Governance

Directors' and Corporate Governance Report

Dear Shareholders

I am pleased to present the 2024 Directors' and Corporate Governance Report. In this report, we will update you on where the Board has focused its time during the year and relevant outcomes, with the strategic focus continuing to be on delivering long-term sustainable value and positive outcomes for our customers, shareholders, colleagues and society.

We have provided signposts for you to refer to our website or other pages of this Annual Report and Accounts for more information on particular topics.

Governance focus

The Board recognises the essential role that good governance plays in the effective delivery of our strategy and the ongoing development and sustainability of the Group.

In anticipation of the UK Corporate Governance Code 2024 (2024 Code) taking effect from 1 January 2025, the Board reviewed the changes that would be relevant for Centrica to meet the requirements under the 2024 Code. We are working towards meeting the new requirements, with particular work at the Audit and Risk Committee towards meeting the new requirements of Provision 29 for the 2026 financial year.

We remain committed to maintaining the highest standards of transparency, accountability and integrity in the way we operate as a Board and as a Company.

The Board

Our Board is composed of talented and dedicated individuals to enable us to achieve our objectives. The Nominations Committee keeps the balance of skills, experience and knowledge of our Board under review. You can find more information on the Directors and their appointments in the biographies on pages 86 to 89 and the Nominations Committee report on pages 112 to 113.

Diversity, equity and inclusion (DE&I) continue to be key priorities for the Board given the benefits for the success of the organisation. The Board's DE&I Policy was a key consideration in our approach to Board appointments, ensuring that our selection process reflects our commitment to fostering a diverse and inclusive leadership team. As at 31 December 2024, we are in line with the Board diversity targets encapsulated in the UK Listings Rules with (i) over 40% female representation on the Board, (ii) at least one senior position on the Board held by a woman and (iii) at least one Director on the Board from a minority ethnic background. Numerical data on the ethnic background and gender identity of Board members and senior leadership are on page 91.

The Board's Diversity Policy complies with Disclosure Guidance and Transparency Rule 7.2.8A, encompassing the FTSE Women Leaders Review and the Parker Review requirements. For more detailed information on the Board's Diversity Policy, please visit centrica.com.

Centrica is dedicated to fostering an inclusive environment where all individuals, regardless of their background, can succeed. We are actively working to ensure that our workforce, including senior leadership, mirrors the diversity of the communities we serve. Our Company has implemented policies aimed at enhancing DE&I at every level. We have made progress in recruiting, promoting and developing employees from diverse backgrounds, and we are committed to continuing these efforts.

Board evaluation

An evaluation of the Board and its Committees is carried out annually and externally facilitated every three years in accordance with the UK Corporate Governance Code guidance for a periodic independent board review. In 2024, the Board underwent its triennial external evaluation process facilitated by Ffion Hague of Independent Board Evaluation (IBE), an experienced, accredited independent reviewer specialising in Board performance evaluations, to assess the performance, composition, diversity and effectiveness of the Board and its Committees.

The report from IBE concluded that, overall, the Board has the necessary mix of skills, knowledge and experience, and was performing effectively and the Committees were effective in supporting the Board to deliver its objectives with significant progress since the last review in 2021, and included recommendations for continuous improvement.

The evaluation process began in May 2024 with a detailed brief provided by the Chair, the Group Chief Executive, and the Group General Counsel & Company Secretary. IBE had previously conducted a review in 2021 consequently building on that previous work to offer a comprehensive assessment. The evaluation approach was meticulous, involving an hour and a half interviews with each Board member, stakeholder input from the Centrica Leadership Team and advisors, questionnaires, a review of Board papers, and observation of Board and Committee meetings in July. Feedback was compiled and a report prepared, which was discussed with the Chair and the full Board in November. Performance feedback was provided to Committee chairs and discussed the Board's feedback for the Chair with the Senior Independent Director. The Chair also received individual performance feedback for Directors to aid in their annual reviews.

The independent evaluation focused on a broad range of topics and generated a tailored report which was considered and discussed by all the Directors. The 2024 findings highlighted the need to focus on the use of time, review Board objectives, and create more opportunities for reflection. It also emphasised the importance of aligning the skills matrix with evolving priorities to inform succession planning including at the senior executive level, and maintaining Board visibility to set the tone from the top. The Board will incorporate these findings into their programme by revising objectives to align with the Group strategy, establishing a review cadence for strategy and performance oversight, and enhancing succession planning at both Board and executive levels. Additionally, they will review Committee meeting attendance to improve effectiveness, enhance ways of working including Board paper content, and improve overall Board effectiveness by optimising individual contributions for better collective performance. These topics, in addition to the strategic and operational priorities already discussed in other sections of this Annual Report and Accounts, will be amongst the key priorities for the Board in the year ahead and have been integrated into the Board's objectives for 2025.

In response to feedback from the 2023 evaluation which we reported in the 2023 Annual Report and Accounts, the Board reviewed its training requirements and evolved the 2024 and 2025 work programmes. Succession planning remained a key focus throughout 2024 (read more in the Nominations Committee report on pages 112 to 113). Additionally, the Board incorporated opportunities to meet with senior management into its programme, such as meeting with the Centrica Energy Leadership Team during a site visit to Aalborg, Denmark (read more on the site visit on pages 92 and 98 to 99).

Organisational culture

Centrica's values of Care, Delivery, Agility, Courage and Collaboration form the core of our organisational culture. Our Values are supported by Our Code that sets out our fundamental standards for engagement and collaboration. Our Code guides our decision-making and reflects our commitment to integrity. All Centrica colleagues, including the Board, carry out mandatory Our Code training on induction and on an annual basis. Read more at centrica.com/ourcode.

The Group Chief Executive regularly updates the Board on issues related to employee engagement, with the quarterly 'Our Voice' survey offering the Board crucial insights into the Company's culture. This is supplemented with feedback from a variety of other sources, including dedicated colleague engagement meetings. I and my fellow Directors find these meetings to be valuable, and we appreciate the opportunity to engage directly with colleagues in this way. You can find more information on the survey and other workforce engagement practices on pages 9, 12, 92, 98 and 99. The Board maintains a focus on cultivating the Company's culture, emphasising colleague development and digital enablement for Centrica's future readiness.

Stakeholder engagement

Engaging with our stakeholders is crucial to our success. We are committed to open and transparent communication and will continue to seek feedback to better understand and address the needs and views of stakeholders.

Stakeholder views are gathered through an extensive network of strategic engagements to help grow the business and deliver improvements for our customers, colleagues and society over the long term.

During 2024, representatives from the Board met with major shareholders from time to time in order to obtain their perspectives on a range of matters, including the Company's performance, strategy and ESG matters.

The Board maintains collective responsibility for engaging with employees regularly throughout the year, recognising the insights and benefits gained by all Board members from regular interactions with a diverse range of colleagues.

Read more on pages 12 to 13, 94 to 97 and 98 to 99.

Challenges and opportunities

While there are challenges, there are also numerous opportunities for growth. We are confident in our ability to navigate these challenges and capitalise on opportunities to deliver long-term value. We have maintained a strong focus on advancing the Company's energy transition journey. Our progress to date is outlined in our Climate Transition Plan which can be found at centrica.com/sustainability and in earlier sections of this Annual Report and Accounts.

Closing

The Board is committed to maintaining its focus on high standards of corporate governance as it did in 2024, and ensuring that we give priority to the areas that require our attention such as focusing on delivering against strategy for our customers and our stakeholders, succession planning and ultimately creating long-term sustainable value for members of the Company.

I am grateful for the support of my fellow Board members, our colleagues, customers and other stakeholders who have assisted the Company in delivering against its objectives.

Thank you for your trust in Centrica. I look forward to providing an update at our Annual General Meeting in May.

Kevin O'Byrne
Chair
19 February 2025

2018 UK Corporate Governance Code compliance

The Board is committed to high standards of corporate governance and supports the revisions to the UK Corporate Governance Code 2024 as published by the Financial Reporting Council (FRC) on 22 January 2024 and which take effect from 2025. Centrica is pleased to confirm that throughout the year ended 31 December 2024, the Company complied with all relevant provisions of the 2018 UK Corporate Governance Code (UK Code). Our application of the UK Code is set out below.

The UK Code and associated guidance are available on the Financial Reporting Council's website at frc.org.uk. The index on page 148 sets out where to find each of the required disclosures in respect of Listing Rule 6.6.4 and Disclosure Guidance and Transparency Rules 4.1.5R and 7.2.1.

Section 1	***Board Leadership and Company Purpose***
Principles A, B, C, D, E	The Corporate Governance statement (CG Statement) on pages 80 to 151 gives information on the Group's compliance with the principles relating to the Board's Leadership and Company Purpose. More detailed information on: • The Group's statement of purpose can be found on page 11; • The Group's strategy, resources and the indicators it uses to measure performance can be found on pages 16 to 25 and 38 to 39 respectively; • The Group's engagement with stakeholders and the Group's Section 172(1) Statement is set out on pages 12 to 13; 94 to 97 and 98 to 99; and • The Group's approach to workforce matters can be found in the Chief People Officer's report and in 'Our people' within our People and Planet section on pages 54 to 57 and 58 to 61. The Group's framework of controls is contained in the Audit and Risk Committee report on pages 100 to 104 of the CG Statement and in the Principal Risk and Viability Disclosure section on pages 40 to 53.
Section 2	***Division of Responsibilities***
Principles F, G, H, I	The CG Statement describes the structure and operation of the Board on pages 83 to 84. In the CG Statement, we describe on pages 80 to 81 the process the Company conducts to evaluate the Board, to ensure that it continues to operate effectively, that individual Director's contributions are appropriate and that the oversight of the Chair promotes a culture of openness and constructive yet challenging debate. The policies and standards which support the Board's effective and efficient functioning can be found on our website at centrica.com/board.
Section 3	***Composition, Succession and Evaluation***
Principles J, K, L	Details of the skills and experience of the existing Board Directors can be found in the Board biographies on pages 86 to 89. Information on the Board's appointment process and approach to succession planning is contained in the Nominations Committee report on pages 112 to 113. Information on the Board evaluation process can be found on pages 80 to 81.
Section 4	***Audit, Risk and Internal Control***
Principles M, N, O	Information on the policies and procedures the Group has in place to monitor the effectiveness of the Group's Internal and External Audit functions, and the integrity of the Group's financial statements, is contained in the Audit and Risk Committee report on pages 100 to 104 of the CG Statement, along with an overview of the procedures in place to manage risk and oversee the internal control framework. Further information on the Group's approach to risk management is contained in the Principal Risk and Viability Disclosure section of the Strategic Review on pages 40 to 53. The Board believes the 2024 Annual Report to be a fair, balanced and understandable assessment of the Company's position and prospects. A description of the Audit and Risk Committee's work to enable the Board to reach this conclusion is contained in the Audit and Risk Committee report on page 102.
Section 5	***Remuneration***
Principles P, Q, R	The Directors' Remuneration Report section of the CG Statement describes the Group's approach to Directors' remuneration, including the procedure for developing policy and the Remuneration Committee's discretion for authorising remuneration outcomes. Details of linkage between the Directors' Remuneration Policy and long-term strategy are contained on page 139.

Governance framework

The Board is responsible for leading the Group in an efficient manner, establishing the Group's Purpose, values and strategy, which drive the Group's culture, and for ensuring long-term sustainable value creation for stakeholders.

In order to enable the Board to focus on its priorities, a number of its oversight responsibilities have been delegated to four principal Committees. These responsibilities are set out in the terms of reference for each Committee. The Board regularly reviews the remit, authority, composition and terms of reference of each Committee.

The governance framework to enable this is set out below.

There are certain key responsibilities that the Board does not delegate, and which are reserved for its consideration. The matters reserved exclusively for the Board include: the development of strategy; the acquisition and divestment policy; the approval of major capital expenditure; the Group's capital structure; the approval of financial reports; and oversight and independent assurance of policies and procedures. The full schedule of matters reserved for the Board is available on the Governance page of our website at centrica.com.

Board

The Board focuses on corporate governance, developing strategy and major policies, reviewing management performance, approving financial reports and providing entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. It is also responsible for setting the Company's culture, values and the behaviours it wishes to promote in conducting its business. The Board's role and responsibilities are reviewed against the UK Code to ensure that it is meeting all of its obligations. In performing its duties, the Board has regard to the interests of the Group's key stakeholders and the potential impact of the decisions it makes on the environment and wider society.

Informing ↓ Reporting ↑

Board Committees

The Board oversees the Group's operations through a unitary Board and four principal Committees.

Audit and Risk Committee
Supports the Board in fulfilling its responsibilities in reviewing the effectiveness of the Company's financial reporting, internal controls, and risk management, while also overseeing the effectiveness of the internal and external audit functions.

Nominations Committee
Ensures there is a formal and appropriate procedure for the appointment of new Directors to the Board, while also reviewing the size, composition, tenure, and skills of the Board as well as oversight of ongoing board education and evaluation.

Remuneration Committee
Determines and makes recommendations to the Board on the Company's framework and policy for the remuneration of the Chair, Executive Directors, and other senior executives, considering pay across the Group and stakeholder views.

Safety, Environment and Sustainability Committee
Supports the Board in fulfilling its responsibilities in reviewing health and safety risks and focus on Environmental, Social and Governance (ESG) matters relevant to Centrica including climate, responsible business practices and corporate reputation.

The terms of reference for these Committees can be found on our website, centrica.com, and attendance at meetings of each of these Committees in 2024 can be found on page 92. Further information on the work of these Committees can be found in later sections of this Annual Report and Accounts (pages 100 to 147).

Informing ↓ Reporting ↑

Centrica Leadership Team (CLT)

The CLT is led by the Group Chief Executive and members include the Group Chief Financial Officer, Group General Counsel & Company Secretary, Chief People Officer and Business Unit Managing Directors. The CLT is responsible for ensuring the delivery of the Group's strategy, business plans and financial performance.

Informing ↓ Reporting ↑

Disclosure Committee

The Disclosure Committee, a committee of the Board, is responsible for overseeing the timely and accurate disclosure of sensitive information and maintaining procedures and controls to enable compliance with legal and regulatory disclosure obligations. Meetings of the Disclosure Committee are convened as and when necessary and membership of the Committee comprises the Group Chief Executive, Group Chief Financial Officer and the Group General Counsel & Company Secretary.

Board of Directors

Division of responsibilities

The Board comprises of a Non-Executive Chair (independent on appointment), two Executive Directors (Group Chief Executive and Group Chief Financial Officer), and eight Independent Non-Executive Directors(1). There is a clear division of responsibilities between the Chair and the Group Chief Executive, reflected in the schedule of matters reserved for the Board.

(1) As at 31 December 2024.

Director effectiveness

The Board considers that each of the Directors contributes effectively to the work and deliberations of the Board.

- Reasons for the re-election of each of our Directors at the forthcoming AGM can be found within the Centrica plc Notice of Annual General Meeting 2025 which will be made available on our website centrica.com/agm25
- Biographies can be found on the following pages and at centrica.com/board
- Read more about the Board evaluation on pages 80 to 81

Non-Executive Directors

Chair

The Chair is responsible for the leadership of the Board. In doing so, the Chair is responsible for promoting high ethical standards, ensuring the effective contribution of all Directors and, with support from the Group General Counsel & Company Secretary, ensuring best practice in corporate governance and the timely distribution of accurate and clear information to Directors to facilitate decision-making.

Senior Independent Director (SID)

The Senior Independent Director acts as a sounding board for the Chair and serves as a trusted intermediary for the other Directors, as well as shareholders, as required.

Independent Non-Executive Directors

The Independent Non-Executive Directors are responsible for contributing sound judgement and objectivity to the Board's deliberations and overall decision-making process, providing constructive challenge, and monitoring the Executive Directors' delivery of the strategy within the Board's risk and governance structure. All of the Non-Executive Directors are considered to be independent.

Executive Directors

Group Chief Executive

The Group Chief Executive is responsible for the executive leadership and day-to-day management of the Company to ensure the delivery of the strategy agreed by the Board.

Group Chief Financial Officer

The Group Chief Financial Officer is responsible for providing strategic financial leadership to the Company and for the day-to-day management of the finance and risk management functions.

Group General Counsel & Company Secretary

The Group General Counsel & Company Secretary advises the Chair and Board on governance, together with updates on regulatory and compliance matters; supports the Board agenda with clear information flow; and acts as a link between the Board and its Committees, and between Independent Non-Executive Directors and senior management.

Board appointments

Although no new Board appointments were made during the year, the report of the Nominations Committee on pages 112 to 113 describes work done by the Committee in relation to Board appointments. All Directors are subject to annual nomination for re-election. The Board sets out in the Notice of Annual General Meeting the specific reasons why each Director's skills and continued contribution are valuable to the Company's long-term sustainable success.

The Company's Articles of Association, available on our website, provide how Directors are appointed, retire and are replaced.

Directors' induction

The Board has processes in place for Director induction. The induction programme is led by the Chair and supported by the Group General Counsel & Company Secretary and the Secretariat. Directors are asked to provide input to ensure that in addition to a general programme, their induction is structured, in relation to both content and delivery, to meet the individual Director's needs. The tailored inductions provide the information, training and support required to optimise their effectiveness in role.

The induction programme includes a combination of sessions with both internal functions and external advisors with the opportunity for periodic subsequent review of progress with the Chair. Briefings provide opportunities for Directors to meet with senior leaders and to participate in site visits, where relevant, to better understand the different businesses and working environments.

Induction programmes for Philippe Boisseau, Jo Harlow and Sue Whalley began in the last quarter of 2023 and continued into 2024. Each induction programme included individual meetings with the Chair, Group General Counsel & Company Secretary, Directors, Business Unit MDs, and senior leaders, held at various business locations; training; and site visits, as well as meetings with external advisors.

Directors' independence and conflicts

All our Non-Executive Directors are considered to be independent against the criteria in the UK Corporate Governance Code 2018, and free from any business interest which could materially interfere with the exercise of their independent judgement. In addition, the Board is satisfied that each Non-Executive Director is able to dedicate the necessary amount of time to the Company's affairs.

The Non-Executive Directors' Letters of Appointment state that they must inform the Company of any other businesses, directorships, appointments, advisory roles, or other relevant commitments (including any relevant changes, and a broad indication of the time involved). Directors also confirm that they will inform the Board of any subsequent changes to their circumstances which may affect the time they can commit to their duties. The agreement of the Chair must be obtained before accepting additional commitments that might affect the time Non-Executive Directors are able to devote to their appointment.

In accordance with the Companies Act 2006 and the Company's Articles of Association, Directors are required to report actual or potential conflicts of interest to the Board for consideration and, if required, authorisation. If such conflicts exist, Directors recuse themselves from consideration of the relevant subject matter. The Company maintains a schedule of authorised conflicts of interest which is regularly reviewed by the Board.

Training and development for Directors

In addition to providing relevant training on appointment, it is important to ensure that Directors' skills and knowledge are refreshed and updated regularly, given the dynamic business and regulatory environment in which the Company operates. The Chair, supported by the Nominations Committee and Group General Counsel & Company Secretary, is responsible for the ongoing development of all Directors. There is a programme of training each year for the Board as a whole and the Chair discusses any individual training and development needs with each Director, such as formal and informal briefings, meetings with management and visits to the Group's operations.

During 2024, the Directors received several focused sessions to enhance their understanding of the different businesses, their key priorities, opportunities and challenges as well as externalities that may impact delivery of strategy. Some of the specific areas covered during the year included digital, data and AI, customers and brand, cyber risk, sustainability, and geopolitical risk. In addition, the Directors have full access to the advice and services of the Group General Counsel & Company Secretary, who is responsible for advising the Board on corporate governance matters. If necessary, Directors are able to seek independent professional advice at the Company's expense in respect of their duties.

Biographies

Kevin O'Byrne
Chair

Kevin joined the Board on 13 May 2019. Prior to his appointment as Chair on 16 December 2024, he was Senior Independent Director from 1 June 2022. When he assumed the Chair role, succeeding Scott Wheway, he became Chair of the Nominations Committee and stood down as a member of the Audit and Risk Committee.

Relevant skills and experience

Kevin brings extensive board, retail, commercial and finance experience, having occupied senior roles in a number of leading UK and international retailers. Kevin possesses current and pertinent experience in financial matters.

Previous experience

Kevin was chief financial officer of J Sainsbury plc from January 2017 to March 2023. Prior to that, he was chief executive officer of Poundland Group plc, and previously held executive roles at Kingfisher plc, including divisional director UK, China and Turkey, chief executive officer of B&Q UK & Ireland and group finance director. Prior to that he was finance director of Dixons Retail plc. From 2008 to 2017 he was a non-executive director and chairman of the audit committee of Land Securities Group PLC where he was also senior independent director from 2012 to 2016. Kevin was chair of Centrica plc's Audit and Risk Committee from 2019 to 2023.

External appointments

Non-executive director of International Flavors & Fragrances Inc, and Chair-elect (to be effective from 1 May 2025) (NYSE listed).

Chris O'Shea
Group Chief Executive

Chris joined Centrica in September 2018 as Group Chief Financial Officer and was appointed as Group Chief Executive on 17 March 2020. Chris is also Chair of the Disclosure Committee and was appointed Chair of Spirit Energy (joint venture) on 2 February 2022.

Relevant skills and experience

Chris has wide-ranging experience across the entire energy value chain together with recognised experience in transforming business and financial performance. He has considerable knowledge of working in highly regulated industries and in complex, multinational organisations, not only in the energy sector but also in technology-led engineering and services industries.

Previous experience

Prior to joining Centrica, Chris was group chief financial officer of UK listed Smiths Group plc and Vesuvius plc, and a non-executive director of Foseco India Ltd, (NSE listed). From 2006 to 2012 Chris held various senior finance roles with BG Group plc, including chief financial officer of Africa Middle East & Asia and Europe & Central Asia, prior to which he held a number of senior roles with Shell, (living and working in the UK, the US and Nigeria), and with Ernst & Young.

Chris studied Accounting and Finance at the University of Glasgow and is a Chartered Accountant. He also holds an MBA from the Fuqua School of Business at Duke University and is a Fellow of the Energy Institute.

External appointments

Non-executive Director of ITT Inc.

Russell O'Brien
Group Chief Financial Officer

Russell joined the Centrica plc Board on 1 March 2023 and is also on the Board of Spirit Energy (joint venture).

Relevant skills and experience

Russell has broad experience from across the energy value chain having spent more than 25 years with Shell plc. He developed his financial management experience through work in various business models from Retail through to upstream development. Russell has extensive knowledge of financial management, capital markets, commercial finance, and mergers and acquisitions activities.

Previous experience

Prior to joining Centrica, Russell worked for Shell plc from 1995 to 2021. From 2006 to 2009 Russell was financial controller for Shell's upstream operations in the Americas. Russell was then CFO for Shell's global retail business from 2009 to 2013. Following this, he was CFO for Shell's Integrated Gas division. In 2015 he was appointed group treasurer. During his time as treasurer Russell was also a board member of Shell Trading and chairman of Shell Asset Management Co. Russell has lived and worked in the USA, Singapore, the Netherlands and the UK. He was a board and advisory council member of the FICC Market Standards Board from 2015 to 2021. Russell is a Fellow of the Chartered Institute of Management Accountants and the Association of Corporate Treasurers. Russell studied Economics and Management and graduated from St. Andrews University in 1995.

External appointments

None.

Jo Harlow
Senior Independent Non-Executive Director

Jo joined the Board on 1 December 2023 and became Senior Independent Non-Executive Director on 16 December 2024.

Relevant skills and experience

Jo has more than 25 years' experience working in various senior roles, predominantly in the branded and technology sectors.

Previous experience

Prior to her non-executive career, Jo held the position of corporate vice president of the phones business unit at Microsoft. She previously spent 11 years at Nokia Corporation in a number of senior management roles, including executive vice president of smart devices. Jo was also non-executive director at InterContinental Hotels Group PLC from 2014 to 2023 (including as remuneration committee chair from 2017 to 2023) and was a non-executive director of Ceconomy AG from 2017 to 2021.

Jo attended Duke University in North Carolina and has a BSc in Psychology.

External appointments

Non-executive director and chair of remuneration committee at J Sainsbury plc. Senior independent director and remuneration committee chair at Halma plc, and non-executive director at Chapter Zero Ltd.

Carol Arrowsmith
Independent Non-Executive Director

Carol joined the Board on 11 June 2020 and is Chair of the Remuneration Committee.

Relevant skills and experience

Carol brings extensive advisory experience, especially of advising boards on executive remuneration across a range of sectors, and is a Fellow of the Chartered Institute of Personnel and Development.

Previous experience

Carol is a former deputy chair and senior partner of Deloitte LLP. She was a member of the Advisory Group for Spencer Stuart, Global Partner of Arthur Andersen, managing director of New Bridge Street Consultants and non-executive director of Compass Group PLC and Vivo Energy plc. She was also a Director and Trustee of Northern Ballet Limited.

External appointments

Member of INSEAD's Corporate Governance Board Council.

