile, through its own workforce or that of a third party and authority to procure and control fuel sources.

¹² Reporting entities where we have equity, but which we do not operate, include UK Nuclear and Combined Heat & Power (CHP) units on customer sites.

¹³ This exclusion is consistent with the Energy Savings Opportunity Scheme (ESOS) regulations, where flared gas is excluded as it is not considered energy consumption but energy disposal.

3.3 Calculation

Table B – Constituent indicators¹⁴

| Feeder Indicator | Calculated indicator | |
|---|--|----------------|
| Commercial Fleet – Diesel | = Total fuel use (All fuel use) | |
| Commercial Fleet – Petrol | | |
| Company car (expensed) – Diesel | | |
| Company car (expensed) – Petrol | | |
| Company car (fuel card) – Diesel | | |
| Company car (fuel card) – Petrol | | |
| Cash Allowance Grey Fleet Diesel ¹⁵ | | |
| Grey Fleet (expensed) mixed fuel ¹⁵ | | |
| Fuel Oil | | |
| Gas Oil | | |
| Marine fuel oil | | |
| Marine gas oil | | |
| LNG | | |
| LPG | | |
| Plant Diesel | | |
| Building Gas Use | | |
| Plant Gas Use | | |
| Plant landfill Gas Use | | |
| Office Biofuel | | Biofuel |
| Plant Biofuel | | |
| Office Biomass | Biomass | |
| Plant Biomass | | |
| Renewable solar heat generation | = Total heat & power use | |
| Renewable solar electricity generated on site ¹⁶ | | |
| Building Electricity Use | = Total energy use (All fuel, power & heat use) | |
| Plant Electricity Imported and Consumed | | |
| District Heating energy use | = Total heat & power use | |
| EV Company Car Energy Use | | |
| EV Commercial Vehicle Energy Use | | |
| Electric Grey Fleet Energy Use ¹⁷ | | |

¹⁴ Indicators included here are those that have been used in the last five years (historical indicators no longer in use include office diesel and Cash Allowance Grey Fleet Petrol).

¹⁵ ESOS and the SECR reporting requirements for large unquoted companies, specifically require the inclusion of grey fleet fuel use and therefore it is included in our wider energy use reporting even though we consider it scope 3 and not scope 1.

¹⁶ Pro-rated to only include the portion of renewable solar electricity that is consumed on site, not exported.

¹⁷ Electric Grey Fleet energy use is now reported as a separate indicator in 2023, for reporting in 2024. Electric grey fleet was previously included within grey fleet (mixed fuels).

4. Data quality, collection and reporting frequency

Centrica plc HSES Reporting Standard 03 sets out the detailed data collection process and is available internally. Energy consumption data is collated on a monthly or quarterly basis for fleet and offices, and on a biannual basis for plant and upstream energy consumption. We have Centrica's 'Total energy consumption' KPI externally assured, demonstrating our commitment to the data quality that underpins our reported figures. Energy consumption is reported annually as part of Centrica's annual external reporting.

5. Data sources Assumptions

- Fuel properties sourced from UK Government GHG Conversion for Company Reporting
- Road vehicle properties sourced from Advisory Fuel Rates (Gov.uk)¹⁸

6. Assumptions

- Internal Combustion Engine (ICE) grey fleet has an assumed composition of 35% petrol and 65% diesel¹⁹

7. Appendix

Assets that materially contribute to our total energy use include:

- Bord Gáis Energy
 - Whitegate Power Station
- British Gas
 - Vehicle fleet
- Centrica Business Solutions
 - Glanford Brigg Power Station
 - Roosecote Battery Storage
- Centrica Energy
 - LNG Shipping
- Centrica Energy Storage+
 - Easington Gas Terminal
 - Platform 473B
- Spirit Energy
 - Barrow Terminal
 - J6A Platform
 - Morecambe Offshore Platform
 - York Platform

Together, these assets account for >90% of Centrica's total energy use.

¹⁸ Car mileage to fuel volume conversion factors are based on the HMRC advisory fuel rates for Petrol and Diesel cars (Advisory fuel rates - GOV.UK (www.gov.uk)). The miles per gallon (MPG) is taken from manufacturers' information, taking into account annual sales to businesses (Fleet Audits average 2020 to 2022).

¹⁹ The composition of ICE grey fleet is based upon analysis of our grey fleet composition. Electric Grey fleet is excluded as it is included in a separate indicator (Electric Grey Fleet Energy Use).