Philippe Boisseau
Independent Non-Executive Director

Philippe joined the Board on 1 September 2023.

Relevant skills and experience

Philippe brings broad experience of the energy industry, particularly of energy assets, energy infrastructure, energy trading and the renewable energy transition.

Previous experience

Philippe was the chief executive officer of CEPSA (Compañía Española de Petróleos SA), the Spanish multinational oil and gas, chemicals and renewable energy business, from 2019 to 2021. Before joining CEPSA, he worked at TotalEnergies SA for over two decades. During his tenure there, Philippe held president and senior executive roles across various business divisions and was instrumental in establishing and leading Total's New Energies division from 2007 to 2016. Philippe was a senior advisor to Carlyle International Energy Partners between 2017 and 2019 and was a board member at I-Pulse Inc. from 2017 to 2021.

Philippe graduated from Ecole Polytechnique and has an MSc in Theoretical Physics.

External appointments

Non-executive Director of Sibanye-Stillwater Limited, Beamen BV and Exolum SA. Senior advisor to OMERS Infrastructure and Ondra Partners.

Committee membership key

- Denotes Committee Chair
- C Chair of the Board
- AC Audit and Risk Committee
- DC Disclosure Committee
- NC Nominations Committee
- RC Remuneration Committee
- SC Safety, Environment and Sustainability Committee

Skills and experience key

- Consumer Services
- Energy Sector
- Engineering/Safety
- Finance/M&A
- Financial Services
- Government/Regulatory
- Technology

Nathan Bostock
Independent Non-Executive Director

Nathan joined the Board on 9 May 2022 and is Chair of the Audit and Risk Committee.

Relevant skills and experience

Nathan has worked in financial services since the mid-1980s and brings a wealth of financial, commercial, risk and compliance expertise, particularly in large-scale customer-facing businesses. Nathan possesses current and pertinent experience in financial matters. The Board considers that Nathan has recent and relevant financial experience.

Previous experience

Nathan was chief executive officer of Santander UK from 2014 until early 2022, as well as global head of investment platforms of Banco Santander before leaving in late 2023. He joined Santander from the Royal Bank of Scotland plc (RBS), where he was an executive director and group finance director. He previously held the post of group chief risk officer and head of restructuring having joined RBS in 2009. Nathan served on the board of Abbey National plc (now Santander UK) as an executive director and chief financial officer from 2005 until 2009. Prior to this he held a number of senior positions with Abbey National, 2001 to 2004, RBS, 1992 to 2001 and Chase Manhattan Bank, 1985 to 1992.

Nathan is a chartered accountant and holds a BSc (Hons) in Mathematics.

External appointments

Non-Executive Director of Lloyds Banking Group plc, Chair of Lloyds Bank Corporate Markets plc and Senior Adviser to McKinsey.

Chanderpreet (CP) Duggal
Independent Non-Executive Director

CP joined the Board on 16 December 2022.

Relevant skills and experience

CP brings valuable expertise of digital technology and the use of data and analytics in large customer-facing businesses.

Previous experience

CP worked for 20 years at American Express in various senior roles, the last of which was leading the company-wide digital and analytics organisation to enable growth, efficiency, and innovation globally. His experience includes managing digital/mobile channels and technology platforms across the customer lifecycle, applications of AI and Data Science across wide-ranging business applications, operational excellence and managing fraud risk.

In his most recent executive role, CP was the chief digital and analytics officer for Burberry plc and a member of its executive committee. He was responsible for transforming e-commerce and omni-channel strategy globally, accelerating customer relationship management focus and leveraging analytics across the company.

External appointments

Chief Business Officer – WNS Next.

Heidi Mottram
Independent Non-Executive Director

Heidi joined the Board on 1 January 2020 and is Chair of the Safety, Environment and Sustainability Committee.

Relevant skills and experience

Heidi brings considerable relevant strategic and operational experience acquired in her current and previous roles. Her deep understanding of the importance of customer service, delivered in complex, multi-stakeholder environments with a high public profile, is particularly pertinent to the Group at this time, as it focuses on the delivery of its customer-centric strategy.

Previous experience

Heidi began her career with British Rail in the mid-1980s. She held a number of roles in GNER, before joining Midland Mainline in 1999 as operations director. She was managing director of Northern Rail from 2004, and before that she was commercial director of Arriva Trains Northern and operations director of Midland Mainline Limited from 1999 to 2003. Additionally, Heidi was vice-chair of the North East Local Enterprise Partnership and Newcastle University Council and was a member of the board of The Great British Railways Transition Team.

External appointments

Chief executive officer of Northumbrian Water Limited and Northumbrian Water Group Limited.

Rt Hon. Amber Rudd
Independent Non-Executive Director

Amber joined the Board on 10 January 2022.

Relevant skills and experience

Amber brings a wealth of real-world experience in energy, policy and business.

Previous experience

After around 20 years working in business, Amber served as a Member of Parliament between 2010 and 2019. In addition to holding the roles of Home Secretary, Secretary of State for Work and Pensions and Minister for Women and Equalities, Amber served as Secretary of State for Energy and Climate Change from 2015 to 2016, having been Parliamentary Under Secretary of State at the Department of Energy and Climate Change from July 2014 until May 2015. Amber led the UK team to the successful completion of the Paris Climate Change Agreement. This UN sponsored 2015 Conference of the Parties (COP21) achieved a landmark global commitment to reduce national carbon emissions.

External appointments

Non-executive director of Pinwheel, advisor to businesses including Equinor, FGS and Centerview Partners, and a trustee of RUSI.

Sue Whalley
Independent Non-Executive Director

Sue joined the Board on 1 December 2023.

Relevant skills and experience

Sue brings a blend of experience in people and cultural transformation, and strategic, technological, and operational evolution in large, complex organisations, championing the use of innovation to improve customer service.

Previous experience

Prior to joining Associated British Foods plc in 2019, Sue spent 12 years at Royal Mail where she held several executive roles. She was chief executive officer of the UK post and parcels business where she led complex organisation and digital transformation to support e-commerce growth in the logistics and delivery business. Sue has extensive experience working with complex stakeholder landscapes including unions and regulators. She also has experience leading Health and Safety agendas and environmental initiatives within operations. Sue spent nearly 18 years in management consultancy working in a range of industries including retail and utilities.

Sue is a graduate of the University of Cambridge and holds an MBA from Harvard Business School.

External appointments

Chief people and performance officer at Associated British Foods plc.

Raj Roy
Group General Counsel & Company Secretary

Raj was appointed Group General Counsel & Company Secretary on 1 October 2020.

Relevant skills and experience

Raj has overall responsibility for legal, regulatory, ethics, compliance and secretariat activities across the Group, the effective operating of Centrica plc's Board and advising on key issues of corporate governance and compliance. Raj joined Centrica in 2014 as the Legal Director for Residential Energy, before becoming General Counsel for the UK and Ireland region in 2017. He has led legal, regulatory and compliance teams at Centrica in various formations across the UK and Ireland region and the Consumer division.

Previous experience

Prior to joining Centrica, Raj spent nine years at Vodafone, holding a number of senior in-house legal roles in the Group and UK legal functions. Raj started his career in private practice, qualifying as a solicitor at Slaughter and May in London and subsequently working for Freshfields in Brussels.

External appointments

Member of the Board of Energy UK (representing Centrica) and the Board of General Counsel for Diversity and Inclusion (GCD&I).

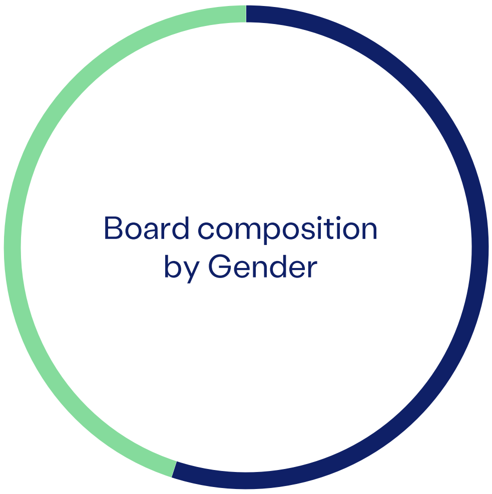
Committee membership key

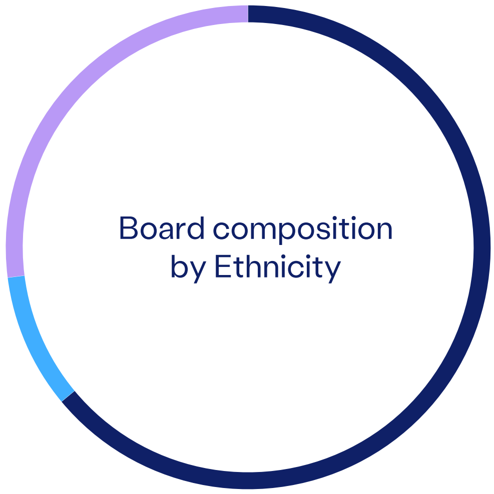
- Denotes Committee Chair
- C Chair of the Board
- AC Audit and Risk Committee
- DC Disclosure Committee
- NC Nominations Committee
- RC Remuneration Committee
- SC Safety, Environment and Sustainability Committee

Skills and experience key

- Consumer Services
- Energy Sector
- Engineering/Safety
- Finance/M&A
- Financial Services
- Government/Regulatory
- Technology

Board composition and skills

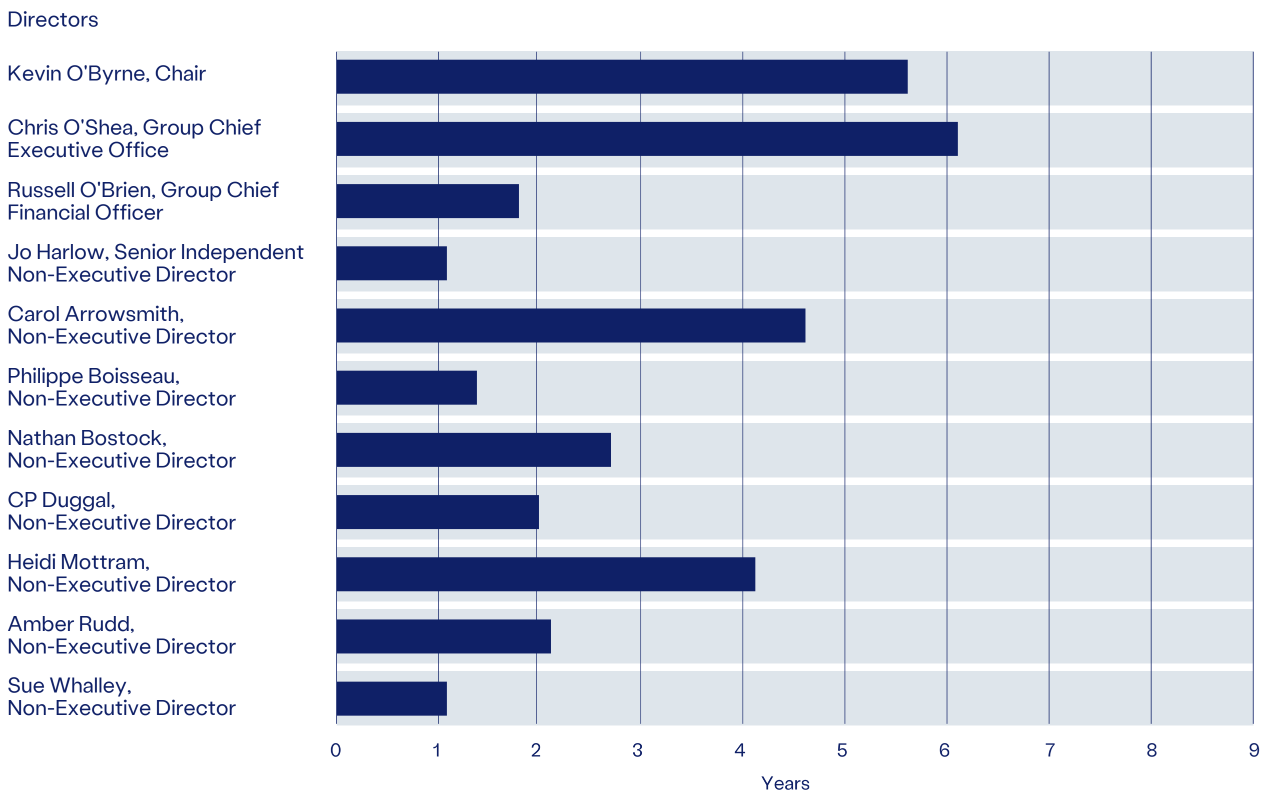




Male	55%
Female	45%

White British	64.0%
Asian British/Asian	9.0%
Other White	27.0%

Board tenure distribution (as at 31 December 2024)



Board and senior leadership diversity

Sex/gender representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board(1)	Percentage of senior positions on the Board(1)	Number in executive management	Percentage of executive management
Men	6	55%	3	75%	9	69%
Women	5	45%	1	25%	4	31%
Other categories	—	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—	—

(1) There are four senior positions on the Board (Chair, Group Chief Executive, Group Chief Financial Officer and Senior Independent Director).

Ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board(1)	Percentage of senior positions on the Board(1)	Number in executive management	Percentage of executive management
White British or other White	10	91%	4	100%	11	85%
Mixed/Multiple Ethnic Groups	—	—	—	—	—	—
Asian/Asian British	1	9%	—	—	2	15%
Black/African/Caribbean/Black British	—	—	—	—	—	—
Other ethnic group	—	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—	—

(1) There are four senior positions on the Board (Chair, Group Chief Executive, Group Chief Financial Officer and Senior Independent Director).

Read more about Board diversity on page 80.

Explanatory notes

(1) The Information above is stated as at 31 December 2024.
(2) As at 31 December 2024, we met the Board diversity targets set out in Listing Rule 6.6.6R(10). This included (i) at least 40% female representation on the Board (2024: 42%); (ii) at least one Director being ethnically diverse (2024: 1 person); and (iii) to have at least one senior position held by a woman (met following the appointment of Jo Harlow as SID).
(3) By the end of 2030, it is our goal for our Board, senior executives and senior leaders to be 48% women and 18% ethnically diverse. As part of our commitment to the Parker Review in setting a senior executives ethnic diversity target by 2027, in 2023 we decided to bring our 18% goal forward by three years.
(4) Our Non-Executive Directors self certified their diversity data. The Directors were asked to confirm their gender and ethnic background based on the categories taken from the UKLR 6 Annex 1. The diversity data for the executives and colleagues are collated through our HR management system. We encourage all colleagues to self-report information such as gender, gender identity, ethnicity, age, sexual orientation, disability and military background, whilst also including a 'prefer not to say' option. We continued to run our #ThisIsMe campaign to encourage more people to share who they are, which helps us better understand who is working for us and where we need to target action to improve diversity.

Board activities

Board meetings

The Board is committed to upholding high standards of corporate governance and compliance, recognising their importance for the Company's enduring performance and value generation. These standards underpin the Company's strategic objectives and critical decision-making, crucial for reinforcing its financial foundation and navigating challenging market conditions.

The Board held nine formal meetings in 2024, which primarily occurred face-to-face, and two Board calls which were supplementary meetings called for specific approvals and/or focused discussion. If Directors are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the Chair. The agendas for Board meetings are established at the beginning of the year, and then, subject to changing priorities, are agreed in advance of each meeting by the Chair, Group Chief Executive and Group General Counsel & Company Secretary. The agenda typically consists of regular standing items, such as reports on financial performance, and review of a particular topic or business area.

During the year, the independent Non-Executive Directors, including the Chair, met regularly without management present.

Site visits

The Directors recognise the importance of, and benefits gained by, visiting the Group's operations and endeavour to visit Centrica sites each year. The site visits that the Board undertook in 2024 and the interactions at those visits were intended to provide the Directors with a deeper understanding of operational aspects and to provide opportunities to engage with colleagues directly about their work experiences and other significant issues.

Date of site visit	Location of site visit	Focus of site visit [1]
June 2024	Uddingston Office, Glasgow	Board colleague engagement session to hear from colleagues about their experience of working at Centrica and Scottish Gas.
September 2024	Aalborg, Denmark	The Board met with the Centrica Energy Leadership Team to learn about their operations, performance and strategy. The Board held an open Q&A session with Centrica Energy colleagues in a townhall.

(1) Read more on the Board's engagement with colleagues on pages 98 to 99.

Board and Committee meeting attendance 2024

Name	Role	Board	AC	NC	RC	SC
Kevin O'Byrne [1]	Chair and Non-Executive Director	11/11	4/4	4/5		
Chris O'Shea	Group Chief Executive	11/11				
Russell O'Brien	Group Chief Financial Officer	11/11				
Jo Harlow [2]	Senior Independent Non-Executive Director	10/11		4/5	5/5	
Carol Arrowsmith	Independent Non-Executive Director	11/11	4/4	5/5	5/5	
Philippe Boisseau	Independent Non-Executive Director	11/11	4/4	5/5		3/3
Nathan Bostock	Independent Non-Executive Director	11/11	4/4	5/5		3/3
CP Duggal	Independent Non-Executive Director	11/11	4/4	5/5	5/5	
Heidi Mottram	Independent Non-Executive Director	11/11		5/5	5/5	3/3
Amber Rudd [3]	Independent Non-Executive Director	10/11		5/5	5/5	3/3
Sue Whalley	Independent Non-Executive Director	11/11		5/5	5/5	
Scott Wheway [4]	Chair and Non-Executive Director	10/10		5/5		3/3

(1) Kevin O'Byrne did not attend the Nominations Committee meeting in April as he was a potential candidate for Chair succession discussion. Kevin became Chair of the Nominations Committee on 16 December 2024.
(2) Jo Harlow did not attend meetings in June due to existing commitments that had been notified to the Company prior to joining the Board.
(3) Amber Rudd was unable to attend an ad-hoc meeting set up at short notice due to an existing commitment.
(4) Scott Wheway stepped down as Chair and a Non-Executive Director on 15 December 2024.

Board focus during the year

Throughout the year, the Board's activities have included evaluating regular operational and financial reports, setting and monitoring strategy, approving various business and governance matters, and detailed presentations on topics.

Stakeholder key

Customers | Colleagues | Investors | Government and regulators | Suppliers | Communities and NGOs

	Link to stakeholders	Link to Principal Risks and Uncertainties
Strategy and business plan The Board set the delivery of the strategic direction of the Group and oversaw the delivery of that strategy for the benefit of relevant stakeholders. • Regular business updates from the Group Chief Executive and heads of Centrica Group businesses • Group Annual Plan • Energy supply and energy transition investment opportunities • Climate Transition Plan	Customers, Colleagues, Investors, Communities and NGOs	• Political, Legal, Regulatory or Ethical Intervention and Compliance • Operational Asset Integrity • Climate Change
Performance and risk Financial performance and risks, as well as risk controls and processes are regularly reported to the Board, to the Audit and Risk Committee, and the Safety, Environment and Sustainability Committee. Risks are also brought to the attention of the Board through reports from the Group Chief Executive, Group Chief Financial Officer, heads of business and functional subject matter experts. • 2023 Final Dividend • Group financial performance updates • Results reporting • Business units – deep dives • Health and safety • Risk and controls • Cyber security • ENSEK acquisition	Colleagues, Investors, Suppliers	• Cyber • Safety • People
Culture and stakeholders Understanding the views and interests of the Company's diverse community of stakeholders, including customers, is important to the Board. To enable a culture that drives our values, the views and interests of stakeholders are considered in the development, delivery and oversight of the Group's business model and strategy. • Talent and succession planning • Directors' Remuneration Policy • Responsible sourcing • Colleague engagement • Brand and reputation	Customers, Colleagues, Investors, Suppliers	• People
Political and regulatory environment During the year, the Board considered a range of political and regulatory matters relevant to the Group's activities and strategy. • Regulatory policy developments in our active markets • Modern Slavery Act Statement • UK Corporate Governance Code • Evolving ESG reporting requirements	Investors, Government and regulators, Suppliers, Communities and NGOs	• Political, Legal, Regulatory or Ethical Intervention and Compliance • Climate Change
Governance The Board receives regular reports from the Group General Counsel & Company Secretary on governance and regulatory matters, as well as regular updates and insights on market trends from the Investor Relations function. During the year, the Board took time to consider or oversee key governance activities. • Annual Report and Accounts • Annual General Meeting • Board evaluation • Board objectives and training	Customers, Investors, Suppliers, Communities and NGOs	• Political, Legal, Regulatory or Ethical Intervention and Compliance

The Board's duties under Section 172(1)

The Directors are required under Section 172(1) (a)-(f) of the UK Companies Act 2006 to promote the long-term success of the Company for the benefit of its members and to consider the interests of other stakeholders in their decision making.

The diverse set of skills, knowledge and experience (see pages 86 to 89), our Purpose, Values and strategy (see pages 11 and 18 to 25), stakeholder engagement (see pages 12 to 13 and 98 to 99), and Board activities and discussions (see pages 92 to 93) all support the Directors in fulfilling their responsibilities.

Alongside the principal decisions described on these pages, the table below provides examples of other activities which also support the Directors in meeting their obligations under S172(1).

Section 172 factors	Examples of supporting activities	Supporting information
(a) Decision for the long term	• Agreed refreshed purpose and values;	11
	• Strategy meetings discussing strategic priorities;	18 to 25 and 93
	• Regular deep dive reviews of business performance, and aligned risks and control reviews to monitor strategy;	93
	• Agree annual plan, review the allocation of capital and monitor performance;	93
	• Regular review of sustainability performance ambitions;	114 to 115
	• Review risks and opportunities relating to Board reserved matters; and	93
	• Regular board report on activities supporting the directors' Section 172 activities.	93 and 94 to 99
(b) Employee interests	• Engaging with our colleagues through a structured engagement plan;	12 to 13, 81 and 98 to 99
	• Established Shadow Board;	12, 56 and 98 to 99
	• Regular review of the outcomes of the 'Our Voice' survey;	12, 65, 81 and 99
	• Board focus on executive succession planning; and	112 to 113
	• Monitor health and safety performance through the Safety, Environment and Sustainability Committee (SESC).	64 to 65 and 114 to 115
(c) Relationships with suppliers, customers and others	• Introduced new Chief Customer Office to drive improved customer outcomes;	54
	• Regular shareholder engagement, targeted for review of remuneration policy and Climate Transition Plan; and	13, 81 and 95 to 98
	• SESC activities monitor outcomes in relation to multiple stakeholders.	114 to 115
(d) Community and the environment impact	• SESC remit supports activities on community and climate;	114 to 115
	• People and Planet scorecard regularly reviewed;	114 to 115
	• Revised Climate Transition Plan and targets; and	73 to 76
	• Board review of sponsorship and community contribution.	114 to 115
(e) Reputation for high standards of business conduct	• SESC monitors performance against various stakeholder measures;	114 to 115
	• Annual deep dive reputational survey on stakeholder perceptions to inform activities in relation to stakeholder groups;	114 to 115
	• Adoption of 'Our Code' reinforcing conduct expectations; and	65 and 81
	• Review of principal risks impacting the business.	40 to 51
(f) Fairness between shareholders	• Regular engagement, trading updates and publication of information available to investors on our website e.g. Teach-in sessions;	98 to 99
	• The Disclosure Committee protects the integrity of price-sensitive information; and	83
	• Hybrid Annual General Meeting to support broader participation.	98

Principal decisions made by the Board in 2024

In line with our Purpose to energise a greener, fairer future, the Board gives careful consideration to the potential impacts of decisions on stakeholders. Principal decisions made by the Board included those set out below. Refer to the Nominations Committee report on page 113 on the process for the appointment of the Chair.

Examples of decisions made by the Board in 2024	
Remuneration Policy	
Context	Our Remuneration Policy is designed to balance the views and experiences of all our stakeholders, while ensuring we attract and retain high-performing executives capable of leading a complex organisation in a challenging and competitive global business environment.
Stakeholder considerations	As part of developing the new Directors' Remuneration Policy (the Policy), the Company engaged with stakeholders. **Investors:** The Chair of the Remuneration Committee and Company representatives engaged with investors and proxy advisors to understand their views of the proposed Policy. They engaged with shareholders representing nearly 50% of our issued share capital. The Company shared its views on required changes to attract and retain talent and ensure the alignment of remuneration to our business strategy, Purpose and culture. Responses from investors and our independent Remuneration Committee advisor were discussed by the Board at various points during 2024 and used to finalise the Remuneration Policy. **Colleagues:** The Directors recognise that Centrica employees are core to our business performance and the delivery of our strategic ambitions. The success of our business depends on attracting, retaining, developing and motivating talented employees. The Directors consider and assess the implications of the Remuneration Policy changes on employees and the wider workforce with a goal to ensure alignment with our reward principles, Purpose and culture.
Outcome	Stakeholder views were shared with the Board and Remuneration Committee alongside information on the wider workforce remuneration structure, external market practice, corporate governance regulations and institutional guidelines. Changes to our Remuneration Policy demonstrate our commitment to setting and implementing a Policy that is strongly aligned to our strategic objectives and the delivery of long-term value for all stakeholders, while seeking to avoid creating excessive risks in the achievement of short and long-term performance targets. During consultation, shareholders requested clarity on the business performance and executive pay decisions in the context of the wider workforce, as well as competitive market benchmarks, to understand the context and rationale for the proposed changes. Most shareholders that we consulted indicated that they were supportive of the proposed changes. The Remuneration Committee Chair has provided this context and rationale in the Remuneration Committee Chair's letter. Read our Remuneration Policy on pages 138 to 147.

Examples of decisions made by the Board in 2024	
Climate Transition Plan	
Context	Our Climate Transition Plan transparently explains to stakeholders our Plan for tackling climate change and achieving net zero. The updated Plan (see pages 73 to 77) primarily outlines Centrica's commitment and progress on net zero, the ambitious and tangible steps we intend to take to progress our Plan, as well as the key dependencies and resources our Plan is reliant on. The Plan closely aligns with best practice such as targets aligned to the Paris Agreement and the Transition Plan Taskforce's (TPT) framework. The Climate Transition Plan demonstrates the important role Centrica plays in the energy transition. It was published on 21 January 2025. The Plan was shaped through stakeholder engagement and we continue to engage stakeholders on it in the run-up to the AGM.
Stakeholder considerations	Centrica has engaged with a variety of stakeholders to develop and implement its Climate Transition Plan. Those key stakeholders include: **Investors:** Centrica conducted workshops and meetings with Climate Action 100+ coalition to share details of their decarbonisation strategy and assess as well as evolve in line with investor expectations. **Policymakers and regulators:** Centrica has actively engaged policymakers to advocate for regulatory changes and support mechanisms necessary for achieving net zero. This includes advocating for the use of biomethane for gas peakers, support for hydrogen to power, and the development of hydrogen production and storage infrastructure. **Customers:** Centrica has sought and considered customer expectations and needs, particularly in relation to the adoption of low carbon technologies as well as energy security and affordability. They have provided insights into feasible emissions pathways and the necessary conditions to accelerate progress. **Industry partners:** Centrica has collaborated with various industry partners on projects such as hydrogen production and storage, renewable energy generation and energy efficiency initiatives. These partnerships help to develop innovative solutions and share risks. **Trade associations:** Centrica has engaged with trade associations to advocate for policy reforms and share best practices. This includes memberships in associations focused on heat pumps and hydrogen. **Communities:** Centrica engaged wider communities to ensure a just transition. This includes supporting community initiatives and providing energy efficiency improvements as well as energy bills support to those who need it. This engagement highlights Centrica's comprehensive approach to addressing the expectations and concerns of various stakeholders while advancing its climate transition ambition.

Examples of decisions made by the Board in 2024	
Climate Transition Plan continued	
Outcome	Following Centrica's engagement with stakeholders, several outcomes were achieved that reflect the Company's commitment to addressing stakeholder concerns and advancing its Climate Transition Plan. Specific examples include: **Energy certificates:** Centrica advocates for a review of the current regime for energy certificates. After engaging with stakeholders and evaluating various options, the decision was made to continue purchasing certificates under the existing system. However, Centrica will develop an internal framework to ensure quality and value for consumers, which might result in future strategic adjustments, including a reduction in certificate use. **Investor expectations:** Through investor engagement, Centrica improved the scope, quality and transparency of its Climate Transition Plan. This engagement led to the announcement of bolder commitments to progress emission reductions including bringing forward Centrica's commitment to be a net zero business to 2040 from 2045 and setting a new suite of Climate Ambitions to drive progress (see pages 73 to 75). **Policy and advocacy:** Centrica's engagement with policymakers resulted in advocacy for regulatory changes to enable the use of biomethane for gas peakers and support for hydrogen to power plants. The Company emphasised the need for Government support in developing hydrogen production and storage infrastructure. **Stakeholder confidence:** By strengthening its Climate Transition Plan, Centrica aimed to build confidence among stakeholders about its role and resilience in the energy transition. This was achieved by presenting Centrica as a credible and resilient player in the energy transition. **Publication and communication plan:** Centrica published the updated Climate Transition Plan in January 2025, supported by a communications plan for a range of stakeholders in advance of the AGM. These outcomes demonstrate Centrica's comprehensive approach to addressing stakeholder expectations and advancing its climate commitments.

Relations with our stakeholders: shareholders and colleagues

Shareholder engagement

The Board is committed to maintaining open channels of communication with all of the Company's stakeholders. An important part of this is providing a clear explanation of the Company's strategy and objectives, and ensuring feedback is acknowledged, considered and, where appropriate, acted upon.

The Board seeks to ensure open and effective engagement through the Company's regular communications, the Annual General Meeting (AGM) and other investor relations activities.

Meetings, roadshows and conferences

During 2024, the Company undertook an ongoing programme of meetings with investors (in person and virtually). The majority of these meetings were led by the Group Chief Executive and Group Chief Financial Officer. In addition the Chair reaches out and meets with various investors during the course of the year. This year, our Remuneration Committee led an extensive proactive engagement programme with investors in anticipation of the review of our Remuneration Policy (see page 95 for more further details on this engagement).

The Company reports its financial results to shareholders twice a year, with the publication of its annual and half-year results. The Group Chief Executive and Group Chief Financial Officer typically meet with our major institutional shareholders on a regular basis throughout the year, including the scheduled results engagement sessions following the Company's preliminary and interim results. These meetings provide an opportunity for a review of the Company's strategy and performance. The results presentations, webcast and announcements are made available on our website, centrica.com.

In addition, the Company hosts investor teach-in sessions, with focus on providing insights into our businesses. Most recently, in December 2024, this covered Centrica Energy and our new Meter Asset Provider. Senior Management and/or Investor Relations also attend a number of investor conferences throughout the year, giving shareholders further opportunity to meet and receive updates directly from Company representatives. Senior management, the Chair, Senior Independent Director and Remuneration Committee Chair are also available to meet with major shareholders on an ad-hoc basis if requested.

Engagement themes with our institutional shareholders

During the year, engagement themes included:

- Centrica's strategic progress;
- Full year and interim results;
- Dividends and shareholder returns;
- The regulatory and political environment for UK energy;
- UK energy security and the future of the Rough gas storage facility;
- Energy transition investment opportunities;
- Board succession; and
- ESG matters.

General meetings

The Company holds an AGM each year and holds General Meetings as required. At the AGM, the Chair gives his thoughts on governance aspects of the preceding year and the Group Chief Executive reviews the performance of the Group over the last year. In advance of each AGM, we write to our largest shareholders inviting discussion on any questions they might like to raise with the Chairs of the Board, the Audit and Risk Committee and the Remuneration Committee being available to meet shareholders. In addition, the Company engaged with our largest shareholders and key proxy agencies in 2024 on resolutions concerning the Directors' Remuneration Policy and our Climate Transition Plan. Feedback received from this dialogue was welcomed and enhanced discussions on these proposals.

The 2024 AGM was held as a hybrid meeting in Glasgow, giving shareholders the opportunity to participate, including asking questions and voting, in person or virtually via the online Lumi platform. Shareholders were encouraged to exercise their votes by submitting their proxy forms either electronically or by post. We also invited shareholders to submit their questions in advance of the AGM via a dedicated question facility on our website and, where appropriate, the answers were published on our website.

Our 2024 AGM was well supported with votes in favour of the resolutions ranging from 90% to 99% and with 65% of the issued share capital voted.

Information about the 2025 AGM will be provided in the Notice of Meeting and will be available in due course at centrica.com/agm25. Voting on the resolutions will generally be conducted by a poll and the voting results will be announced through the Regulatory News Service of the London Stock Exchange and also made available on the Company's website.

Centrica.com

Our website, centrica.com, contains up-to-date information for shareholders and other interested parties including Annual Report and Accounts, shareholder circulars, share price information, news releases, presentations to the investment community and information on shareholder services.

Colleague engagement

The Board of Directors take collective responsibility for workforce engagement. Ongoing engagement with colleagues and understanding their perspectives enables the Board to make more informed decisions which enable better outcomes for colleagues as well as the Company.

During the year, the Chair and Non-Executive Directors engaged with members of the workforce in various ways. This included breakfast engagement sessions with the Non-Executive Directors, site visits (see page 92) and a meeting with the Shadow Board to better understand their experiences.

Directors met with the heads of our Centrica Colleague Networks where they had the opportunity to listen and ask questions about the achievements, goals and growth of these networks.

Directors also had the opportunity to engage with colleagues in Glasgow from our Retail business units, including British Gas Services & Solutions, British Gas Energy, Hive, Dyno, and New Business and Net Zero, where the Directors heard about their current roles, past experience and their aspirations. It was also an opportunity for colleagues to ask the Board questions. This feedback helped to inform strategic planning, and supported thinking on cultural measures such as seeing the improved NPS scores in 2024 for British Gas (see pages 1 and 33).

In Denmark, the Directors attended a colleague town hall Q&A and joined a number of 'show and tell' sessions, hosted by the Centrica Energy leadership team and colleagues, focusing on the Centrica Energy story, growth, geographic expansion and product diversification resulting in the Directors feeling well informed with a higher level of understanding of the business.

Following discussions with the Shadow Board on workplace strategy, the importance of an inclusive workplace, encouraging colleagues to disclose their information, and our Purpose, the Board noted the significance of promoting continuous conversations and maintaining a focus on DE&I. Consequently, there is now a stronger commitment to engage in braver conversations, actively seek feedback, and address DE&I challenges head-on. This approach ensures that our efforts are sustained and embedded into our culture, rather than being a one-time initiative.

Quarterly engagement surveys, feedback from the Shadow Board, town halls, meetings with members of the Centrica Leadership Team, both individually and together, leader-led listening sessions and colleague-led network sessions provided additional mechanisms to better understand the views of the workforce and to foster a more collegial culture.

Ongoing and holistic engagements like these contributed to the decision-making of the Centrica Leadership Team and informed the Board's view on organisational culture throughout the course of 2024.

Equal opportunities

The Group is committed to equal opportunities. We have an active equal opportunities policy which includes, but is not limited to, recruitment and selection, training, career development, performance reviews, promotion and through to retirement. Our culture supports the creation of an inclusive and safe environment free from discrimination, harassment and victimisation. Our policies ensure everyone receives equal treatment regardless of gender, identity, race, ethnic or national origin, disability, age, marital status, sexual orientation or religion or any other characteristic protected by applicable laws.

We have created channels for colleagues to voice concerns confidentially, including through a Speak Up online and phone-based helpline operated by an independent third party.

These practices help to ensure that decisions relating to employment practices are objective and based upon work criteria and individual merit. See pages 54 to 57 for more information.

Colleagues with disabilities

It is our policy that current and prospective colleagues with a disability have the same right to access and develop their careers as anyone else, which is why we are actively targeting to grow disability representation as part of our People & Planet Plan to ensure we reflect the full diversity of our communities (see pages 59 to 60). Colleagues with a disability receive full and fair consideration when applying for all vacancies and we interview those who meet the minimum criteria required, whilst making all reasonable adjustments during recruitment or during their employment with us. To help everyone reach their full potential, we provide training, career development and promotion opportunities that are open to anyone who works for us alongside tailored programmes that specifically support colleagues with disabilities to achieve the next steps in their career. We also endeavour to retain colleagues in the workforce if they become disabled during employment.

Our Diverse-ability Network celebrates and supports physiological and neurological diversity among colleagues. Over the years, the network has grown from strength-to-strength with around 450 members and a family of networks including the neurodiversity network. They are a vital source of support and education for colleagues, whilst providing us with essential feedback to help us evolve our business in a more inclusive way. As part of our ambition to be a more inclusive business, we support The Valuable 500 initiative to champion disability inclusion across the business and beyond. In addition to this, we are a Level 2 Disability Confident Employer and are members of the Business Disability Forum, which offers support, toolkits and advice to businesses around disability matters. In 2024, we launched our Great Minds programme to help normalise and better support neurodiversity amongst other activities. Details of our efforts to grow disability representation across the Company and at senior leadership level by 2030 can be found in our People & Planet section on pages 59 to 60.

Human rights

We are fully committed to upholding the fundamental human rights and freedoms of everyone who works for us, with us, or lives in the communities where we operate. We uphold the UN Guiding Principles on Business and Human Rights and are signatories of the United Nations Global Compact. As set out in Our Code, we take steps to ensure that we never knowingly cause or contribute to human rights abuses through activities like employment checks and supplier due diligence. We also aim to contribute positively to global efforts to ensure human rights are understood and observed. Further information about our efforts can be found in our People & Planet Plan on page 66, as well as in our Modern Slavery Statement and Our Code available on our website centrica.com.

Audit and Risk Committee

As the Chair of the Audit and Risk Committee (the Committee), I am pleased to present our report for the year ended 31 December 2024, which summarises the Committee's work to ensure the accuracy and completeness of the Group's published financial information and the effectiveness of the Group's risk management and internal controls framework. This has been a year of significant activity and diligent oversight as we have continued to enhance our governance and risk management frameworks.

This report should be read in conjunction with the following sections in the Annual Report and Accounts:

- Principal Risks and Uncertainties, pages 40 to 51;
- Viability Statement, pages 52 to 53; and
- UK Corporate Governance Code (UK Code) application, page 82.

Changes in membership

Following 5 years and 7 months of service on the Audit and Risk Committee (including as Chair of the Committee), Kevin O'Byrne stepped down on 15 December 2024 following his appointment as Chair of the Board. We thank Kevin for his valuable contributions to our discussions.

Committee overview

The Committee has an annual agenda which is linked to the Company's financial calendar. The agenda is flexible, enabling in-depth reviews of topics based on prioritisation in addition to a regularly scheduled programme for the Committee's attention.

The core responsibilities of the Committee are to:

- Monitor and review the adequacy and effectiveness of the Company's internal controls, risk management systems, and financial reporting processes, including key judgements and estimates;
- Ensure Information Systems Security and compliance with legal, regulatory and ethical standards;
- Provide advice and assurance to the Board on whether it has discharged its duties effectively;
- Assess whether the Annual Report and Accounts, when considered as a whole, are fair, balanced and understandable, providing all necessary information for shareholders and stakeholders to evaluate the Company's business model, strategy, position and performance;
- Oversee the Group's Internal Audit function, ensuring its independence, strategic focus, activities, plans and resources are adequate;
- Approve the appointment and, if necessary, dismissal of the Group Head of Internal Audit;
- Meet regularly with the Group Head of Internal Audit, without management present, to discuss remit and findings;
- Manage the relationship with the Company's external auditors on behalf of the Board, including overseeing their appointment, independence, effectiveness and remuneration;
- Conduct a tender for the external audit contract at least every 10 years and make recommendations to the Board;
- Meet regularly with external auditors, without management present, to discuss their remit and findings;
- Oversee arrangements for employees and stakeholders to confidentially raise concerns about possible improprieties, including in financial reporting;
- Ensure these arrangements enable proportionate and independent investigations and appropriate follow-up actions;
- Review the Company's policies, including 'Our Code', and assess annual compliance;
- Monitor the adequacy of procedures for detecting and addressing fraud, financial crime, bribery and regulatory risks;
- Review significant regulatory policy developments, material risks and incidents of non-compliance, receiving quarterly compliance reports;
- Monitor the Group's exposure to market risks, including commodity prices, inflation, interest rates, and currency fluctuations; and
- Oversee the management of counterparty exposures and funding uncertainties.

Main activities during 2024

During the year, the Committee met four times and considered a broad range of topics. Some of the key focus areas for discussion included the following:

- Viability and Going Concern assessments and related disclosures;
- Review of the 2023 financial results, the Annual Report and Accounts, and the 2024 interim financial results, including any relevant communications from Deloitte;
- Accounting judgements, especially those related to Centrica Energy, the reversal of the onerous supply contract provision, the impairment of the Nuclear asset, Nuclear-related life extensions, impairment, price curves methodology, the Electricity Generator Levy and the assessment of the downstream supply bad debt provision;
- Evaluation of the effectiveness of the external audit process and the Internal Audit function;
- Planning and commencement of the external audit tender process, scheduled to reach conclusion in 2025 in relation to the audit of the 2027 accounts and thereafter;
- Continued oversight of the control environment and finance systems maintenance and development particularly regarding the migration of British Gas Energy customers to a new technology platform;
- Review of the Group's pension schemes, including the triennial review and the impact of changes in gilt yields (see note 22);
- Monitoring of sanctions compliance, information systems, cyber security and data security risk management, especially considering geopolitical developments and updating the Board accordingly;
- Updates on legal, regulatory and ethical compliance, with a focus on energy trading, energy supply (including in relation to prepayment meters installed under warrant) and the sale and delivery of FCA-regulated products and services, including the operation of Our Code and the Speak Up helpline;
- Regular updates on the progress of the Enterprise Risk Management and Internal Controls programmes;

- Review of customer ratings and feedback as part of the broader assessment of the control environment, risk management, and service quality;
- Assessment and preparation for upcoming legal and regulatory changes, such as reforms to the UK corporate governance regime and CSRD;
- Regular reports and recommendations from Internal Audit and the external auditors on risk, assurance and controls;
- In-depth reviews of the risks and controls environment across various divisions of the Group; and
- Reviewed the reporting and disclosure related to climate change in the Annual Report & Accounts alongside the Safety, Environment and Sustainability Committee, to ensure it comprehensively outlines the actions taken to effectively address major climate-related concerns.

Risk management and internal controls

Internal Audit

The Committee oversees the Group's Internal Audit function, ensuring its efficiency, independence and alignment with strategic objectives and the revised Global Institute of Internal Audit (IIA) standards (Global IIA standards). This includes regular reviews and approval of the annual Internal Audit plan, which is developed in response to the Group's evolving Principal Risks (details on pages 40 to 51). During the year, assurance is provided through a mixture of traditional audits and agile reviews such as real time assurance, programme reviews and investigations. The Group Head of Internal Audit maintains direct communication with the Board Chair and the Committee Chair and is accountable to the Committee. Throughout the year, the Committee is updated on Internal Audit's themes and findings. It also monitors the implementation of follow-up actions by business units.

The Company continues to conform with the revised Global Institute of Internal Audit (IIA) standards. The independence, objectivity and effectiveness of the Internal Audit function was reviewed by reference to the output from a combination of self-assessment, independent assessment conducted by interviews with the Centrica Leadership Team (CLT) and a broader group of senior managers, as well as assessment by the Committee. The review concluded that the Internal Audit function operated in accordance with the Institute of Internal Auditors' International Professional Practices and continued to be independent, objective and effective, with the appropriate resources.

Review of the system of risk management and internal controls

As a business, we place significant emphasis on monitoring the Company's risk management and internal control framework. Investment in transformation programmes for both Enterprise Risk Management and Internal Controls run through 2024 have enhanced our approach to risk management and internal controls.

Our risk management and internal controls are assessed through a self-certification process, a Group Entity Level Controls assessment programme and internal reviews by Internal Audit and the Committee. The Committee receives regular updates on Group Principal Risks and the Group control framework from the Chief Risk Officer and the Director Group Finance reports highlights of the key risks the Group faces, the change in risk climate since the last meeting and any new emerging risks. The update also details the control environment and any areas of weakness identified, together with proposed mitigations.

At times, the Committee requests and receives additional information on areas of concern to obtain a deeper understanding of the risk and assurance of gap closure through closer oversight of remediation. The risk management process and internal controls have been in place throughout the year and remain effective, with ongoing review and improvement.

The Committee has received regular reports throughout the year on the billing system, ENSEK, which the Group purchased in 20 September 2024. We continue to evolve our controls and the Committee was satisfied with the manual review controls put in place, which included a significant number of validations, checks and other broad assurance activities, providing financial integrity and ensuring we remain comfortable with the financial results. The business is committed to evolving further the manual and IT controls in place and the extent of automation, as the platform continues its development.

The Committee also discussed the challenges relating to external audit findings across some of the Group's systems around user access. The Committee continues to oversee the remediation plans and monitors this closely at every meeting.

The Committee oversaw the annual testing of Group Level Controls. The Committee continued to emphasise the importance of refining risk appetites, ensuring robust metrics and data quality, and implementing effective mitigation strategies to support the Group's governance and risk management framework. The Committee is overseeing the development and implementation of a structured plan to ensure compliance with Provision 29, with a clear roadmap to assess and enhance the effectiveness of risk management and internal controls.

Enterprise risk management framework transformation

During the year, the Committee has engaged in the enterprise risk management transformation programme (the Framework), which included approval of a refreshed Framework aligned with international standards, including ISO31000 and COSO ERM guidance, in order to continue to enhance our risk management capabilities.

A CLT strategic risk workshop informed this year's review and assessment of the principal risks for inclusion, confirming a shared understanding and alignment with Centrica's strategic priorities and the evolving risk landscape. While the overall Principal Risks remain consistent, an updated understanding of these risks enabled targeted control improvements and mitigation strategies.

Strengthening of financial controls

The Committee noted the Framework's role in strengthening Centrica's financial controls environment, with specific improvements in IT controls and other areas highlighted by external audits.

The Audit and Risk Committee commended the progress made in Centrica's enterprise risk management processes and further improvements in the overall control landscape, reflecting a maturing framework aligned with strategic priorities and regulatory expectations.

Fair, balanced and understandable

In line with the UK Code, the Committee reviews the Annual Report and Accounts on behalf of the Board to ensure it is compliant with applicable laws and regulations and provides shareholders and stakeholders with the necessary information to assess the Company's position, performance, culture, business model and strategy. The Committee also considers the processes and controls involved in the production of the Annual Report and Accounts, the governance framework for review and the responsibilities of the Directors. There is a robust governance framework supporting the production of the Annual Report and Accounts to ensure they have been critically reviewed and verified by the key teams in the relevant businesses and functions. This includes review and agreement by the Fair, Balanced and Understandable Committee comprising Heads of Function from Finance, Corporate Communications, Investor Relations, Internal Audit, People Function, Strategy and Secretariat together with review and input from other content owners and their managers.

External auditors

External auditors and effectiveness of the external audit process

The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee considers annually the scope, fee, audit plan, performance, objectivity and independence of the external auditors. To maintain objectivity, principal members of the external audit team are rotated off the Company's audit. Additionally, to protect the independence of the external auditors and the integrity of the audit process, the Company prohibits hiring senior staff from its auditors for at least two years after they stop providing services to the Company. Jane Boardman was appointed as the lead audit partner after the completion of the 2021 audit and has been serving in this role for three years. The Company conducted its last audit tender on 4 November 2016, appointing Deloitte as auditor for the financial period beginning 1 January 2017.

To assess the effectiveness of the external audit process and independence and objectivity of the external auditors, the Committee carried out an assessment, as in prior years, primarily looking at the key areas of:

- Robustness of the audit process;
- Quality of people and service;
- Quality of delivery;
- Independence and objectivity; and
- Value-added advice.

This assessment included an internal questionnaire, which was completed by the Chair of the Board, Committee members and senior members of management on their views of Deloitte's performance. The questionnaire covered a review of the audit partner and team, the audit scope and approach, audit plan execution, auditor independence and objectivity, and robustness of challenge of management. Separately, Deloitte also provided an assessment, via an internal management questionnaire, of management's controls, judgements and engagement throughout the audit process. The feedback was reviewed by management; it was then reported to and discussed by the Committee.

Fair, balanced and understandable

To ensure the Annual Report meets the 'fair, balanced and understandable' (FBU) standard, a thorough process is undertaken annually to provide assurance to the Board and the Audit and Risk Committee (the Committee).

The assurance process for the Annual Report involved contributions from various internal and external stakeholders to ensure its accuracy, clarity and compliance. PwC, as the independent advisor to the Remuneration Committee, conducted an external review of the Directors' Remuneration Report. Additionally, external legal counsel and proxy advisors provided feedback on the broader Annual Report, which was instrumental in enhancing the quality of disclosures. Key contributors, including members of the finance leadership teams, verified the accuracy of the information they supplied.

The FBU Committee, comprising senior business leaders, played a pivotal role in ensuring the report was 'fair, balanced and understandable.' This involved reviewing strategic and operational performance, risk management, governance narratives and the alignment between financial statements and narrative sections. Regulatory and compliance aspects were also scrutinised by the Committee. Drafts of the report were shared with both the FBU Committee and the full Board for thorough review and input, ensuring robust oversight and alignment with the Company's strategic objectives.

This collaborative effort supports accountability to ensure that the report is clear and transparent.

The Directors consider the work undertaken by the FBU Committee. This provides robust support for the Committee's review for its determination that on the whole, this Annual Report is fair, balanced and understandable, providing shareholders with the information needed to evaluate the Group's position, performance, business model and strategy.

The Committee was satisfied with the external auditor's commitment to audit quality, the robust and professional working relationship with management and demonstration of strong technical knowledge and professional scepticism. In addition, to ensure the independence of the external auditor, and in accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Standard 2019 issued by the Accounting Practices Board and as a matter of best practice, Deloitte has confirmed its independence as auditor of the Company. On the basis of Deloitte's confirmation and report on their approach to audit quality and transparency, the Committee concluded that; Deloitte possesses the appropriate qualifications and expertise; Deloitte remains independent of the Group; and, coupled with effective management engagement, the audit process was effective.

The re-appointment of Deloitte as auditor for the 2024 financial year was approved by shareholders at the AGM in June 2024 and Deloitte has been recommended for re-appointment again in 2025. The Committee confirms that this recommendation is free from influence by any third party and no contractual term of the kind mentioned in Article 16(6) of the Audit Regulation has been imposed on the Company.

As indicated above, Deloitte has been the Company's auditor since 2017 (8 years). As stated in last year's report, the Committee has initiated a competitive audit tender process in accordance with the mandatory ten-year re-tendering requirement. The process will be completed during the year and the outcome of the process will be reported in the 2025 Annual Report. Deloitte has been invited to participate in the tender. Conducting the audit tender in 2025 is in the best interest of the Company as it ensures compliance with best corporate governance practices, promotes auditor independence, and enhances the effectiveness and quality of the external audit.

The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. The Committee and the Board confirm that they have taken all the necessary steps to become aware of any relevant audit information and to pass that information onto Deloitte.

Auditor independence and remuneration

The Committee is responsible for establishing the Group's policies and procedures designed to protect the independence and objectivity of the external auditor. The policy details those services that the auditor is permitted to carry out and pre-approves certain of these services provided the fee is below a threshold; all other permitted services must be specifically approved in advance by the Committee. Prior to the engagement of the auditor for a permitted service, the policy requires that senior management confirms whether the Committee has pre-approved the service or specific approval is required.

The total amount of fees paid to the auditor for both audit and non-audit related services in 2024 is disclosed in note S9 to the financial statements.

In November 2024, the Committee reviewed its non-audit services policy and no substantive changes were made to the policy. A copy of this policy is available on our website centrica.com.

There is an annual cap on non-audit work during the ordinary course of business of £1m, which is assessed each year for appropriateness in the context of external guidance and regulation. Overall total non-audit fees incurred in 2024 were £0.8m (2023: £0.7m). All non-audit fees relate to assurance services (e.g. Interim review or local regulatory requirements). In line with the non-audit fees policy, approval for this expenditure was sought and received from the Committee in advance of the work commencing if Deloitte was best placed to provide these services on a timely and cost-efficient basis, given their position as the external auditor. The amount incurred in the year is well below the legal cap of 70% of non-audit fees (for services not required by regulation) compared to the three-year average of statutory audit fees, amounting to approximately 10%.

In normal circumstances, all significant non-audit work is put out to tender and Deloitte is only appointed if their experience and knowledge makes them the most appropriate supplier and it is clear another firm could not undertake the work without adversely impacting the businesses. For further information, see note S9 to the accounts on page 261.

Corporate Reporting Review

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities by reviewing and monitoring the integrity of the financial information provided to shareholders and other stakeholders. The Committee oversees financial reporting and related risks and internal controls and has a role in overseeing the internal and external auditors, as well as interacting with other members of management and external stakeholders as required.

In advance of the Audit, Reporting and Governance Authority being created, the Committee during the year complied with the FRC's Audit Committees and the External Audit: Minimum Standard.

Going concern basis of accounting & viability

The Committee has provided a robust review of the going concern assessment and the ongoing adoption of the going concern basis of accounting for the preparation of financial statements, identifying any material uncertainties that could impact the Company's ability to continue as a going concern.

Our deliberations during the year have also included evaluating the Company's prospects. We recognise the need to clearly articulate how the Board has assessed these prospects, the period considered and the rationale for deeming that period appropriate. This forms part of our commitment to providing transparent and comprehensive disclosures.

UK Corporate Governance Code preparedness
The Board regularly receives updates from the Group General Counsel & Company Secretary about important developments and upcoming changes in UK Corporate Governance and preparedness to comply with the 2024 UK Corporate Governance Code. During the year, the Committee, aided by the Group General Counsel & Company Secretary and the Group Chief Financial Officer, considered the changes to the UK Corporate Governance Code and considered how these changes affect the remit of the Board Committees.

Speak Up (the Group's whistleblowing service)
The Committee received and considered reports from management on the Group's whistleblowing arrangements. The Committee reviewed the reports to ensure there are arrangements in place which colleagues can use in confidence and without fear of retaliation. In addition, colleagues are able to report concerns about inappropriate and unacceptable practices; these arrangements are well publicised and there is proportionate and independent investigation of such matters or appropriate follow-up. The Committee reported on its consideration of whistleblowing arrangements to the Board.

Committee effectiveness
The Committee reviews its terms of reference annually to ensure they remain appropriate in light of legal, regulatory and best practice changes. No material changes were made to the Committee's terms of reference in the year under review and they are available on our website centrica.com.

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Independent Board Evaluation. The Committee was found to be performing effectively. The outcome from the evaluation will be used to improve performance going forward.

Read page 80 to 81 for further information on Board effectiveness.

Membership, meeting attendance and key focus

Committee members:
- Nathan Bostock (Chair)
- Kevin O'Byrne (member until 15 December 2024)
- Carol Arrowsmith
- Philippe Boisseau
- CP Duggal

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

All Committee members are independent Non-Executive Directors. Nathan Bostock has recent and relevant financial experience and the Committee has sector relevant competence, as disclosed on page 88.

Carol Arrowsmith has a historical connection to Deloitte LLP (Deloitte), having previously served as a partner. However, she had left Deloitte prior to their appointment as the Group's external auditors. Additional, Carol receives a pension annuity from Deloitte. The Committee deems that this does not affect the independence and judgement of Deloitte, nor the Committee's oversight of Deloitte's performance.

Meeting attendees by invitation
All other Non-Executive Directors, Group Chief Executive, Group Chief Financial Officer, Group General Counsel & Company Secretary, Group Financial Controller, Group Head of Accounting, Reporting and Tax, Group Head of Treasury, Pensions and Insurance, Group Chief Risk Officer, Group Head of Internal Audit and the external auditors.

Focus areas in 2025:
- The Group's published financial information;
- The effectiveness of the Group's enterprise risk management and internal controls framework;
- The enterprise risk and control framework including risks managed by the other Board committees;
- Oversight of principal risk levels against risk appetite;
- Compliance, ethics, legal and regulatory matters;
- Rotational deep dives on risk and controls management within each business unit;
- Finalise audit tender process;
- Finance Systems Review and Finance health check;
- Preparedness for 2024 UK Corporate Governance Code implementation and material control attestation; and
- CSRD/Sustainability Assurance.

Nathan Bostock
Chair of the Audit and Risk Committee
19 February 2025

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Electricity Generator Levy The Electricity Generator Levy (EGL) applies a tax rate of 45% on revenues from sales exceeding a benchmark price of £75/MWh (as adjusted for inflation) on electricity generated from nuclear sources. It applies from 1 January 2023 to 31 March 2028. Because EGL is a tax on revenue and not profits, it falls under IFRIC 21: Levies and is not in the scope of IAS 12: Income Taxes. This means that EGL is not recognised in the tax line but instead reduces the Group's adjusted operating profit. EGL is chargeable within the Group's associate accounted 20% Nuclear investment for its sale of electricity, as well as on offtake arrangements with significant minority shareholders in such generators. During the year, the Group's share of its Nuclear associate's EGL payments amounted to £86m (2023: £41m) (recorded within the share of profit after tax from associates). The Group has also made payments on account to HMRC of £80m (2023: £285m) in relation to its estimated EGL liabilities for its minority shareholder Nuclear offtake arrangements during the year and this expense has been recorded within Cost of Sales. The EGL legislation is new, and its interpretation and application is unclear in respect of the Group's minority shareholder Nuclear offtake arrangements. As such, the extent of the levy that will ultimately be due in this regard is not yet certain, and a different amount (up to £150m lower than the amounts paid to date in 2023 and 2024) may ultimately be determined. If this were the case, a tax deposit asset would be recorded on the Group Balance Sheet, and as a credit within Cost of sales in the Group Income Statement, when it became probable that the asset would be recoverable, in accordance with the 2019 IFRIC Agenda decision on Deposits relating to taxes other than income taxes. Given the early stage of discussions there is not yet sufficient evidence to support the probability of recovery and therefore no asset has been recorded at the balance sheet date.	The Committee discussed the complexity around the interpretation of the Electricity Generator Levy legislation and understood the process the Group had been through to gain clarity on the matter and the external advice sought. It also held discussions with the external auditors to confirm their view and the appropriateness of the accounting treatment adopted. The Committee concluded that the judgement reached was appropriate and concurred with the accounting approach. The Committee also noted the disclosures included in the financial statements to highlight the key source of estimation uncertainty in this area. Further detail is provided in note 3 on pages 176 to 182.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Determination of forecast commodity prices and their use in valuing long-lived assets and derivative contracts Commodity price forecasts are a key assumption in the valuation of the Group's long-lived assets and derivative contracts. For short-term commodity prices over the next four years, observable liquid market prices (as at 31 December 2024) continue to be taken as the best view of expected price. For the longer-term period thereafter, the Group has refined its commodity price estimation methodology, following the announcement of its intention to invest between £600-800m in capital expenditure annually over the next few years, including in assets with long-term commodity price exposure. It was considered important to derive a Centrica view of long-term prices to help assess both asset values and inform impairment assessments rather than continue to utilise a 'P50' average of third-party comparator median curves, which was used in the prior year. An internal review was conducted to map Centrica's beliefs around the evolution of each commodity market to specific, reputable, third-party curve providers. This review evolved during the year and resulted in a more refined view using a balance of curve providers more aligned to our long-term view. Accordingly these long-term price assumptions are expected to help facilitate a better estimation of the recoverable amount of long-lived assets and are deemed to align to pricing that a reasonable market participant would use. The Group has used these price curves in its asset impairment testing and contract valuations. The year-end price assumptions for NBP and Baseload power were benchmarked back to those that would have been calculated under the previous 'P50' methodology and were not significantly different. The Group has also obtained commodity price forecasts which are intended to be consistent with net zero by 2050. These are lower than the curves the Group has adopted for both NBP and baseload power. The Group has shown the impact of such price forecasts on the gas assets and Nuclear assets in note 7 of the financial statements.	The Committee understood and challenged the rationale for changing the approach to deriving long-term commodity price assumptions. The Committee noted the increase in short-term NBP prices during 2024 with a reduction in Baseload power prices and that the longer-term price forecasts were fairly consistent when compared with prior year for both commodities. The Committee understood that these outputs impact many of the other judgements listed below. Sensitivities of the asset impairment tests to changes in price forecasts are provided in note 7 on page 192 to 196. The Committee noted the use of a price curve intended to be consistent with net zero by 2050 in the impairment sensitivities and believed the output provided useful information to readers of the accounts. The Committee also noted the continued inclusion of a Climate Change accounting considerations section in note 3.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Energy derivatives – classification and valuation The Group enters into numerous commodity contracts in its ordinary course of business. This can be to procure load for its downstream business, sell output from its upstream/ infrastructure assets, to trade around its other commodity exposures or to make money from proprietary activities. On entering into these contracts, the business assesses each of the individual trades and classifies them as either: (i) Out of scope of IFRS 9: For 'own use' contracts (i.e. customer contracts, contracts to take delivery and meet customer demand or sell upstream/ infrastructure output) and contracts that cannot be net settled. (ii) In scope of IFRS 9: Contracts for commodities which have the ability to be and practice of being net settled. Energy contracts outside the scope of IFRS 9 are accruals accounted. Those contracts considered to be within the scope of IFRS 9 are treated as derivatives and are marked-to-market (fair valued). If the derivatives are for proprietary energy trading, they are recorded in the business performance column of the Group Income Statement. If they are entered into to protect and optimise the value of underlying assets/ contracts or to meet the future downstream demand needs, they are recorded as certain re-measurements. The fair value of derivatives is estimated by reference to published liquid price quotations for the relevant commodity. Where the derivative extends into illiquid periods, the valuation typically uses the new Centrica long-term view price curves (see 'Determination of long-term commodity prices and their use in valuing long-lived assets and derivatives'). Judgement is required in all aspects of both the classifications and valuations. One of the Group's critical accounting judgements is that its LNG contracts are outside the scope of IFRS 9 because they are entered into for its own purchase and sale requirements ('own use').	The Committee noted that the Group's policy and methodologies in classifying and valuing energy derivatives were unchanged from previous periods. The Committee also reviewed and understood the breakdown by business of the movement in IFRS 9 energy derivative valuations in the Group Income Statement. They reflected on the fact certain re-measurement derivative net gain of c.£400m was predominantly as a result of the unwinding of prior year out-of-the money positions and that the net movement on unrealised trades was small in comparison to the unwind. The Committee noted that, as expected and referenced in Committee's prior year report, the 2024 certain re-measurement unwind amounts were at significantly lower levels than seen in 2022 and 2023 following the extremely volatile prices in 2022. Further detail is provided in notes 2 and 7 on pages 174 to 175 and 192 to 196. The Committee noted and reaffirmed its agreement with the specific judgement regarding LNG contract own-use classifications.

Key judgements and financial reporting matters in 2024	Audit and Risk Committee reviews and conclusions
Onerous energy supply and LNG contracts provision The Group's residential and business energy supply contracts and its LNG procurement contracts are accruals accounted. The Group operates and manages a hedging strategy to ensure that the future costs of supplying the customer supply portfolios are appropriately managed and that the value of the LNG cargoes are protected. These hedges are generally in the scope of IFRS 9 and are measured at fair value (see 'Energy derivatives – classification and valuation' above). They are recognised as certain re-measurements in the Group Income Statement separately and are subsequently reflected in business performance when realised, which is generally when the underlying supply transaction or LNG cargo impacts profit or loss. At the end of 2024, the hedges associated with the LNG portfolio were in-the-money. Because of this hedge value recognition, the assessment of whether the LNG contracts were onerous had to be calculated based on the cost of taking delivery of these cargoes and the expected revenues, including the reversal of previous mark-to-market gains. Accordingly, the future costs to procure the LNG cargoes would exceed the revenues derived including mark-to-market reversals because the associated hedging gains had already been recorded in the Income Statement. The Group therefore recognised an onerous LNG contract provision of £82m at the year-end. Note that the LNG portfolio is hedged on a portfolio basis and is forecast to remain economically profitable in 2025 and beyond. At the end of 2024, no onerous provision was required for the residential or business supply contracts because although related hedges were in-the-money, the costs to fulfil the customer contracts including mark-to-market reversals still did not exceed the charges expected to be recovered from the customer. Therefore no onerous supply contract provision was required. The movement in these onerous provisions have been reflected as a certain re-measurement in the Income Statement because these contracts are economically related to the fair value movements on the hedges. Cumulatively, over time, these postings will net to £nil, as the underlying contracts realise and are reflected in the business performance column.	The Committee reviewed the change in the underlying derivative hedge values of the different books and considered the assessment of the onerous contract provisions. The Committee discussed and understood the rationale for including the LNG cargo onerous provisions within certain re-measurements and noted the similarities to the previous onerous energy supply contract provisions. The Committee noted that no onerous energy supply contract was required but observed that it may be required in 2025 if the related derivative hedges moved further into the money but this is dependent on energy prices and the hedged position. The Committee noted the disclosures included in the financial statements to highlight this area. The Committee held discussions with the external auditors to confirm the appropriateness of the accounting treatment and to understand their views of the assumptions used. Further detail is provided in notes 2, 3 and 7 on pages 174 to 182 and 192 to 196.

Key judgements and financial reporting matters in 2024	***Audit and Risk Committee reviews and conclusions***
Impairment of long-lived assets The Group makes judgements and estimates in considering whether the carrying amounts of its assets are recoverable: ***Upstream (Power assets and Gas production assets)*** For Upstream/infrastructure assets, discounted cash flows are prepared from projected production profiles of each field or power asset, taking into account forecast future commodity prices, to assess their recoverable amount. When deriving forecast cash flows, market prices are used for the period when a commodity is liquid. For the longer-term illiquid period, the Centrica view of long-term prices is used (see 'Determination of forecast commodity prices and their use in valuing long-lived assets and derivatives', above). Judgement is also required around production volumes. For Nuclear, individual station information and recent availability data is factored in to the overall asset valuation. The expected operating life of Sizewell has continued to be reflected to 2055 in the modelling, beyond the original design life. During 2024, the expected closure dates for Heysham 1 and Hartlepool stations were extended by one years to March 2027, and for Heysham 2 and Torness by two years to March 2030. For Gas production assets, each field has specific reservoir and field characteristics and is modelled independently. Consistent with previous years, taxes and levies are also included in the discounted cash flow modelling. For Nuclear, the Electricity Generator Levy (see 'Electricity Generator Levy' above) applies a tax rate of 45% on revenues exceeding a benchmark price of £75/MWh (adjusted for inflation) and applies from 1 January 2023 to 31 March 2028. For Gas assets, the Energy Profits Levy applies a rate of 38% (bringing the headline rate on Gas asset profits to 78%) and has a sunset date of 31 March 2030. Predominantly as a result of the movement in both actual and forecast power prices, offset by station life extensions, an exceptional impairment of £48m has been booked in relation to the Nuclear investment. For CBS power assets, an exceptional impairment of £27m was recorded, predominantly related to battery and solar assets, following a reduction in forecast commodity prices. All gas production fields retained impairment headroom.	The Committee challenged management on the key inputs to the impairment models including price, outage rates, assumed lives, tax and discount rates, and discussed with the external auditors. Ultimately, the Committee were comfortable with the conclusions reached. The Committee reviewed the Nuclear investment impairment and noted that the decrease in commodity prices had more than offset the benefit of life extensions at Heysham 1 & 2, Hartlepool and Torness. It also considered the gas production fields and understood why impairment headroom was maintained following an increase in near-term NBP prices. The Committee noted that price sensitivity disclosures have been included in the financial statements. Further detail on impairments and the assumptions used in determining the recoverable amounts is provided in notes 7 and S2 on pages 192 to 196 and 231 to 243.

Key judgements and financial reporting matters in 2024	*Audit and Risk Committee reviews and conclusions*
Credit provisions for trade and other receivables The IFRS 9 impairment model requires credit provisions ('bad debt') for trade and other receivables to be based on an expected credit loss model, as opposed to an incurred loss basis. The economic effects of high interest rates and inflationary pressures on household income, with energy prices increasing in the second half of the year, will likely impact the ability of the Group's customers to pay amounts due. Accordingly, there is significant judgement around the levels of forecast bad debt and the provisioning required at the year-end. The Group's residential and business energy supply customers account for the majority of the Group's credit exposure (with balances associated with our trading business generally received within 30 days). Expected default rates in these areas are calculated initially on a matrix basis by considering recent historical loss experience, the nature of the customer, payment method selected and, where relevant, the sector in which they operate. This model does not always adequately capture scenarios where there is a delayed impact on customer payments, such as forward-looking macroeconomic challenges (e.g. higher interest rates). Accordingly, management includes a macroeconomic provision adjustment to mitigate this issue and this amounted to £49m (2023: £175m) at the year-end. The year-on-year reduction in this adjustment was as a result of the initial matrix model starting to more accurately reflect some of these forward-looking challenges. For UK Downstream energy supply, the bad debt charge as a percentage of revenue decreased to 2.6% (2023: 2.9%). The closing bad debt provision moved to 38% (2023: 34%) of UK energy supply gross receivables. Due to the significant estimation uncertainty in this area, management continues to provide detailed analysis and sensitivities in note 17 to the financial statements.	The Committee noted management's groupings of receivables by the key factors affecting recoverability (e.g. payment method, nature of customers) and considered the levels of provisions booked against each grouping, at the year-end. The Committee discussed the approach with the external auditors. The Committee was comfortable with the provisions booked, including the reduction in the macroeconomic provisions. The Committee noted the significant estimation uncertainty in this area and the continued enhanced disclosures in notes 3 and 17, setting out the judgemental nature of the provisioning and the sensitivity analysis to allow users of the accounts to model different outcome scenarios.
Classification and presentation of exceptional items and certain re-measurements The Group reflects its underlying financial results in the business performance column of the Group Income Statement. To be able to provide this in a clear and consistent presentation, the effects of certain re-measurements of financial instruments and onerous supply/LNG contract provisions, and exceptional items are reported separately in a different column in the Group Income Statement. The classification of items as exceptional and specific trades as certain re-measurements (see 'Onerous supply and LNG contracts provision' and 'Energy Derivatives – classification and valuation' sections above) are subject to defined Group policies. These policies are reviewed annually by management. At the year-end, pre-tax exceptional items included the Nuclear and CBS asset impairments (noted above in 'Impairment of long-lived assets'). Also included are legacy contract costs of £53m associated with business activity that ceased a number of years ago and debt repurchase costs of £68m. Certain re-measurements totalled an overall c.£300m gain on a pre-tax basis – £421m gain from derivatives and £142m loss from the onerous supply and LNG contracts provision movement.	The Committee noted the inclusion of onerous LNG contract provision movements within certain re-measurements and understood the rationale. They noted that the policy on certain re-measurements and exceptional items remains broadly unchanged from the prior year, other than this addition. The Committee formally reviewed and approved the Group's policy on exceptional items during the year and used it to help inform the appropriateness of the proposed classifications. It challenged the items classified as exceptional items, considering their size, nature and incidence and in the context of the Group policy. The Committee concluded that separate disclosure of these items as exceptional was appropriate in the financial statements. The Committee ultimately agreed that presenting certain re-measurements and exceptional items separately continues to allow underlying performance to be reflected on a consistent and comparable basis through the use of the adjusted alternative performance measures (e.g. adjusted operating profit). Further detail is provided in notes 2, 3 and 7 on pages 174 to 182 and 192 to 196.

Key judgements and financial reporting matters in 2024	*Audit and Risk Committee reviews and conclusions*
Energy supply revenue recognition The Group's revenue for energy supply activities includes an estimate of energy supplied to customers between the date of the last meter reading and full-year consumption. This is estimated through the billing systems, using historical consumption patterns, on a customer-by-customer basis, taking into account weather patterns, load forecasts and the differences between actual meter readings being returned and system estimates. An assessment is also made of any factors that are likely to materially affect the ultimate economic benefits which will flow to the Group, including bill cancellation and re-bill rates. To the extent that the economic benefits are not expected to flow to the Group, revenue is not recognised. At the year-end, unread energy income for the continuing supply businesses was £2.7bn (2023: £3.0bn).	The Committee has reviewed the level of unread revenue and unbilled accrual made during the year and discussed with management and the external auditors. More details on unread energy income are provided in note 3 on pages 176 to 182 and on unbilled energy income in note 17 on pages 208 to 214.
Pensions The assets and liabilities, and the cost associated with providing benefits under defined benefit schemes is determined separately for each of the Group's schemes. Judgement is required in setting the key assumptions used for the actuarial valuation which determines the ultimate cost of providing post-employment benefits, especially given the length of the Group's expected liabilities. Judgement is also required in valuing the unquoted assets in the plan asset portfolio, including private equity and property interests that are typically subject to valuation uncertainty. The valuation of these assets is based on the latest asset manager views and other relevant benchmarks. The net Group pension liability position was £21m (2023: £117m). The UK defined benefit schemes used a nominal discount rate of 5.4% (2023: 4.6%) and inflation of 3.1% (2023: 2.9%). In February 2025, the full actuarial valuation of the UK defined benefit pension schemes, as at 31 March 2024, was agreed with the pension Trustees.	The Committee noted the key pension assumptions and disclosures in the financial statements. It noted that these assumptions were derived on a consistent basis to previous periods. The Committee recognised the role of the independent actuary, who is consulted on the appropriateness of the assumptions, and asset managers in the valuation of unquoted assets. Discussions were also held with the external auditors. The Committee were pleased that the triennial review had been agreed with the Pension Trustees. Further details on pensions are set out in note 22 on pages 218 to 222.
Fair, balanced and understandable The Board is required to confirm that the Annual Report and Financial Statements are fair, balanced and understandable. To enable the Board to make this declaration, there is a year-end review process to ensure that the Committee and the Board have access to all relevant information, including management's papers on significant issues.	The Committee reviewed the key factors considered in determining whether the Annual Report is fair, balanced and understandable. The Committee and all Board members received a draft of the Annual Report and Financial Statements in sufficient time to review and challenge the disclosures therein. In addition, the Committee took into consideration the external auditors' reviews of the consistency between the reporting narrative of the Annual Report and the Financial Statements.

Nominations Committee

On behalf of the Board, I am pleased to present the Nominations Committee (the Committee) report for the year 2024. This report outlines the key activities and focus areas of the Committee during the year, reflecting our commitment to maintaining a robust and effective Board and governance framework that can lead Centrica plc with integrity and ensure we are able to fulfil our strategic vision.

Committee overview

The Committee is responsible for oversight of skills composition and succession planning – both at a Board and key executive management level – to ensure that the Company is able to deliver its objectives. To support ongoing improvements in Board effectiveness, the Committee's remit also includes oversight of Board induction, training and the effectiveness review process.

Main activities during 2024

During the year, we focused on succession planning and reviewing the skills and expertise of the Board, ensuring a diverse and highly capable cohort equipped to navigate the complexities of our industry.

The Committee held four meetings in 2024 which were chaired by Scott Wheway, with the exception of those sessions considering Chair succession. The Committee reviewed and deliberated on critical topics including succession planning, governance, Director training and Board effectiveness.

Based on the Directors' performance and their ongoing contributions to the Company's long-term sustainable success, the Committee recommended the re-election and election of all the Directors at the 2024 AGM. The specific rationale for these recommendations was detailed in the Notice of Meeting for the AGM.

Board skills and training

In 2024, the Committee reviewed the Board's skills and expertise in light of the Group's strategy and the evolving external landscape. The Committee acknowledged the positive impact of recent Board appointments. It is committed to continuously assess the need for additional capabilities to navigate the complexities of the energy sector and align with strategic objectives, including the positioning of the Company for growth.

During the year, with support from the General Counsel & Company Secretary, the Board received training and updates on industry-specific regulatory and compliance changes, governance, diversity, equity and inclusion, and technology and innovation.

Colleague engagement

The Committee reviewed the Board's approach to colleague engagement pursuant to the expectations of Provision 5 of the UK Corporate Governance Code (UK Code). The Committee supports the Board's view that this is a collective responsibility shared amongst the Directors of the Board and adopts a collective approach to colleague engagement involving all Directors and leveraging a combination of different types of engagement. Read more on pages 81 and 98 to 99.

Succession planning and Board changes

Succession planning is an ongoing process, underscoring its importance for Board effectiveness, and was a significant focus for the Committee this year. The process for non-executives receives ongoing attention to ensure timing and effective transition strategies, with the view of the Board and its capability needs requiring regular review.

This structured approach targets seamless leadership transitions, fosters the development of a diverse succession pipeline and upholds operational stability while ensuring the Board is positioned to deliver long-term growth and innovation. When necessary, external expertise is utilised to introduce fresh perspectives and ensure a thorough search for potential successors.

This year, the Committee proactively planned for the succession of key roles, including the search for a new Chair and subsequently, a new Senior Independent Director (SID).

My appointment as Chair led to the selection of Jo Harlow as our new Senior Independent Non-Executive Director (see page 113 for further detail on the process followed).

The Executive Management team plays a key role in Centrica's strategic planning process, the ongoing development of our talent pipeline; fostering the culture and values required to deliver on our strategy and delivery of the strategy itself.

In relation to executive succession planning, high-potential candidates are identified and offered development opportunities, including leadership training and mentorship programmes. Additionally, the Committee supports initiatives to enhance inclusivity within leadership roles, ensuring a diverse and well-prepared talent pipeline for the future.

Diversity, Equity and Inclusion

The Committee remains steadfast in its commitment to promoting Diversity, Equity and Inclusion (DE&I), both within the Board and across the organisation. As set out in our Board diversity policy, which can be found on our website at centrica.com, we know that being inclusive of the diversity we have in our business will give us a competitive advantage.

The Committee has set clear objectives for DE&I, which are linked to the Company's overall strategy. These objectives include representation of women and ethnic minorities on the Board and in senior management positions, fostering an inclusive culture in doing so. Read more about our Board and senior leadership diversity on pages 59 and 91.

This focus ensures that our recruitment processes and practices reflect these principles, driving positive change and strengthening our organisational culture.

Chair succession

In 2024, the Committee prioritised succession planning, recognising the termination of Chair, Scott Wheway's tenure in June 2025. The search process for a new Chair was initiated in a timely and structured manner.

Search process:
Given that the Senior Independent Director was a candidate, the search was led by Amber Rudd and supported by the Lygon Group. It involved both internal and external candidates. The process adhered to UK Code provisions 17, 20 and 23, which require open advertising or the use of an external search consultancy for all appointments. The Committee ensured that there were no connections between the candidates and the Company or individual Directors, promoting transparency and fairness.

Candidate evaluation:
The Committee evaluated candidates based on key criteria which included:

- Ability to Navigate Complexity;
- Regulatory and Policy Expertise;
- Role Commitment;
- Board Leadership Experience;
- Industry Knowledge; and
- Commitment to Diversity.

After a comprehensive review, including potential external candidates, the Company's needs and stakeholder interests, Kevin O'Byrne emerged as the preferred candidate for the Chair role. The Committee made this recommendation to the Board, which supported the appointment.

Subsequent appointments:
Following Kevin O'Byrne's selection, the Committee, in consultation with the Board, appointed Jo Harlow as the Senior Independent Director to succeed Kevin in his previous role. This decision was part of the Committee's ongoing succession planning efforts, ensuring continuity and leveraging Jo's extensive experience as a non-executive director in other listed companies.

Conclusion
The Committee's structured and transparent approach to succession planning facilitated the smooth transition of Board leadership. The Board was able to appoint both a suitable Chair and Senior Independent Director from the incumbent Board colleagues. This highlights the importance of a well designed Board succession plan and continued focus on refreshing and ensuring emerging Board talent.

Committee effectiveness
The Committee reviews its terms of reference annually to ensure they remain appropriate in light of legal, regulatory and best practice changes. No changes were made to the Committee's terms of reference in the year under review (available on centrica.com).

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Ffion Hague from Independent Board Evaluation IBE and the Committee was found to be performing effectively.

Further information on the Board Effectiveness review can be found on pages 80 to 81.

Membership, meeting attendance and key focus

Committee members:
- Kevin O'Byrne (Chair)
- Carol Arrowsmith
- Philippe Boisseau
- Nathan Bostock
- CP Duggal
- Jo Harlow
- Heidi Mottram
- Amber Rudd
- Sue Whalley

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

Meeting attendees by invitation:
Group Chief Executive, Group General Counsel & Company Secretary, Group Chief People Officer and Group Chief Financial Officer.

Focus areas in 2024:
- Reviewing Board objectives for the year to ensure alignment with strategic priorities;
- Board succession planning, particularly for the role of Chair, and then subsequently, Senior Independent Director;
- Enhancing the diversity, equity and inclusion within the Board;
- Evaluating and improving the Board's effectiveness and performance;
- Ensuring the Board's skills and expertise align with the Company's strategic goals; and
- Reviewing and addressing the Board's training requirements.

Kevin O'Byrne
Chair of the Nominations Committee
19 February 2025

Safety, Environment and Sustainability Committee

As the Chair of the Safety, Environment and Sustainability Committee (SESC), I am pleased to present our report for the year ended 31 December 2024 which describes our challenges and solutions, such as safety events and complex environmental, social and governance (ESG) reporting requirements and the actions taken, our achievements in 2024, including significant improvements in health and safety, strong progress and enhanced objectives against our People & Planet Plan, and renewed strategy for responsible procurement. We also continued to focus on the key areas of our remit. This included human rights and modern slavery risks in our operations, the Group's community contributions and tracking the Group's reputation including how our brands are viewed by our key stakeholders.

Committee overview

The Committee's role and responsibilities on behalf of the Board are to review and monitor the culture, practices, risks and performance of Centrica with respect to health and safety, climate, environment and broader responsible business matters. This is achieved through a rigorous review of performance data, and the Company's goals and relevant initiatives in these areas. As part of its focus, the Committee also provides input to, and review of, the Company's current annual climate reporting disclosure requirements, as well as keeping an eye on developments to ensure we align with expectations of our stakeholders in these critical areas.

Main activities during 2024

Health and safety

The Committee's standing health and safety agenda items focused on relevant performance metrics, assurance activity, and the approach to Health, Safety and Environment (HSE) risk management in specific business unit reviews. During these discussions, taking into account the needs of customers and colleagues, the Committee considered risk identification and appropriate HSE controls and processes. At each meeting, the Committee invited management to discuss occupational and process safety reviews, outcomes and improvements derived from targeted interventions and future action plans.

The Committee focused on unplanned hydrocarbon releases, gas and electrical safety, contractor management and road safety and monitored action being taken to address these areas.

The Committee noted significant improvements across the majority of key Group HSE metrics, attributed to targeted intervention and safety improvement plans such as 'Time Out for Safety' to reinforce a proactive culture of compliance and risk management and the engagement of third-party specialists to drive behavioural change and improve workload management.

Spirit Energy business

During the year, Spirit engaged third-party specialist consultants to focus on behaviours in driving effective management of HSE risks within the Company. These specialists were brought in to help address safety events and improve the overall safety culture. The specialists focused on several key areas:

Senior Leadership Visibility
Ensuring that senior leaders were frequently visible and actively involved in promoting safety culture.

Setting Measures and Milestones
Establishing agreed-upon measures and milestones to ensure accountability and track progress.

Embedding Programmes
Internally embedding programmes designed by the specialists to reinforce a proactive culture of compliance and risk management, as opposed to a reactive one.

Process Safety Barriers
Strengthening and further embedding the current Process Safety Barriers frameworks.

Workload Management
Improving workload management through better work planning and execution.

These efforts were part of an overarching improvement plan aimed at achieving sustainable incident-free operations and addressing the root causes of safety incidents.

Environment

The Committee provides oversight of the Company's continued commitment to, and role in, the drive to net zero. During 2024, the Committee reviewed progress made against the Company's People & Planet Plan and reviewed and recommended the updated Climate Transition Plan, which will be put to Shareholders for an advisory vote at the next AGM. The updated plan includes new bolder targets for Centrica's emissions and opportunities for continual improvement. The Committee considered the implications of recent strategic investment decisions against Climate Transition Plan targets and ambitions and the Company's strategic framework. You can read more on pages 73 to 76.

An additional key focus area for the Committee in 2024 was reviewing emerging voluntary and mandatory climate reporting requirements, both in the UK and in the EU, The Committee considered the application of these requirements to the Company, taking into account changing stakeholder expectations, and assessing how the Company would ensure compliance and governance with impending reporting requirements of the Corporate Sustainability Reporting Directive and EU Taxonomy.

Responsible business

Throughout the year, the Committee considered the Company's responsible sourcing approach focusing on elements of the supply chain that carry potentially higher inherent risk of inappropriate working practices due to the associated jurisdiction and/or nature of the product, in particular in relation to issues such as the manufacture of solar panels, batteries or garments. Part of the Committee's focus was on establishing the effectiveness of measures to mitigate this risk.

The Committee reviewed the 2024 strategy for visits to supplier sites and the results of supplier audits. During discussions, the Committee regularly assessed human rights and the risk of modern slavery occurring in Centrica's operations, taking into account the increasing expectations of stakeholders and enhanced modern slavery disclosures. The Committee noted the progress in implementing the 2024 Responsible Sourcing Audit Plan and implementing ESG requirements into Responsible Procurement, and oversaw the Responsible Procurement Ethical Audit Plan for 2025.

The Committee considered the findings of Centrica's UK & Ireland reputation survey, which will underpin the 2025 corporate communications plan and stakeholder engagement strategy. This annual survey also provides the Committee with invaluable insights that help to focus management activities.

The Committee supports the Group's goal to provide support to customers and communities through charitable partnerships, funds and support packages, and volunteering opportunities where the Company outperformed against the targeted days, and continues to focus on due diligence processes in these areas.

Social and Governance

In addition to the above areas of focus, the Committee ensured compliance with regulations and governance standards including reviewing relevant disclosures within the Committee's remit reported in the Annual Report and Accounts, such as the Task Force on Climate-related Financial Disclosures and Climate-related Financial Disclosure regulations. From a social perspective in ESG, the Committee also reviewed disclosures that reflect our commitment to responsible business practices, including the Modern Slavery Statement, which can be found on our website. Additionally, the Committee considered broader workforce and community-related matters, ensuring alignment with our DE&I strategy, employee well-being initiatives, and social impact commitments.

Committee effectiveness

The Committee reviews its terms of reference annually to ensure that they accurately reflect the role carried out by the Committee, taking into account any new internal and external developments and responsibilities. The Committee considers that it has continued to discharge its oversight role effectively in an area where expectations and requirements are constantly evolving with insightful and regular engagement and support from management. In the year under review, no material changes were made to the Committee's terms of reference which are available on our website.

The effectiveness and performance of the Committee was evaluated as part of the independent review conducted by Ffion Hague from Independent Board Evaluation. The Committee was found to be performing effectively. The outcome from the evaluation will be used to improve performance going forward.

Further information on the Board Effectiveness review can be found on pages 80 to 81.

Conclusion

I would like to acknowledge the contributions of our Committee members and management. Their dedication and support have been instrumental in our accomplishments and the progress made this year. In 2025, we will aim to further enhance health and safety measures, advance our net zero initiatives and strengthen our responsible sourcing practices.

Thank you for your continued support.

Membership, meeting attendance and key focus

Committee members:

- Heidi Mottram (Chair)
- Philippe Boisseau
- Nathan Bostock
- Amber Rudd
- Scott Wheway (until 15 December 2024)

Biographical details of the Committee Chair and members can be found on pages 86 to 89. Meeting attendance can be found on page 92.

Meeting attendees by invitation:

All other Non-Executive Directors, Group Chief Executive, Group General Counsel & Company Secretary, Group Chief People Officer, Group HSE Director, Group Head of Environment, Chief Procurement Officer, Head of Business Ethics and Compliance and Head of Secretariat.

Focus areas in 2024:

- Health and safety risks;
- Environment;
- Emerging climate reporting requirements and climate matters;
- Responsible sourcing including human rights and modern slavery risk;
- Societal contribution; and
- Reputation.

Heidi Mottram
Chair of the Safety, Environment and Sustainability Committee
19 February 2025

Remuneration Report

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 31 December 2024.

Committee Overview

The role of the Committee is to ensure that the Executive Directors, Centrica Leadership Team and the Chair of the Board are appropriately rewarded through making recommendations regarding the Remuneration Policy and framework. The Committee monitors and reviews the effectiveness of the Remuneration Policy and considers the impact and compatibility with remuneration policies across the wider workforce.

Main activities in 2024

During the year, the Committee met five times. Some of the key focus areas for discussion included the following:

- Remuneration Policy review and shareholder consultations.
- Centrica Leadership Team salary reviews.
- Recruitment of new senior executives.
- Leaving arrangements for former senior executives.
- Gender and ethnicity pay gap report.
- Review of pay and benefits across the wider workforce.
- Review and approve 2024 financial and business targets.
- Review Centrica Leadership Team shareholdings.
- Review and approve Director expenses.

This is a longer letter than I would usually write as there are a number of important decisions and proposals that need to be fully explained to our shareholders and other stakeholders.

This letter provides the context that informed the Remuneration Committee's decision-making during the year and the remuneration outcomes in respect of 2024. It also summarises the changes to remuneration we are proposing to make in 2025.

We will be asking you, our shareholders, to vote on four remuneration resolutions at the AGM in 2025:

- Our Directors' Annual Remuneration Report, which sets out how we implemented our Remuneration Policy in 2024, and the remuneration paid to Directors.
- A new Remuneration Policy, which we are required to submit to shareholders at least every three years for approval. This outlines the remuneration framework that will apply to Directors from the date of shareholder approval.
- Amendments to the Long Term Incentive Plan Rules, which is an umbrella plan that governs how we award Restricted Share Plan (RSP) awards and deferred bonus share awards under the Annual Incentive Plan (AIP). The amendments reflect the proposed changes in the Remuneration Policy in 2025 and changes in corporate governance best practice guidelines since the rules were last approved by shareholders.
- New all-employee Sharesave Plan rules, which will replace existing rules that are due to expire in 2025. The Sharesave Plan is a tax-efficient savings-related share scheme where employees can save to buy Centrica shares at a fixed price.

I will start by providing a summary of the performance and remuneration outcomes for 2024 before moving on to talk about the proposed Remuneration Policy changes for 2025.

Performance and remuneration outcomes for 2024

In deciding the remuneration outcomes for 2024, the Remuneration Committee tried to balance the views and experiences of all our stakeholders with our responsibility to attract and retain high-performing executives to lead a complex organisation like Centrica. The remuneration principles that we apply to Executive Directors are also consistent with the remuneration principles we apply to the wider workforce, see page 132 for further details on how we reward the wider workforce.

When Chris O'Shea set out Centrica's new business strategy on 23 July 2023, he indicated to shareholders that our goal is to deliver sustainable Adjusted Operating Profit (AOP) of between £600m to £1,000m per annum from 1 January 2026 onwards from our Retail and Optimisation businesses, with the annual mix dependent on market conditions. In addition, we expect our existing Infrastructure assets to continue to contribute material cash flows for much of the rest of this decade with AOP in the range of £250m to £400m subject to asset performance and commodity prices. Over time, the cash flows from our current infrastructure assets will be replaced by a contribution from assets we are developing as part of our green-focused growth and investment strategy.

2024 was a strong year and I am delighted to say that the Company hit this guidance two years earlier than planned and for the year ended 31 December 2024 we delivered AOP from the Retail and Optimisation businesses of £808m. This strong financial performance was achieved in a more normal energy price trading environment. Financial performance was also underpinned by improvements in customer service. The performance of our Infrastructure businesses was more subdued compared to the previous two years, but this was in line with our expectations given the normalisation of energy prices during the year.

Each of our businesses complements, de-risks and adds value to at least one other business. Our performance in 2024 demonstrates that our business model is resilient in different market conditions, and we are well placed to benefit from the transition to net zero.

Annual Incentive Plan (AIP)

AIP payments for Executive Directors for 2024 were based on EPS (37.5%), a balanced scorecard of financial and operational measures (37.5%), and individual performance against strategic objectives (25%).

In 2024, the Company delivered strong earnings in a more normal energy price trading environment, achieving an EPS of 19.0p. This beat the maximum level set at the start of the year. Group AOP was £1,552m, which was significantly above target. The Company hit our AOP guidance for Retail and Optimisation businesses two years earlier than planned with an AOP of £808m, which is in the middle of the £600m to £1,000m range. We delivered £989m Free Cash Flow and converted close to 100% of our EBITDA into operating cash flow, demonstrating strong working capital management. The pace of capital investment was slower than planned but this reflects our capital discipline to only invest in the right projects at the right return. Net cash closed at £2,858m, which flows from the stronger Free Cash Flow.

Performance against the majority of the customer and operational measures in the balanced scorecard was at or slightly below target. We were particularly pleased to see an improvement in the customer service metrics, including a reduction in complaints in our Services & Solutions business and British Gas Energy.

We continued to modernise and roll-out new technology systems to enable a better customer service at a lower cost, including the migration of 99% of our credit customer base in British Gas Residential Energy to our new ENSEK platform. During the year, British Gas Residential Energy was externally commended as Best Overall Improvement by Uswitch. We also achieved a Trustpilot Rating of “Great” with a score of 4.2 out of a maximum of 5, which is up 0.3 versus last year. Improvements in our customer measures confirm rising customer confidence in our brands and services, which we are working hard to build on.

Customer retention in British Gas Residential Energy improved during 2024 and while we were slightly below the performance target for the total unique number of customers in the year, customer numbers were broadly flat compared to the prior year. The Centrica Leadership Team are confident that the progress being made on customer service will help drive an increase in customer numbers and market share in the future.

In the Services & Solutions business, we continue to see improvements in customer service across many areas. Customer journey NPS has improved compared to 2023, and customer complaints are down to 6.6% compared to 8.5% in 2023.

The order intake in our Business Energy Supply was below target due to the loss of several large contracts principally due to the customer’s financial status changing during the year. However, performance was slightly ahead of the prior year.

We continued to make good progress on our People goals; colleague engagement increased significantly from 7.7 to 8.1, which now exceeds the upper quartile benchmark for our industry. This is a notable achievement given that four years ago colleague engagement was at an all-time low.

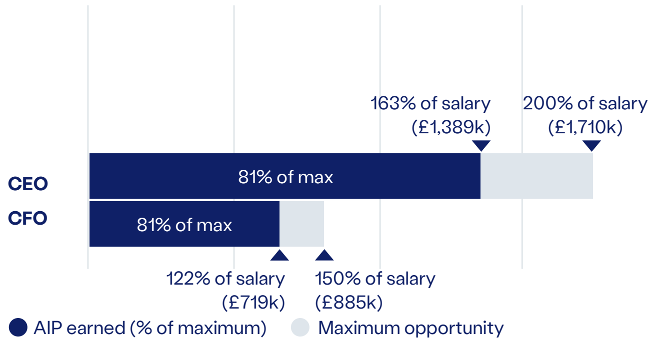
In terms of our Planet goals, Centrica’s carbon emissions were 18% lower than baseline and we are on target to be a net zero business by 2045. Our customer emissions, the zero-carbon content of UK electricity sales, decreased by 6% compared to the baseline, which puts us slightly behind our target of helping customers be net zero by 2050.

During 2024, the Board approved a new Climate Transition Plan and Centrica has brought forward its target to become a net zero business to 2040, five years ahead of the 2045 timeline set by the original plan and ten years ahead of the widely accepted point at which global society needs to reach net zero. In addition to this ambitious corporate target for becoming net zero, Centrica has maintained its commitment to get customers to net zero emissions by 2050.

The Remuneration Committee considered performance against the EPS targets and the balanced scorecard in the round and determined that 160% of target (or 80% of maximum) for this part of the AIP had been achieved.

Details on performance against each executive’s individual objectives can be found on page 129. Chris O’Shea achieved an individual performance outturn of 170% of target (or 85% of maximum) and Russell O’Brien achieved 170% of target (or 85% of maximum) for this element of the AIP.

After combining the outturn for EPS, the balanced scorecard, and individual performance, the Committee awarded a total AIP as summarised in the chart below:



*Half the AIP earned is paid in cash and half is deferred into shares for a further three years.

Restricted Share Plan (RSP)

Long-term RSP awards were granted on 23 June 2022 to Chris O’Shea and Kate Ringrose, our former Chief Financial Officer. The maximum award granted was 150% of salary in Centrica shares for Chris O’Shea and 125% of salary for Kate Ringrose. The shares vest on 23 June 2025 and must be held for a further two years before they can be sold. There are no performance targets on the RSP awards, but the awards were subject to a performance underpin, which was assessed over a three-year performance period from 1 January 2022 to 31 December 2024. In assessing the performance underpin, the Remuneration Committee considered the Company’s overall performance, including financial and non-financial performance as well as any material risks or regulatory failures. At the time of writing, no reductions have been applied.

The table below shows the value of the RSP awards that will vest including any share price growth based on the share price as of 31 December 2024. Approximately 36% of the total value of the RSP that will vest is due to share price growth. This total value including share price growth is shown in the single figure of total remuneration shown on page 126.

Name	Maximum RSP award granted (% salary)	Actual RSP award vested (% salary)	Value of RSP award vesting excluding share price growth	Value of RSP due to share price growth as at 31 December 2024[2]	Total value of the RSP vesting including share price growth
Chris O'Shea	150%	150%	£1,279,294	£706,261	£1,985,555
Kate Ringrose (former CFO)[1]	125%	73%	£360,666	£199,113	£559,779

(1) Kate Ringrose's employment ceased on 1 October 2023. In accordance with her leaving arrangements, Kate's RSP award was reduced to reflect time served.
(2) Based on share price of 123.59 pence being the three month average share price up to 31 December 2024.

Remuneration changes in 2025

Our current Remuneration Policy was last approved by shareholders in 2022. We must submit our Remuneration Policy to shareholders for approval at least every three years. Therefore, we will submit a new Remuneration Policy for approval at the AGM in May 2025.

During the year, the Remuneration Committee conducted a comprehensive review of the Remuneration Policy and consulted extensively on changes to the Policy with over thirty of our largest institutional shareholders representing approximately 50% of our share register and with the shareholder proxy voting agencies. The Committee has concluded the current Policy remains broadly fit for purpose in that we provide Executive Directors with a base salary, an annual bonus (part of which is deferred into shares) and long-term restricted share awards, together with a defined contribution pension and core benefits including private healthcare, which are provided to all employees.

The Committee believes our current remuneration structure, in particular the RSP, remains broadly appropriate because it is simpler than hybrid long-term incentives (i.e. a combination of conventional LTIPs and RSPs) and the potential pay-outs from the RSP are far less variable than conventional LTIPs. We believe this is more appropriate given the regulatory environment within which Centrica operates where some stakeholders such as customers and regulators expect a narrower range of acceptable performance outcomes than in many other companies. RSPs also incentivise executives to invest in the ongoing long-term success of the business, rather than taking decisions based on a three-year performance target cycles.

As part of the Policy review, the Committee concluded that the current Policy for Executive Directors continued to adhere to our reward principles with the exception of market competitiveness. We were conscious that the decisions the Committee made over the last four years to limit executive pay increases, and Chris O'Shea's personal decision to forgo increases during the COVID-19 and the cost of living crisis, have meant that Executive Director remuneration has fallen behind competitive market rates.

Our current levels of Executive Director remuneration also do not fairly reflect the performance of the Company and the executives since their appointment. In particular, the Group Chief Executive's salary and total remuneration has fallen significantly behind the market over the last four years since he was appointed. Ordinarily, and in keeping with Centrica's approach for the wider workforce, the Remuneration Committee would have improved the competitiveness of the CEO's pay through phased increases following his appointment (subject to performance and development in the role). However, while the Company's performance and value have improved significantly under Chris' leadership, external events such as the COVID-19 pandemic and the cost of living crisis, meant that the Committee did not think it was appropriate to close the competitive gap over this volatile and uncertain period. Over this period, the Committee also exercised downward discretion to the formulaic outturns of incentives to ensure the resulting payouts for executives fairly reflected Centrica's overall performance and the prevailing circumstances, and we increased performance targets when market conditions were materially more favourable than predicted.

One of the consequences of exercising restraint over this period is that we have not reduced the gap between Chris O'Shea's pay and the competitive market, which we believe does not align with Centrica's reward principles and the fact that, under Chris O'Shea's leadership, Centrica is a stronger, healthier, and more valuable business than it was four years ago.

In 2025, it is important that the Committee sets executive pay at a level that reflects their contribution to the improvement in business performance, the size and complexity of Centrica and the executive's role, and the scale and scope of the opportunities ahead of us. In addition to retaining our executives, it is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future.

Changes for Chris O'Shea (Group Chief Executive)

When Chris O'Shea was appointed Group Chief Executive on 14 April 2020, the Company was ranked 154th in the FTSE with a market capitalisation of £1.9bn. At the time, Chris' pay was benchmarked against the top half of the FTSE 250, but we set his pay lower to recognise that he was new in the role of Group Chief Executive. The previous CEO's salary was £957,500, which was 24% higher than Chris' starting salary of £775,000. Our normal approach is to pay newly promoted executives below the market median and increase their pay subject to their development and personal performance in role.

Since his appointment, Chris O'Shea has led the Centrica Leadership Team to materially strengthen Centrica and create substantial value for stakeholders. On 31 December 2024, Centrica was ranked 62nd in the FTSE with a market capitalisation of £6.8bn and we have been a consistent constituent of the FTSE 100 Index since 2022. The shareholder value created since his appointment is made up of an increase in market capitalisation of £4.9bn, share buybacks of £1bn and dividends paid of over £0.4bn. In the second half of 2024, we announced a further £0.5bn in share buy backs and increased the interim dividend by 13%.

Higher and more volatile energy prices over the last couple of years have benefitted companies in the energy industry. However, as the share price chart shows, Centrica has significantly outperformed comparators in the Euro Stoxx Utilities index and the Euro Stoxx Oil & Gas Index since Chris O'Shea was appointed CEO on 14 April 2020.

The value created by the Centrica Leadership Team has not just been from volatile energy prices but from actions taken to deliver material improvements in operational and financial performance, combined with responsible risk management and disciplined capital allocation. As the table below shows, Centrica has delivered strong earnings since Chris became CEO even in a more normal energy price environment.

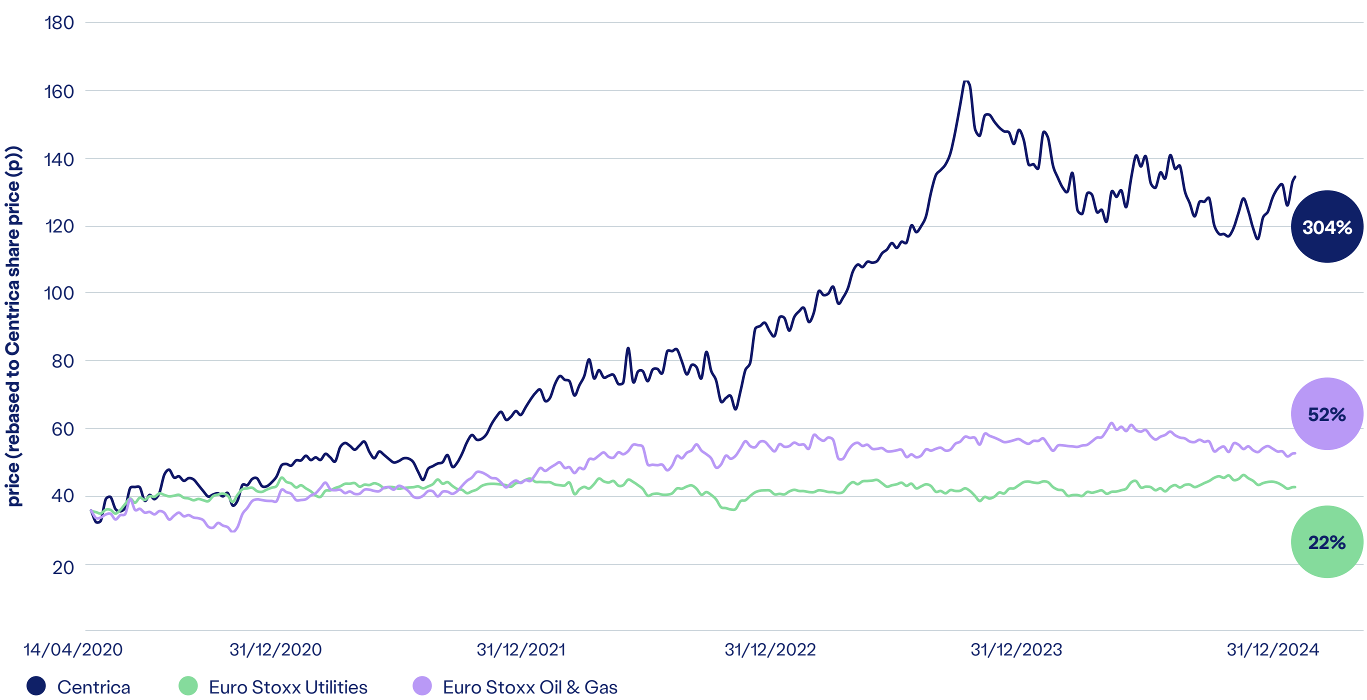
Financial Year ending 31 December	Adjusted Basic EPS (pence)
2017	12.6
2018	11.2
2019	7.3
2020 (Chris O'Shea appointed CEO)	6.5
2021	4.1
2022	34.9
2023	33.4
2024	19.0

The value created has benefitted all stakeholders – our financial strength has allowed us to support vulnerable customers through the cost of living crisis by voluntarily committing £140m to support those customers who most need it, we have rewarded over 21,000 colleagues with nearly £7,286 per colleague (excluding share price growth) of profit share payments over the last three years, and we have taken actions to improve the energy security of the countries we operate in.

Listed below is some of the key achievements over the last four years since Chris O'Shea was appointed Group Chief Executive.

Operational performance has been significantly improved across the group

- In our Retail businesses, customer numbers have been stabilised, BG Energy Net Promoter Score (NPS) has improved from 9 in 2020 to 29 in 2024 and Services & Solutions Engineer NPS has improved from 66 to 73.
- Key technology systems have been replaced or modernised to enable better customer service at lower cost, with a simplified platform in Services & Solutions, including a new planning & dispatch system, and 99% of BG Energy credit customer base has migrated to our new IT platform.
- Centrica Energy has grown and now operates in over 25 countries, with third party assets under management increasing from 14GW in 2020 to 17GW in 2024. The Centrica Energy business delivered £2.2bn of cumulative Adjusted Operating Profit during the volatile energy market conditions in 2022-23.
- Overall, the improved operational performance has given us confidence to lay out a £800m medium term sustainable operating profit guidance across retail and optimisation.



Organisational structure has been optimised

- Group reorganisation was completed between 2020-22. 4,000 roles were removed from the organisation, half were management roles. Organisational layers reduced from 11 to 7.
- Services & Solutions employment contracts were modernised and standardised to facilitate improved customer service and long-term growth.
- Colleague engagement has materially improved to the top quartile for the industry.

The portfolio has been simplified into Retail, Optimisation and Infrastructure verticals and a new strategy launched

- Direct Energy was sold for $3.6bn in 2021 vs $2.3bn analyst consensus valuation.
- Spirit Norway was sold for £0.8bn, with £(0.8)bn decommissioning also transferred.
- The Rough gas storage facility was re-opened, at a cost of less than £10m, generating £653m operating profit between 2022 and 2024, and nuclear fleet life extended.
- Investing £600-£800m p.a. to replace Infrastructure assets and pivot focus to contracted and regulated returns in green-focused assets.

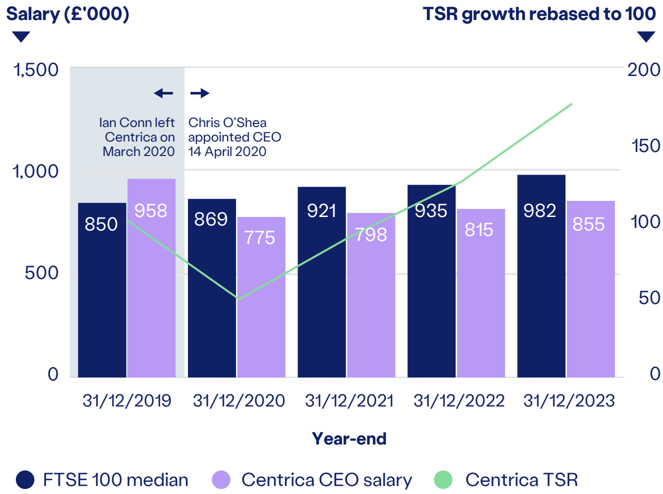
The financial outcomes have been strong, and the balance sheet has been transformed

- Adjusted Operating Profit rose from £0.5bn in 2020 to £1.5bn in 2024 driven by the strong operational performance, portfolio changes and a supportive macro environment.
- Balance sheet has improved from £3.0bn net debt in 2020 to £2.9bn net cash by end of 2024. This enabled the business to manage the extraordinary commodity volatility and related margin calls in 2022/23.
- Extended the Company's share buyback programme by £200m in July 2024, and a further £300m in December 2024. These extensions, once completed, will bring our equity repurchased to £1.5bn since November 2022 (representing approximately 20% of our issued share capital).
- Progressive dividend reinstated in 2022, with a total of £465m of dividends paid & announced as at end of 2024.
- Technical pension deficit reduced from £1.9bn to £450m & decommissioning liability reduced from £2.4bn to £1.5bn as of 31 December 2024.

Relaunched purpose of "Energising a greener, fairer future" has generated engagement and clear direction across the organisation

- £140m voluntary support package created during 2022-23 to help customers and communities through the energy crisis, this is more than any other energy supplier in UK and Ireland.
- Circa 70% reduction in our gross greenhouse gas emissions across our business over the last decade.
- Brought forward our commitment to be a net zero business by five years to 2040 and we will continue to help our customers be net zero by 2050.
- Separate New Business and Net Zero business unit created to focus on driving innovative energy transition solutions for our customers.

The chart below shows Chris O'Shea's salary history since he was appointed CEO in 2020 compared to the FTSE 100 median benchmark and Centrica's Total Shareholder Return (TSR).



Note
The former CEO, Iain Conn, left the Centrica Board on 17 March 2020. At this time, his salary was £957,500 per annum. Chris O'Shea was appointed interim CEO on 17 March 2020 on a salary of £620,000 plus £100,000 interim allowance (pro-rata), which he elected to waive. On 14 April 2020, Chris O'Shea was appointed permanent CEO on a salary of £775,000 but continued to waive £100,000 of salary pro-rated until 31 December 2020.

Given the size and complexity of Centrica today, the Committee believes that Chris O'Shea's remuneration is no longer sufficiently aligned with our peers, and his performance and experience warrants positioning his pay between the median and upper quartile of the FTSE 100, while noting that benchmarking is not the sole driver for change. It is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future for what is now a much bigger business with attractive investment opportunities. Succession planning is a key consideration for the Board, and positioning Chris O'Shea's salary between the median and the upper quartile opens up a wider market in the UK and globally to attract candidates of the right calibre in the future. With this in mind, the Committee confirmed an increase to Chris O'Shea's salary from £855,000 to £1,100,000 per annum, effective 1 April 2025.

The Committee considered whether the increase should be phased over multiple years. However, considering the CEO's track record and experience as well as the current positioning versus the market, the Committee determined that it would be inappropriate to continue to pay him below market competitive rates and therefore decided to implement a one-off adjustment. This also reflects the prudent decisions taken over the past four years, which restrained the Committee from applying phased relative increases up to this point.

In addition, the Committee proposes to increase the CEO's maximum RSP award from 150% of salary to 200% of salary to further support the competitive positioning of the target total remuneration and further reinforce the common interest with other shareholders. However, given the CEO's salary increase in 2025 and, based on feedback from the shareholders we consulted on the new Remuneration Policy, the Committee has decided to phase the introduction of the higher RSP awards and therefore will grant the 2025 RSP award to the CEO at the current maximum of 150% of salary. The first RSP award at the higher limit of 200% of salary will be granted from 2026 subject to shareholder approval of the new

Policy. Approval of the increase in the RSP award will be accompanied by an increase in the CEO's minimum required shareholding guideline from 300% to 400% of salary.

The Committee believes a combination of a salary increase and the phased introduction in the increase in the RSP share awards strikes the right balance between improving competitiveness and shareholders' feedback.

The table below summarises Chris O'Shea's target and maximum total remuneration package for FY2024 and his new package for FY2025 compared to other CEOs in the FTSE 100. The benchmarking data is as publicly reported by companies as of December 2024 and has not been aged for pay inflation.

Group Chief Executive (CEO) Benchmarks (£000s)	Salary			Target Total Remuneration*			Maximum Total Remuneration*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
FTSE 100	£816	£968	£1,211	£2,793	£3,803	£5,469	£4,218	£5,742	£8,548
Centrica (FY2024)	**£855**			**£3,078**			**£3,933**		
Centrica (FY2025)	**£1,100**			**£3,960**			**£5,060**		

*Target total remuneration includes salary plus target annual bonus plus target long term incentives plus pension but excludes benefits. Maximum total remuneration includes salary plus maximum annual bonus plus maximum long term incentives plus pension but excludes benefits. Both target and maximum total remuneration exclude share price growth.

We use the FTSE 100 as a comparator group because Centrica is part of this index. Centrica has over 21,000 colleagues across various businesses and geographies, and so the FTSE 100 represents a diverse mix of sectors where we compete for talent and operate including in the energy sector, retail, support services and other highly regulated companies in the utilities and financial services sectors.

Changes for Russell O'Brien (Chief Financial Officer)

Russell O'Brien has been Chief Financial Officer for two years. His recruitment terms were set behind the market median to recognise that he was new to role and to provide headroom for future increases as he developed and performed in his role. His salary and target total remuneration is below the median benchmark for similar CFO roles in the FTSE 100. The Committee is pleased with Russell's progress and has decided to close the competitive gap in 2025 by bringing his salary in line with the market median of the FTSE 100.

The Committee has increased the CFO's salary from £590,000 to £640,000 with effect from 1 April 2025, which positions his salary around the median of the FTSE100.

The CFO's total incentives (Annual Incentive Plan plus long-term Restricted Share Plan) are also currently below the market, so we have increased the CFO's maximum Annual Incentive Plan opportunity from 150% of salary to 175% of salary (this is permissible with the current Remuneration Policy which permits a maximum AIP of up to 200% salary for Executive Directors). This new higher AIP opportunity will apply for the financial year ending 31 December 2025. In line with our Policy, half of the AIP earned will be deferred into shares for a further three years.

The table below summarises Russell O'Brien's target and maximum total remuneration packages for FY2024 and FY2025 compared to other CFOs in the FTSE 100. The benchmark data is as publicly reported by companies as of December 2024 and has not been aged for pay inflation.

Chief Financial Officer (CFO) Benchmarks (£000s)	Salary			Target Total Remuneration*			Maximum Total Remuneration*		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
FTSE 100	£531	£627	£761	£1,528	£2,028	£2,906	£2,165	£3,075	£4,406
Centrica (FY2024)	**£590**			**£1,829**			**£2,271**		
Centrica (FY2025)	**£640**			**£2,064**			**£2,624**		

*Target total remuneration includes salary plus target annual plus target long term incentives plus pension but excludes benefits. Maximum total remuneration includes salary plus maximum annual bonus plus maximum long term incentives plus pension but excludes benefits. Both target and maximum total remuneration exclude share price growth.

Other AGM resolutions
At the AGM, we are proposing two resolutions relating to our share plans.

One resolution relates to amending our Long Term Incentive Plan rules, which is an umbrella plan that outlines how we govern RSP award and bonus deferred share awards under the AIP. These rules were originally approved by shareholders on 27 April 2015 and last renewed on 7 June 2022. The amendments to the rules reflect the proposed changes to the Remuneration Policy in 2025 and bring the rules in to line with corporate governance best practice.

The second resolution relates to implementing a new tax-efficient all-employee Sharesave (or SAYE) plan in the UK and in Ireland, which allows colleagues to save up to £500 (or €500) per month over a three or five-year savings period and to use these savings to purchase Centrica shares at a fixed price at the start of the savings period. We have previously operated a Sharesave plan, but it was suspended in 2020 due to the financial challenges the business faced at the time. I am delighted that we are now in a position to re-instate Sharesave, which will operate alongside our existing all-employee Share Incentive Plan, giving colleagues additional choice and flexibility on how they save for the future, and giving them a further share in our success.

The new Sharesave plan rules will be submitted to shareholders for approval at the AGM in May 2025, with the first colleague Sharesave offer being launched shortly thereafter.

Appointment of the Chair of the Board
During the year Scott Wheway stepped down as Chair of the Board on 16 December 2024 and Kevin O'Byrne became the new Chair of the Board. Scott leaves Centrica in a much stronger position than the business he inherited in 2020 when he became Chair of the Board. I would like to take this opportunity to thank Scott for all his support and wise counsel over the years.

As part of the recruitment process for the Chair of the Board, the Remuneration Committee determined that Kevin O'Byrne's fees should be set at £440,000 per annum with effect from his date of appointment as Chair of the Board. These fees are the same as his predecessor but below the market median of the FTSE 100 recognising that Kevin is new in role, and we expect to improve the competitiveness of these fees over the next two years subject to Kevin's performance and development in the role.

Changes to Non-Executive Director Fees
The Chair of the Board, the Executive Directors, and the Chief People Officer conducted an annual review of the non-executive director fees and concluded that the current base fee of £76,000 should be increased by 3.9% to £79,000 with effect from 1 January 2025.

The review also showed that some of the Chair fees for certain Committees have fallen behind the market, which reflects the increasing complexity and time commitment of these roles. Therefore, we have increased the fees for chairing the Safety, Environment and Sustainability Committee (SESC), and for chairing the Remuneration Committee from £20,000 to £25,000 per annum with effect from 1 January 2025. The new fees of £25,000 also align to the current rate paid to the Chair of the Audit & Risk Committee.

Wider Workforce
At Centrica, we believe our financial success should benefit all stakeholders. This includes our 21,000 colleagues who work hard every day to serve our ten million customers. Our colleagues help create the cash we need to invest for growth, the dividends and share buybacks payable to shareholders, and the taxes payable to governments. Striking a balance between how profits are distributed among stakeholders is never easy, but I am pleased to say that the strong performance of the Company in 2024 allowed us to continue to invest in the reward and benefits that we provide to the wider workforce, including the following:

- Centrica continues to be an accredited member of the Real Living Wage Foundation, and we pay at least the Real Living Wage in the UK. Over the last couple of years of the cost of living crisis, we have focused on improving the pay of our lowest paid front line colleagues. For example:
  - In our customer call centres, we employ approximately 3,500 Customer Resolution Agents (CRA) who help and serve customers every day. On 1 April 2024, CRAs received a typical salary increase of 8.1%.
  - In our engineering field force, we employ 2,800 colleagues as Technical Repair Engineers (TRE) who service and fix customers' heating systems throughout the year. On 1 April 2024, a TRE received a typical salary increase of 5%.
  - In 2025, the salary increase budget for the wider work force in the UK is 3.5% to 4%. Individual increases can be higher or lower than this depending on the role.
- We have operated an all-employee Profit Share plan since 2022. Under the Profit Share, we distribute some of our Adjusted Operating Profits equally across all colleagues in Centrica shares. Colleagues must hold the shares for at least three years. This is a great way to share in our success and helps foster our ownership culture. In respect of the financial year ending 31 December 2024, we have approved our fourth Profit Share award of £1,400 per colleague, which will be granted in 2025. This means we have paid a total of £7,286 in Profit Share per colleague since the plan was launched (excluding share price growth). The first Profit Share award that was granted in April 2022 will be released in April 2025.
- We are implementing a new tax-efficient all-employee Sharesave (or SAYE) plan in the UK and in Ireland, which allows colleagues to save up to £500 (or €500) per month over a three or five-year savings period and to use these savings to purchase Centrica shares at a fixed price fixed at the start of the savings period. We have previously operated a Sharesave plan, but it was suspended in 2020 due to the financial challenges the business faced at the time. The new Sharesave will operate alongside our existing all-employee Share Incentive Plan, giving colleagues additional choice and flexibility on how they save for the future, and giving them a further share in our success.
- Our maternity leave policy is market leading and provides up to 26 weeks maternity leave on full pay plus up to a further 13 weeks at statutory maternity pay. Based on feedback from our Working Parents Network, we have decided to enhance our paternity leave, which will increase from two weeks to eight weeks leave at full pay.

- Under our main UK defined contribution pension scheme, colleagues can pay up to 5% of their salary into the pension and the Company double matches the employee's contribution up to 10% of salary. In the past, some employees had to complete two-years' service to be eligible for the double pension match (during the first two year's employment for these employees, the Company equally matched the employee contribution up to 5% of salary). However, we have decided to remove this two-year service requirement to ensure we have a simpler and fairer approach, as well as to encourage new and lower paid colleagues to save more for the future by benefiting from the double pension match from the day they join.
- A core component of our total reward package is focused on colleague health and wellbeing. I am delighted that Centrica has been externally recognised as a market leader in employee benefits & wellbeing including receiving the following awards during the year:
  - Great Place To Work – One of the Best Workplaces for Wellbeing in the Super Large Company Category.
  - Personnel Today – Heath & Wellbeing Awards.
  - Employee Benefits Awards – Best Benefit to Support Reproductive Health.

Conclusion

I hope you find the additional information provided in this letter helpful. The Committee believes the changes to our Remuneration Policy are in the best interests of our shareholders. These changes will help us retain and incentivise executives to execute our business strategy and create value for shareholders and stakeholders.

On behalf of the Board, I would like to thank shareholders and the proxy voting agencies for engaging with us on this important topic and for their open and constructive feedback. Your continued support of the executive team, the Board, and the proposed remuneration changes is much appreciated. I look forward to meeting many of you at the AGM.

Membership and meeting attendance

Committee members

Carol Arrowsmith (Chair)
Chanderpreet Duggal
Heidi Mottram
Amber Rudd
Jo Harlow
Sue Whalley

Biographical details of the Committee Chair and members can be found on pages 86 to 89. The number of meetings held during the year and Committee members attendance is reported on page 92.

Meeting attendees by invitation:

All other Non-Executive Directors, Group Chief Executive, Group Chief People Officer, and People Director, Reward, Wellbeing and Benefits.

Carol Arrowsmith
Chair of the Remuneration Committee
19 February 2025

Remuneration at a glance

How we've supported our stakeholders in 2024

Customers

£140m
Voluntary support package created 2022-23 to help customers and communities through the energy crisis

700,000
Customers supported through the British Gas Energy Trust since it was created 20 years ago

588
Extra colleagues hired across our customer contact centre

Colleagues

£150,000
Contributions to colleagues via the Colleague Support Foundation since launching

254
Professional colleagues joined our business

10,683
Days volunteering in 2024

Investors

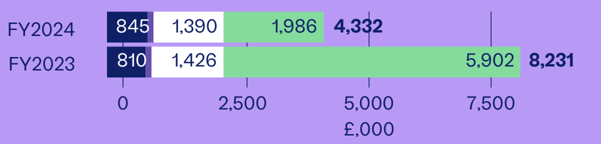
4.5p
Full year dividend per share

385.5m
Shares repurchased in 2024

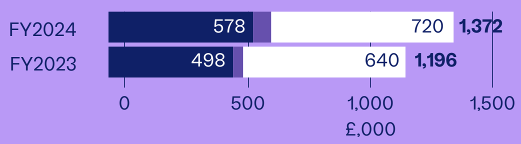
£405m
New hybrid bond launched

Single figure of total remuneration in FY2024

Group Chief Executive



Group Chief Financial Officer



Salary Pension and Benefits AIP LTIP

Further details on page 126

FY2024 AIP performance

The table below sets out details of the relevant measures in the Annual Incentive Plan and their link to our group priorities, and the resulting outcome.

Measure	Group priorities	Weighting	Outcome
Earnings Per Share	CFG	37.5%	100%
BG cost to serve	M		
Customers to ENSEK	O CO		
BG complaints	CO		
BG reschedules	CO		
BG complaints	CO		
Centrica cost/income	O		
CBS order intake	CO		
Bord Gáis cost to serve	O		
Unique customer numbers	O CO CFG	37.5%	60%
Colleague engagement	CO		
Climate transition plan progress	S CFG		
Adjusted Operating Profit	O CFG		
Free Cash Flow	CFG		
Net debt/cash	O		
Individual performance	O	25.0%	
Group Chief Executive			85%
Group Chief Financial Officer			85%
Overall outcome (% maximum)			
Group Chief Executive			81.25%
Group Chief Financial Officer			81.25 %

2022 RSP outcomes

The 2022 RSP award will vest in full on 23 June 2025. This was the first award under a Restricted Share Plan (RSP). The RSP award was subject to a performance underpin over the three-year performance period from 1 January 2022 to 31 December 2024. At the time of assessment, the Committee was satisfied the performance underpin had been met. The vested shares are subject to a further two-year holding period.

Our Group priorities

- **M** Most Competitive Provider
- **CO** Customer Obsessions
- **S** Safety, Compliance and Conduct Foundation
- **CFG** Cash Flow Growth
- **O** Operational Excellence
- **E** Empowered Colleagues

Market competitive benchmarks

When we set the remuneration levels, one of the factors we consider is the competitiveness of the salary and target total remuneration package for the role in the relevant market. For the Group Chief Executive and Group Chief Financial Officer, we benchmark their roles against companies in the FTSE 100. The table below shows the competitiveness of salary and total remuneration for target performance versus the median of the FTSE 100.

Group Chief Executive

	Chris O'Shea	Median FTSE 100 benchmark
Salary	**£855,000**	£968,000
Target Total Remuneration(1)	**£3,078,000**	£3,803,000

Group Chief Financial Officer

	Russell O'Brien	Median FTSE 100 benchmark
Salary	**£590,000**	£627,000
Target Total Remuneration(1)	**£1,829,000**	£2,028,000

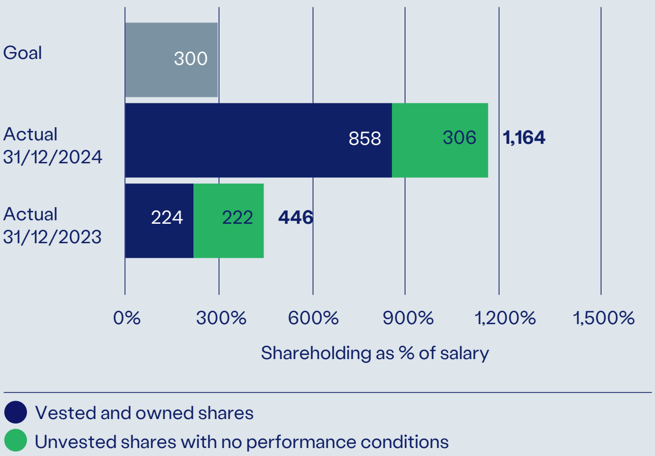
(1) Salary + target annual bonus + target value of long-term incentives + pension but excludes benefits. Excludes share price growth.

Executive Director shareholdings % of base salary

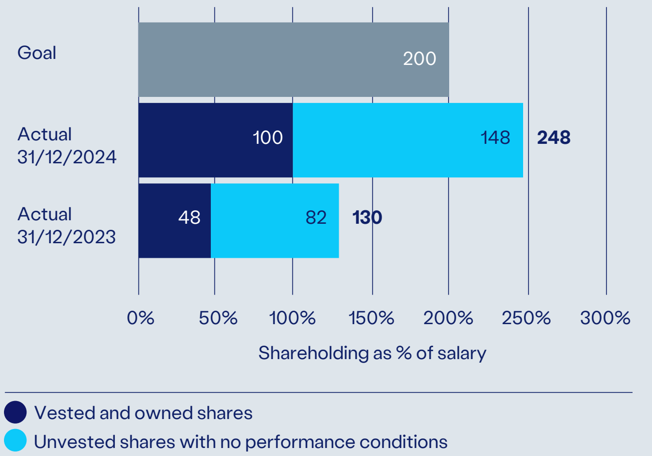
The chart below sets out the minimum shareholding requirements and the actual shareholdings of the Executive Directors. The shareholding requirement must be built up over five years and then subsequently maintained. For unvested shares with no performance conditions, we have assumed shares net of tax in the calculation.

Further detail regarding the Executive Directors' outstanding share awards can be found on page 131.

Group Chief Executive



Group Chief Financial Officer



2024 Remuneration

The table below sets out a summary of the implementation of the Policy in 2024.

Further information can be found on page 137.

Base Salary	Benefits	Pension	Short-term incentive	Long-term incentive
CEO: £855,000 (+4.9%) CFO: £590,000 (+9.3%) The average increases for the wider workforce in the UK was 6%.	No change and remains in line with the wider workforce.	10% of salary in line with the wider workforce With effect from 31 December 2023, we have closed the Centrica Unapproved Pension Scheme Defined Contribution Section (CUPS DC) to future contributions. Chris O'Shea will no longer be eligible contribute his 10% of salary pension contribution to CUPS DC. Instead, he has elected to receive 10% of salary as a cash allowance in lieu of pension.	CEO: 200% of salary at max 100% of salary at target CFO: 150% of salary at max 75% of salary at target Measured 75% against financial and business measures and with 25% against individual objectives. 50% of any bonus earned is deferred into shares that vest after three years.	Restricted Share Plan award subject to a performance underpin. CEO: 150%of salary CFO: 125% of salary Awards vest after three years and plus a two year additional holding period.

Directors' Annual Remuneration Report

Directors' Remuneration in 2024

This report sets out information on the remuneration of the Directors for the financial year ended 31 December 2024.

Single figure for total remuneration (audited)

Executives

£000	Salary/ fees	Bonus (cash)	Bonus (deferred)[1]	Benefits[2]	LTIPs[3]	Pension[4]	Total	Total fixed remuneration	Total variable remuneration
2024									
Chris O'Shea	**845**	**695**	**695**	**16**	**1,986**	**85**	**4,322**	**946**	**3,376**
Russell O'Brien[5]	**578**	**360**	**360**	**16**	**—**	**58**	**1,372**	**652**	**720**
Total	**1,423**	**1,055**	**1,055**	**32**	**1,986**	**143**	**5,694**	**1,598**	**4,096**
2023									
Chris O'Shea	810	713	713	16	5,902	77	8,231	903	7,328
Russell O'Brien[5]	498	320	320	13	—	45	1,196	556	640
Kate Ringrose[6]	77	45	45	3	1,833	—	2,003	80	1,923
Total	1,385	1,078	1,078	32	7,735	122	11,430	1,539	9,891

(1) In accordance with the Remuneration Policy, 50% of the bonus is deferred into shares and will vest after three years.
(2) Taxable benefits include car allowance, health and medical benefits. Non-taxable benefits include matching shares received under the Share Incentive Plan (SIP). Both taxable and non-taxable benefits are included in the table.
(3) The estimated value of the LTIP award that was granted in respect of the three-year performance period covering 1 January 2022 to 31 December 2024 performance period is included in the table above, based on a share price of 123.59 pence (the three month average share price for the period ending 31 December 2024). Of the £1.9m for Chris O'Shea, £706K (or 36% of the value) was due to share price growth. The award will vest in June 2025 and the shares will then be subject to an additional two-year holding period. Further details of the performance outcomes are set out on page 130. Dividend equivalents of £136K have been included.
(4) For 2023 notional contributions to the Centrica Unapproved Pension Scheme defined contribution section (CUPS DC) for Chris O'Shea and Kate Ringrose have been included in this table as if CUPS DC was a cash balance scheme. This includes a deduction in respect of an allowance for CPI inflation on the opening balance of 11.1% in 2023. CUPS DC was closed on 31 December 2023 and Chris O'Shea has received his pension contribution as cash in lieu for all of 2024.
(5) Russell O'Brien was appointed to the Board on 1 March 2023.
(6) Kate Ringrose stepped down from the Board on 28 February 2023.

Single figure for total remuneration (audited)

Non-Executives

£000	Salary/fees 2024	Salary/fees 2023	Total 2024	Total 2023
Scott Wheway[1]	**402**	418	**402**	418
Carol Arrowsmith	**96**	96	**96**	96
Nathan Bostock	**101**	97	**101**	97
CP Duggal	**76**	76	**76**	76
Heidi Mottram	**96**	96	**96**	96
Kevin O'Byrne[2]	**111**	100	**111**	100
Amber Rudd	**76**	76	**76**	76
Philippe Boisseau[3]	**76**	25	**76**	25
Jo Harlow[4]	**77**	6	**77**	6
Sue Whalley[5]	**76**	6	**76**	6
Total	**1,187**	996	**1,187**	996

(1) Scott Wheway stepped down from the Board on 16 December 2024.
(2) Kevin O'Byrne was appointed Chair on 16 December 2024.
(3) Philippe Boisseau joined the Board on 1 September 2023.
(4) Jo Harlow joined the Board on 1 December 2023.
(5) Sue Whalley joined the Board on 1 December 2023.

Base salary/fees

The Committee believes that Chris O'Shea's remuneration is no longer sufficiently aligned with competitive market rates given the size and complexity of Centrica today. Chris' performance and experience over the last four years since his appointment as the Group Chief Executive warrants positioning his pay between the median and upper quartile of other CEOs in the FTSE 100. It is also important that the Committee has a competitive remuneration structure in place that is capable of attracting candidates in the future for what is now a much bigger business with attractive investment opportunities. Succession planning is a key consideration for the Board, and positioning Chris O'Shea's salary between the median and the upper quartile opens up a wider market in the UK and globally to attract candidates of the right calibre in the future. With this in mind, the Committee increased Chris O'Shea's salary from £855,000 to £1,100,000 per annum, effective 1 April 2025.

The Committee considered whether the increase should be phased over multiple years. However, considering the CEO's track record and experience as well as the current positioning versus the market, the Committee determined that it would be inappropriate to continue to pay him below market competitive rates and therefore decided to implement a one-off adjustment. This also reflects the prudent decisions taken over the past four years, which restrained the Committee from applying phased increases up to this point.

The salary of the Russell O'Brien, Chief Financial Officer, will increase from £590,000 to £640,000 with effect from 1 April 2025. Russell O'Brien has been Chief Financial Officer for two years. His recruitment terms were set behind the market median to recognise that he was new to role and to provide headroom for future increases as he developed and performed in his role. His salary and total remuneration is currently below the median benchmark for similar CFO roles in the FTSE 100. The Committee is pleased with Russell's progress and has decided to close the competitive gap in 2025 by bringing his salary in line with the market median of the FTSE 100.

The Committee is fully aware that the salary increases for Executive Directors in 2025 will exceed the average increases for the wider workforce in the UK. The salary increase budget in 2025 for the wider workforce in the UK will be 3.5% to 4% and individual increases can be higher or lower depending on the role. However, the principles we are applying to Executive Directors are consistent with those we apply to other colleagues in that we typically pay newly promoted colleagues slightly behind the market and increase their pay based on their performance and development in the role. We have applied this approach to Russell O'Brien as outlined above. Ordinarily, we would have also applied a similar phased approach to Chris O'Shea over the first few years of his appointment. However, the Committee believed it was not appropriate to increase Chris's pay over this period beyond the average increase for the wider workforce due to the impact of external factors such as the COVID-19 pandemic and cost of living crisis on our colleagues and customers.

As part of the recruitment process for the Chair of the Board, the Remuneration Committee determined that Kevin O'Byrne's fees should be set at £440,000 per annum with effect from his date of appointment. These fees are the same as his predecessor but below the market median of the FTSE 100 recognising that Kevin is new in role, and we expect to improve the competitiveness of these fees subject to performance and development in the role.

Non-Executive Director fees were reviewed in 2024 as part of the comprehensive Remuneration Policy review. The Chair of the Board, the Executive Directors, and the Chief People Officer conducted an annual review of the Non-Executive Director fees and increased the base fee by 3.9% from £76,000 to £79,000 with effect from 1 January 2025. The review also showed that some of the Chair fees for certain Committees have fallen behind the market, which reflects the increasing complexity and time commitment of these roles. Therefore, we have increased the fees for chairing the Safety, Environment and Sustainability Committee (SESC), and for chairing the Remuneration Committee from £20,000 to £25,000 per annum with effect from 1 January 2025. The new fees of £25,000 also align to the current rate paid to the Chair of the Audit and Risk Committee.

FY2024 Annual Incentive Plan (AIP)

In line with the Remuneration Policy, 75% of the award was based on a mix of financial and business measures based on Centrica's priorities for 2024 and 25% was based on individual objectives.

The financial and business performance element for 2024 was split equally between Earnings Per Share (EPS) and the outcome of a balanced scorecard of financial and operational measures critical to the success of the organisation in 2024.

The EPS measure had defined threshold, target and maximum levels that were set at the start of the financial year as follows:

	Threshold	Target	Max	Outcome
Adjusted EPS	11.5p	14.4p	17.3p	19.0p

Centrica achieved strong earnings performance above the maximum, resulting in an outturn of 100% for this part of the AIP.

In addition, the Committee determined a balanced scorecard for the remaining financial and business elements of the AIP. It was agreed that there would be no formula to translate the scorecard to a bonus outcome and no formal weighting of individual measures. The Committee monitored performance against the scorecard at regular points during the year. At the end of the year, the Committee took a holistic assessment of overall performance to determine an outturn. The balanced scorecard of measures, targets and outcomes are noted below.

	Measure	Target	Outcome
Group	Adjusted Operating Profit	£1,294m	£1,552m
	Free Cash Flow	£540m	£989m
	Net (debt)/cash	£2,372m	£2,858m
British Gas Energy	Complaints	10.0%	10.1%
British Gas Services & Solutions	Complaints	7.9%	6.6%
British Gas Services & Solutions	Reschedules	4.0%	4.2%
Bord Gáis	Cost to serve	€190 per customer	€192 per customer
British Gas Energy	Cost to serve[1]	£121 per customer	£127 per customer
Centrica Business Solutions	Order intake	£318m	£231m
Centrica Energy	Opex: Gross Margin Ratio	37.0%	44.0%
	Customer numbers	10,316,00 unique customers	10,183,000 unique customers
	Customers on ENSEK	95%	92%
	Colleague engagement	8.0	8.1
	Progress towards Climate Transition Plan – see People & Planet Plan for further details. See page 58. Goal 4 – helping our customers be net zero by 2050 Goal 5 – be a net zero business by 2045	Make good progress against the interim climate targets including; Centrica greenhouse gas emissions Low carbon and transition assets Electric vehicles in fleet Reduction in property emissions CAPEX allocated to green activities Hive smart thermostats units sold SMART meters installed EV charger points installed Heat pumps installed	On target for Goal 5 (helping be a net zero business by 2045) with Goal 4 slightly behind the glidepath. See page 62-63 for further details.

The Group's financial performance against AOP, Free Cash Flow and Net Cash all significantly exceeded target. Performance against the majority of the customer and operational measures was at or slightly below target. Colleague engagement exceeded target and the upper quartile benchmark for our industry. We are on track with Goal 4 to be net zero by 2045 but slightly behind the long-term glide-path to help customers be net zero by 2050. The Committee is satisfied that the current incentive structure for senior executives does not drive unintended risks or ESG concerns.

The Committee carefully considered the outcomes against the EPS target and the balanced scorecard measures, determining an outcome of 100% against the EPS target and 60% against the balanced scorecard. Achievement against the overall financial and business performance element of the AIP was 160% of target (or 80% of maximum).

Individual Objectives

Each Executive Director had a set of stretching individual objectives which included key non-financial and strategic performance indicators (KPIs) that were important to the success of the business in 2024. The KPIs were cascaded to business and functional leaders to ensure a strong line of sight to key priorities throughout the organisation. The Committee assessed that the majority of individual objectives were met in full and good progress was made against others. Based on an assessment of performance against Chris O'Shea's individual objectives, the Committee determined an outcome of 170% of target (or 85% of maximum) was appropriate. The Committee determined for Russell O'Brien an outcome of 170% of target (or 85% of maximum) under the individual objectives part of the Annual Incentive Plan.

The table below summarises the key individual objectives for Executive Directors during the year:

	Key objectives	Individual performance (as % of maximum)
Chris O'Shea	**Capability, culture and operational delivery** • Established our New Business and Net Zero team, created our Chief Customer Office, and consolidated our Power business. The changes to our operating model help support our strategic plans for commercial and customer growth, investment in infrastructure and net zero, and a step change in our approach to health & safety. • Continued to drive improvements in service levels across the Retail businesses and we have launched new greener and fairer products and tariffs such as Hive Solar, PeakSave, Mixergy, Free Charge, and Hive Heat pump add-ons. Such initiatives support Centrica and our customers with the transition to net zero. • The total number of customers fell in the year, which was disappointing, but the rate of decline in customer numbers has slowed. There were significant improvements in customer service in the year, which will help drive growth in customer numbers and market share in the future. • Continued to modernise our technology and data in making value-based decisions based on customer lifetime value. The successful migration of most of our British Gas Energy customers to a new ENSEK platform, with minimal disruption, will help optimise customer journeys, reduce back-office processes and improve controls. **Balance sheet, financial framework, and cash** • Delivered upper quartile cash returns to shareholders. Our capital discipline demonstrates that we will only in invest in the right assets at the right returns. • Key strategic investments that were made include a £70m investment in Highview Power, which is part of a funding package and strategic partnership to develop the first Liquid Air Energy Storage Plant. We also purchased Ensek, a leading digital transformation services business in the energy sector, to support the integration of our technologies and to improve customer journeys. • The newly established Meter Asset Provider (MAP) business continues to build at scale, with a portfolio of smart meters under management of around 450,000 by the end of 2024. **Delivering shareholder value through investment opportunities and portfolio shaping** • In Ireland, secured a capacity contract to extend the life of the Whitegate power plant (450MW) until 2034. Commissioned construction of two (2 x 100MW) gas Peaker plants, which will enter operation in 2025. Secured a capacity contract for another 340MW gas Peaker plant for delivery in 2029. This helps provide a robust and balanced asset portfolio across meters, batteries, Peaker, and solar investments in the UK and Ireland • Executed three long-term LNG deals in 2024, which will substantially mitigate risks in our LNG portfolio in anticipation of more flexible LNG markets, which will lead to lower market prices and optimisation opportunities.	85.0%
Russell O'Brien	**Capability, culture and operational delivery** • Established and integrated a new function (Procurement and Group Business Solutions) to streamline our operations, drive efficiencies and reduce our cost to serve. • Appointed a number of key senior leaders to strengthen functional capability and succession planning. • Reviewed and implemented a new Enterprise Risk Management framework in consultation with the Audit & Risk Committee. • Executive sponsor of the Centrica Working Parents Network and increased paternity leave for non-birth parents from 2 weeks to 8 weeks full pay. **Balance sheet, financial framework, and cash** • Successfully completed refinancing activity – new hybrid bond of £405m launched and successfully bought back £370m of our 2033 £770m 7% bond. Completed +1-year extension requests on our Tier 1 revolving credit facilities and +1-year extension on the Tier 2 committed letter of credit facilities. • Maintain strong liquidity position, and credit rating agencies re-affirming their ratings and keeping thresholds unchanged. **Delivering shareholder value through investment opportunities and portfolio shaping** • Established robust and disciplined capital allocation framework when assessing pipeline of investments and M&A activity. • Extended the Company's share buyback programme by £200m in July 2024, and a further £300m in December 2024. These extensions, once completed, will bring our equity repurchased to £1.5bn since November 2022 (representing approximately 20% of our issued share capital).	85.0%

Overall AIP outcome

Overall, after combining the outturn for financial and business performance with the outturn for individual performance, the total AIP for Chris O'Shea was 81.25% of maximum, which equated to 162.5% of salary or £1,389,375. The table below summarises the outcomes under the AIP for all Executive Directors:

Measure	Chris O'Shea	Russell O'Brien
EPS	100%	100%
Balanced scorecard	60%	60%
Individual objectives	85%	85%
Total AIP (as % of maximum)	81.25%	81.25%
Total AIP (£)	£1,389,375	£719,063

No discretion was applied to the formulaic outcome. Half of the AIP earned was paid in cash and half of the AIP was deferred into shares, vesting in three years.

Long-term incentive awards relating to the performance period 2022-24

A Restricted Share Plan award was granted on 23 June 2022 and will vest in full on 23 June 2025. The vested shares are subject to an additional two-year holding period and will be released on 23 June 2027. The RSP award was subject to a performance underpin, which was assessed over the three-year performance period from 1 January 2022 to 31 December 2024.

Outcome (% of maximum)	Brief explanation of Committee's rationale
100%	The Committee considered the performance of the Group in the context of the underpin over the three year performance period ending 31 December 2024. The Committee concluded that it was appropriate that the RSP vests in full and the award will vest in June 2025, subject to a further two year holding period. The Committee noted that there were no windfall gains and therefore no reduction was applied. No reduction was applied to the vesting outcome.

	Award Type	Basis of award	Shares awarded	Value at grant	Vesting date
Chris O'Shea	RSP share award	150% of salary	1,496,336	£1,191,563	June 2025

Pension

In 2020, it was agreed that the pension contributions for the new and existing Executive Directors would be 10% of base salary to align them with the wider UK workforce. In 2024 the pension contribution rate across the UK workforce was 10-14%, depending on the pension scheme.

Chris O'Shea and Kate Ringrose participated in the Centrica Unapproved Pension Scheme Defined Contribution section (CUPS DC), until 31 December 2023 when we closed the scheme to future contributions. For the period to 31 December 2023, notional contributions to the CUPS DC scheme have been included in the single figure for total remuneration table as if it was a cash balance scheme and therefore notional investment returns for the 2023 have also been included. The notional pension fund balances for each Executive are disclosed below:

CUPS DC Scheme(1)	**Total notional pension fund as at 31 December 2024 £**	Total notional pension fund as at 31 December 2023 £
Chris O'Shea(1)	–	431,775
Kate Ringrose(1)	–	79,500

(1) The retirement age for the CUPS DC scheme is 62.

Following 31 December 2023 when the CUPS DC scheme closed to future contributions Chris O'Shea chose to take his pension contribution of 10% of salary as cash in lieu of pension. Upon appointment Russell O'Brien similarly received his pension contribution of 10% of salary as cash in lieu of pension.

	% of salary
Chris O'Shea	10% cash in lieu of pension
Russell O'Brien	10% cash in lieu of pension

Taxable benefits

Taxable benefits include car allowance, health and medical benefits. Non-taxable benefits include matching shares received under the Share Incentive Plan (SIP) on the same terms as all employees. Both taxable and non-taxable benefits are included in the table of single figure for total remuneration.

Directors' interests in shares (number of shares) (audited)

The table below shows the interests in the ordinary shares of the Company for all Directors who served on the Board during 2024 as at year end.

For the Group Chief Executive the minimum shareholding requirement is 300% of base salary and for the Chief Financial Officer the minimum shareholding requirement is 200% of base salary. The achievement against the requirement is shown below.

Executive Directors have a period of five years from appointment to the Board, or from any material change in the minimum shareholding requirement, to build up the required shareholding. All Executive Directors are required to hold 100% of any shares vesting under the Share Plans until the shareholding requirement has been met. A post-cessation shareholding requirement of 100% of the in-employment shareholding requirement (or full actual holding if lower) is applicable for two years post-cessation of employment. The Committee continues to keep both the shareholding requirement, and achievement against the shareholding requirement, under review and will take appropriate action should they feel it necessary.

	Beneficially owned(1)	Shares subject to performance conditions	Shares vested but unexercised	Shares subject to continued service only(2)	Shares exercised in the year	Shareholding requirement (% of salary)	Current shareholding (% of salary)(3)
Executives							
Chris O'Shea(4)	5,487,926	—	—	3,694,827	—	300	858
Russell O'Brien(4)	439,428	—	—	1,236,629	—	200	100
Non-Executives							
Carol Arrowsmith	49,286	—	—	—	—	—	—
Philippe Boisseau	12,425	—	—	—	—	—	—
Nathan Bostock	27,000	—	—	—	—	—	—
CP Duggal	15,000	—	—	—	—	—	—
Jo Harlow	17,600	—	—	—	—	—	—
Heidi Mottram	10,000	—	—	—	—	—	—
Kevin O'Byrne	280,000	—	—	—	—	—	—
Amber Rudd(5)	61,975	—	—	—	—	—	—
Sue Whalley	—	—	—	—	—	—	—
Scott Wheway	110,187	—	—	—	—	—	—

(1) These shares are owned by the Director or a connected person and they are not, save for exceptional circumstances, subject to continued service or the achievement of performance conditions. They include shares purchased by the Executive Director in March with deferred AIP funds which have mandatory holding periods of three years and which will be subject to tax at the end of the holding periods.
(2) Shares owned subject to continued service include RSP shares awarded and SIP free and matching shares that have not yet been held for the three-year holding period. The values are net of tax.
(3) The share price used to calculate the achievement against the guideline was 133.60 pence, the price on 31 December 2024.
(4) During the period 1 January 2024 to 15 February 2025 both Chris O'Shea and Russell O'Brien acquired 263 shares through the SIP.
(5) During the period 1 January 2024 to 15 February 2025 Amber Rudd acquired 1,672 shares through the NED Share Purchase Agreement.

Share awards granted in 2024 (audited)

Set out below are details of share awards granted in 2024 to Executive Directors.

2024 RSP

	Plan	Award Type	Number of shares(1)	Basis of award % of salary	Face value of award £	Vesting date	Release date
Chris O'Shea	RSP	Conditional share award	1,006,750	150%	1,282,500	March 2027	March 2029
Russell O'Brien	RSP	Conditional share award	578,930	125%	737,500	March 2027	March 2029

(1) The number of shares awarded under the RSP was calculated by reference to a price of 127.39 pence, being the average of the Company's share price over the five trading days immediately preceding the date of grant of 25 March 2024.

The RSP award is subject to an underpin. If the Committee is not satisfied the underpin has been met, the Committee may scale back the awards (including to zero). In assessing the underpin, the Committee will consider the following:

- a review of overall financial performance over the three-year vesting period;
- whether there have been any sanctions or fines issued by a Regulatory Body (participant responsibility may be allocated collectively or individually);
- whether a major safety incident has occurred which may or may not have consequences for shareholders;
- whether there has been material damage to the reputation of the Company (participant responsibility may be allocated collectively or individually);
- whether there has been failure to make appropriate progress against our Climate Transition Plan which sets out our ambition to be a net zero business by 2045 and help our customers be net zero by 2050;
- return on capital with reference to the cost of capital;
- TSR performance over the vesting period, including with reference to the wider energy sector;
- management of customer numbers over the vesting period; and
- progress against broader ESG commitments.

2024 deferred AIP

The 2024 AIP award was delivered 50% in cash and 50% in deferred shares, which were awarded on 25 March 2024. The face value of the award is based on the share price on the date of award, which was 126.86 pence. Deferred shares are not subject to further performance conditions and vest in three years.

	Plan	Award type	Number of shares	Face value of award £000	Vesting date
Chris O'Shea	AIP	Deferred shares	562,135	713,125	March 2027
Russell O'Brien	AIP	Deferred shares	252,406	320,203	March 2027

2024 cash flow distribution to stakeholders

The Committee monitors the relationship between the Directors' total remuneration and cash outflows to other stakeholders. As demonstrated by the chart, the Directors' aggregate total remuneration for the year equates to 0.21% (2023: 0.0004%) of the Group's operating cash flow.

To staff	**27%**
To Directors	**0%**
To government	**34%**
To shareholders	**6%**
Investing activities	**33%**

To staff	**20%**
To Directors	**0%**
To government	**32%**
To shareholders	**4%**
Investing activities	**43%**

Reward Across The Wider Workforce

Centrica comprises over 21,000 diverse colleagues with different roles in different business units across different countries. Our approach to reward aims to unify us as a team working with a common purpose and values. To achieve this, we have established some key reward principles across the workforce that balance the needs of our colleagues with the needs of the business and our customers. The same principles apply to Executive Directors and members of the Centrica Leadership Team:

For our colleagues, we aim to provide reward that is:	For our business, we aim to provide reward that is:
Market competitive	Sustainable
Fair and consistent	Agile
Simple	Flexible
Supports wellbeing	Compliant

Total reward at Centrica consists of more than just salary. All colleagues receive fixed pay comprising a salary plus a wide range of pensions and benefits (see table below for more detail). In addition, all colleagues are eligible to earn variable pay subject to performance (such as annual bonuses, recognition awards and Profit Share). For front line colleagues in the organisation, they can expect a higher proportion of their total reward to be fixed pay. The variable pay element is often based on individual performance and is typically paid in cash, quarterly or annually. At senior executive levels, colleagues have a higher proportion of variable pay linked to the financial and business performance of the Company. This variable pay is often paid in shares that vest over multiple years. Therefore, our approach to total reward is to vary the fixed pay and variable pay mix depending on the individual's role, responsibilities and performance compared to competitive market practice for comparable roles.

Performance measures applying to Executive Directors and the Centrica Leadership Team are cascaded through the organisation to ensure a clear line-of-sight and alignment around performance.

The table below summarises some key highlights of wider workforce reward in the UK. Executive Directors and the Centrica Leadership Team participate in the same benefits and on the same terms as the wider workforce.

Fair pay	Centrica is an accredited member of the Real Living Wage Foundation, and we pay at least the Real Living Wage in the UK. We continue to focus on improving the pay of our lowest paid colleagues, through salary increases and one-off payments. The salary increase budget in 2025 across the wider workforce in the UK is 3.5% to 4% and individual increases can be higher or lower depending on the role. Salary levels for the wider workforce are negotiated with our recognised trade union partners to ensure fair living standards. Salary levels for management reflect the individual's role, experience and performance compared to competitive market rates.
Looking after colleagues and their loved ones	All employees in the UK receive comprehensive health and medical cover and can purchase additional cover for their dependants. This includes 24 hour access to a GP, eye care; support for parents with fertility, adoption, and surrogacy; company funded life assurance; and personal accident insurance.
Saving for the future	The Company has various legacy pension arrangements. While our Defined Benefit Pension is closed to new members it is still open to future accrual for existing members. Our Defined Contribution Scheme provides a generous employer contribution of 10% of salary or cash in lieu of pension. Our Lifestyle Savings offer discounts from everyday shopping to one-off big purchases.
Recognising colleague contribution	In 2024, we recognised colleagues over 231,868 times through our Recognition platform. This allows anyone in the Company to recognise the performance or values of a colleague or team, or simply say "thank you". We operate a number of performance-related incentives plans across the Group. 5,500 employees participate in an annual bonus plan aligned to the bonus for Executives and senior management. All of our field engineers and customer facing teams participate in incentives aligned to their individual performance.
Sharing in our success	All colleagues are eligible to receive an award of free shares via our Profit Share plan depending on performance over the prior year. All employees in the UK are eligible to participate in our Share Incentive Plan (SIP), where they can purchase shares in the Company and receive free matching shares, provided they hold them for at least three years. Colleagues in the UK and Ireland are also able to participate in Sharesave. Field and Customer Support colleagues participate in quarterly and annual incentives linked to their performance. Senior managers are eligible to receive annual bonuses and long-term restricted share awards aligned to the performance of the business.
Being an ambassador for Centrica products and services	We provide discounts on colleagues' energy bills if they are a Centrica customer, as well as discounts on new boilers, HomeCare cover, Hive products, and our new energy efficient products for example Electric Car charging points, solar and battery storage and home insulation.
Making a difference in the world	Colleagues are given time off to volunteer for local communities and causes they are passionate about. We also operate a Give As Your Earn scheme, where colleagues can donate in a tax-efficient way. The Colleague Support Foundation aims to provide additional support for those experiencing extreme financial difficulties, where existing financial support mechanicians have been explored and exhausted.

Annual percentage change in remuneration of directors and colleagues

The table below shows the percentage changes (on a full-time equivalent basis) in the Executive and Non-Executive Directors' remuneration over the last three financial years compared to the amounts for full-time colleagues of the Group for each of the following elements of pay:

	Percentage change from 2019 to 2020			Percentage change from 2020 to 2021			Percentage change from 2021 to 2022			Percentage change from 2022 to 2023			Percentage change from 2023 to 2024		
Executive Directors	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus	Salary/ fees	Benefits	Bonus
Chris O'Shea(1)	6.3	—	—	—	-28.0	—	2.5	-11.1	100	2.6	—	0.3	4.9	—	-2.5
Russell O'Brien(2)	—	—	—	—	—	—	—	—	—	—	—	—	9.3	23.1	12.5
Kate Ringrose(11)							2.5	6.7	18.7	-83.3	-81.2	-84.4			
Non-Executive Directors															
Scott Wheway(13)	268.8	—	—	—	—	—	—	—	—	2.6	—	—	-4.3	—	—
Carol Arrowsmith	—	—	—	—	—	—	—	—	—	3.8	—	—	—	—	—
Nathan Bostock(3)	—	—	—	—	—	—	—	—	—	32.9	—	—	—	—	—
CP Duggal(4)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Heidi Mottram	—	—	—	27.8	—	—	—	—	—	3.8	—	—	—	—	—
Kevin O'Byrne(5) (12)	—	—	—	—	—	—	—	—	—	-20.7	—	—	-15.4	—	—
Amber Rudd(6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Philippe Boisseau(7)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Jo Harlow(8) (14)	—	—	—	—	—	—	—	—	—	—	—	—	1.1	—	—
Sue Whalley(9)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Average per colleague (excluding Directors)(10)	—	1.1	236.4	1.8	-10.3	16.3	1.9	—	—	4.4	—	42.3	5.11	1.26	-2.46

(1) Chris O'Shea was appointed to the Centrica Board as Group Chief Financial Officer on 1 November 2018 and became interim Group Chief Executive with effect from 17 March 2020. He was appointed as Group Chief Executive on 14 April 2020. From 17 March until 31 December 2020, he elected to waive £100,000 of his salary.
(2) Russell O'Brien was appointed to the Board on 1 March 2023.
(3) Nathan Bostock was appointed to the Board on 9 May 2022.
(4) CP Duggal was appointed to the Board on 16 December 2022.
(5) Kevin O'Byrne took on the role of Senior Independent Director from 1 June 2022.
(6) Amber Rudd was appointed to the Board on 10 January 2022.
(7) Philippe Boisseau joined the Board on 1 September 2023.
(8) Jo Harlow joined the Board on 1 December 2023.
(9) Sue Whalley joined the Board on 1 December 2023.
(10) The comparator group includes all management and technical or specialist colleagues based in the UK in Level 2 to Level 6 (where Level 1 is the Executive and Non- Executive Directors). There are insufficient colleagues in the Centrica plc employing entity to provide a meaningful comparison. The colleagues selected have been employed in their role for full years to give meaningful comparison. This group has been chosen because the colleagues have a remuneration package with a similar structure to the Executive Directors, including base salary, benefits and annual bonus.
(11) Kate Ringrose stepped down from the Board on 28 February 2023.
(12) Kevin O'Byrne was appointed Chair on 16 December 2024.
(13) Scott Wheway stepped down from the Board on 16 December 2024.
(14) Jo Harlow took on the role of Senior Independent Director from 16 December 2024.

The chart below shows the ratio of remuneration of the CEO to the average UK colleague of the Group.

CEO pay ratio		25th percentile	50th percentile	75th percentile
2024	Option B	129:1	78:1	71:1
2023	Option B	198:1	142:1	120:1
2022	Option B	128:1	77:1	70:1
2021	Option B	29:1	24:1	15:1
2020	Option B	32:1	15:1	14:1
2019	Option B	34:1	29:1	22:1
2018	Option B	72:1	59:1	44:1

For 2020, the CEO total remuneration figure includes the single figure chart combined earnings of both Iain Conn and Chris O'Shea for the period that they were in the CEO role during 2020.

2024	Salary	Total pay and benefits
CEO remuneration	845,000	4,322,000
Colleague 25th percentile	26,460	33,500
Colleague 50th percentile	41,925	55,265
Colleague 75th percentile	45,356	61,121

The Company has used its gender pay gap data (Option B in the Directors' Reporting Regulations) to determine the colleagues whose remuneration packages sit at the lower, median and upper quartile positions across the UK workforce. This is deemed the most appropriate methodology for Centrica given the different pension and benefit arrangements across the diverse UK workforce. To ensure this data accurately reflects individuals at each quartile position, a sensitivity analysis has been performed. The approach has been to review the total pay and benefits for a number of colleagues immediately above and below the identified employee at each quartile within the gender pay gap analysis. We have determined our 25th, 50th and 75th percentile individual using data from our gender pay gap as of 5 April 2024.

The annual remuneration for the three identified colleagues has been calculated on the same basis as the CEO's total remuneration for the same period in the single figure table on page 126 to produce the ratios.

The ratio of CEO pay compared with the pay for the average colleague has decreased significantly compared to 2023 because 2023 included the value of the 2021 LTIP award that vested in 2023 plus exceptional share price growth over the three-year performance period from 1 January 2021 to 31 December 2023. As a large proportion of CEO remuneration is delivered through variable pay in shares, the CEO pay ratio will vary significantly from year to year compared to the pay of an average employee. In 2024, under the current Remuneration Policy, long-term incentives are delivered to the CEO through the Restricted Share Plan (RSP), which has a lower overall quantum at 50% of the previous level of LTIP awards. The RSP is less variable than conventional LTIPs, which the Committee believes is more appropriate given the regulatory environment within which Centrica operates where some stakeholders such as customers and regulators expect a narrower range of acceptable performance outcomes than in many other companies. RSPs also incentivise executives to invest in the ongoing long-term success of the business, rather than taking decisions based on a three-year performance target cycles.. The Company believes the ratios are appropriate given financial and business performance outcomes in 2024, and the size and complexity of the business.

Pay for performance

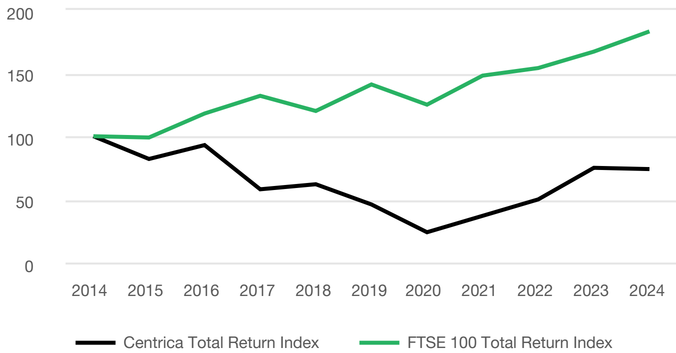
The table below shows the CEO's total remuneration over the last 10 years and the achieved annual short-term and long-term incentive pay awards as a percentage of the plan maximum.

	Chief Executive single figure for total remuneration £000	Annual short-term incentive payout against max opportunity %	Long-term incentive vesting against max opportunity %
Chris O'Shea			
2024	4,322	81.25	100
2023	8,231	87.5	85
2022	4,490	89.5	76
2021	875	0	0
2020	765	0	0
Iain Conn			
2020	239	0	0
2019	1,186	0	0
2018	2,335	41	18
2017	1,678	0	26
2016	4,040	82	0
2015	3,025	63	0

For 2020 the single figure for total remuneration for both Iain Conn and Chris O'Shea are shown. The total remuneration figure for Chris O'Shea includes his earnings during 2020 as CFO and CEO.

The performance graph below shows Centrica's TSR performance against the performance of the FTSE 100 Index over the 10-year period to 31 December 2024. The FTSE 100 Index has been chosen as it is an index of similar-sized companies and Centrica has been a constituent member for the majority of the period.

Total return indices – Centrica and FTSE 100



Fees received for external appointments of Executive Directors

Chris O'Shea was appointed as a Non-Executive Director to the ITT Inc. Board on 14 May 2024. He received a total fee of $255,000 per annum which is split as $100,000 cash payment and the remainder as a share award.

Relative importance of spend on pay

The table below shows the percentage change in total remuneration paid to all colleagues compared to expenditure on dividends and share buyback for the years ended 31 December 2023 and 2024.

	2024 £m	2023 £m	% Change
Share repurchase[1]	**499**	613	(19)%
Dividends	**219**	186	18 %
Staff and employee costs[2]	**1,357**	1,400	(3)%

(1) 385,486,775 shares were purchased during 2024 as part of the share buyback arrangement
(2) Staff and employee costs are as per note 5(b) in the notes to the financial statements.

Payments to past Directors (audited)

No payments to past directors in 2024.

Payments for loss of office (audited)

No payments for loss of office were made in 2024.

Advice to the Remuneration Committee

Following a competitive tender process, PwC was appointed as independent external advisor to the Committee in May 2017.

PwC also provided advice to Centrica globally during 2024 in the areas of employment taxes, regulatory risk and compliance issues and additional consultancy services.

PwC's fees for advice to the Committee during 2024 amounted to £289,450 which included the preparation for and attendance at Committee meetings. The fees were charged on a time spent basis in delivering advice that materially assisted the Committee in its consideration of matters relating to Executive remuneration.

The Committee takes into account the Remuneration Consultants Group's (RCG) Code of Conduct when dealing with its advisors. PwC is a member of the RCG, have no connection with the Company or the Directors, and the Committee is satisfied that the advice it received during the year was objective and independent and that the provision of any other services by PwC in no way compromises their independence.

Statement of voting

Shareholder voting on the resolutions to approve the Directors' Remuneration Policy put to the 2022 AGM, and the Directors' Remuneration Report, put to the 2024 AGM, was as follows:

Resolution	AGM	Votes for	Votes for %	Votes against	Votes against %	Votes withheld
Directors' Remuneration Policy	2022	3,132,342,144	83.48%	619,903,528	16.52%	1,275,033
Directors' Remuneration Report	2024	3,044,479,915	90.08%	335,135,590	9.92%	1,757,494

Implementation in the next financial year

The table below sets out details of how we implemented our remuneration policy in 2024, and how we intend to implement the policy in 2025.

Remuneration element	Implementation in 2024		Implementation in 2025
Base salary	With effect from 1 April 2024, salaries for Executive Directors were: • Group Chief Executive (CEO): £855,000 • Group Chief Financial Officer (CFO): £590,000		With effect from 1 April 2025, salaries for Executive Directors are: • CEO: £1,100,000 (+28.7%) • CFO: £640,000 (+8.5%) The salary increase budget in 2025 across with wider workforce in the UK is 3.5% to 4% and individual increase can be higher or lower depending on the role.
Annual Incentive Plan (AIP)	Maximum opportunity: • CEO: 200% of salary (100% of salary at target) • CFO: 150% of salary (75% of salary at target) The performance measures and their weighting as a percentage of maximum opportunity were: • EPS: 37.5% • Balanced Scorecard: 37.5% • Individual objectives: 25% EPS payout ranges were as follows (as a percentage of maximum opportunity): • Threshold performance: 25% • On-target performance: 50% • Maximum performance: 100%		Maximum opportunity: • CEO: No change • CFO: 175% of salary (87.5% of salary at target)
Restricted Share Plan (RSP)	RSP awards were granted at the following levels: • Group Chief Executive: 150% of salary • Group Chief Financial Officer: 125% of salary RSP awards have no performance conditions but are subject to a performance underpin. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met.		No change
Pensions	The maximum benefit for Executives is 10% of base salary earned during the financial year. This compares with the average pension benefit across the wider UK workforce, currently 10-14% of salary.		No change
Benefits	Benefits to be provided in line with the Policy.		No change
All-employee share plan	Executives were entitled to participate in all-employee share plans on the same terms as all other eligible employees.		No change
Shareholding requirements	CEO: 300% of salary CFO: 200% of salary Post-employment, Executive Directors will continue to be expected to retain the lower of the shares held at cessation of employment and shares to the value of 300% of base salary for the CEO and 200% of base salary for the CFO for a period of two years.		CEO: 400% of salary CFO: No change
NED fees		With effect from 1 January 2024	With effect from 1 January 2025
	Chair of the Board	£440,00	No change
	Basic fee for Non-Executives	£76,000	£79,000 (+3.9%)
	Additional fees		
	Chair of Audit and Risk Committee	£25,000	No change
	Chair of Remuneration Committee	£20,000	£25,000 (+25%)
	Chair of Safety, Environment and Sustainability Committee	£20,000	£25,000 (+25%)
	Senior Independent Director	£20,000	No change
	Employee Champion	£20,000	No change

The Remuneration Report has been approved by the Board of Directors and signed on its behalf by:

Raj Roy, Group General Counsel & Company Secretary
19 February 2025

Directors' Remuneration Policy

The Remuneration Policy was last approved by shareholders at the AGM on 7 June 2022.

This section contains the proposed summary of Centrica's Directors' Remuneration Policy (Policy) that will govern and guide the Group's future remuneration payments. The Policy described in this section is intended to apply for three years subject to shareholder approval at Centrica's 2025 Annual General Meeting (AGM).The full version can be found on our website at centrica.com.

The Policy operated as intended in 2024.

Objectives of The Policy

The Policy aims to deliver remuneration arrangements that:

- Attract and retain high-calibre Executives in a challenging and competitive global business environment;
- Place strong emphasis on both short-term and long-term performance;
- Are strongly aligned to the achievement of strategic objectives and the delivery of sustainable long-term shareholder value through returns and growth; and
- Seek to avoid creating excessive risks in the achievement of performance targets.

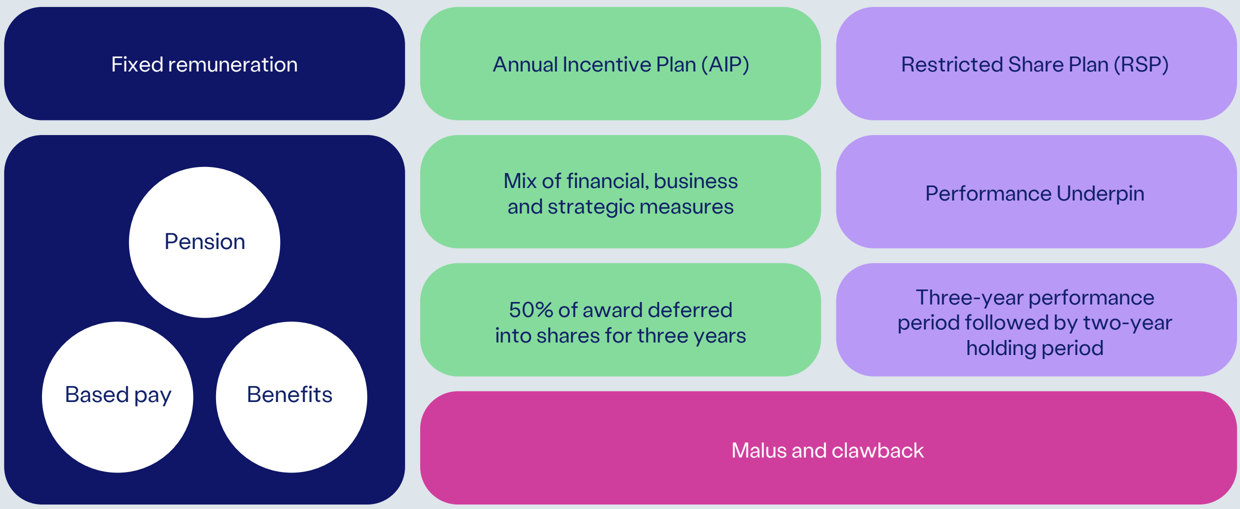
Key changes to the Policy

In reviewing the Policy, the Committee consulted extensively with shareholders and aimed to devise a remuneration structure that would support our strategic direction, enable us to engage our leadership team in the continuing transformation of Centrica and support our requirement for a team capable of making those changes, whilst addressing the challenges our company and industry face going forward.

Further details on the rationale for the proposed changes are described in the Committee Chair's letter on pages 116 to 123. Details on how the Policy will be implemented in the coming financial year are provided on pages 139 to 141.

The main change to the Policy is an increase to the maximum RSP from 150% to 200% of salary. In addition the Committee will increase the shareholding requirement of the CEO to 400% of salary (current policy is 300% of salary) to further increase alignment between our Executive Directors and shareholders.

Summary of Policy design



How the Policy links to our strategy

Our strategy is driven by our Purpose "energising a greener, fairer future", and our enduring values at Centrica underpin our culture. Further information on our Purpose and values is set out on page 11. We need to engage our Centrica Leadership Team to fulfil our Purpose and to ensure Centrica is focused on delivery and positioned for growth.

The AIP focuses the Executives on the delivery of our near-term objectives, with at least 75% of the award based on a mix of financial and business measures based on Centrica's priorities for the forthcoming year and up to 25% based on individual strategic and personal objectives for the year. All targets align with the Group Annual Plan.

At the time of the last Remuneration Policy review, the Remuneration Committee identified the RSP as the appropriate long term incentive vehicle for our Executive Directors as it reduces the upper limit of payment and is aligned with our goal to simplify all aspects of our business. Potential payouts from restricted shares are far less variable than conventional long-term incentives.

The RSP has a three-year performance period and is subject to a performance underpin where the Committee will consider the Company's overall financial and non-financial performance over the period.

As we continue to grow shareholder value, the RSP will ensure a large proportion of our Executives' pay is based on direct and uninhibited share price movement.

We operate an RSP for leaders below the most senior management and this approach therefore creates alignment between our Executives and our senior colleagues.

Remuneration Policy table for Executive Directors

The following table summarises each element of the Remuneration Policy for the Executive Directors, explaining how each element operates and the link to the corporate strategy.

Purpose and link to strategy	***Operation and clawback***	***Maximum opportunity***	***Performance measures***	***Changes***
Base salary				
Reflects the scope and responsibility of the role and the skills and experience of the individual. Salaries are set at a level sufficient for the Group to compete for international talent and to attract and retain Executives of the calibre required to develop and deliver our strategy.	Base salaries are reviewed annually taking into account individual and business performance, market conditions and pay in the Group as a whole. When determining base salary levels, the Committee will consider factors including: • Remuneration practices within the Group; • Change in scope, role and responsibilities; • The performance of the Executive Director and the Group; • Experience of the Executive Director; • The economic environment; and • When the Committee determines a benchmarking exercise is appropriate, salaries within the ranges paid by the companies which the Committee believe are appropriate comparators for the Group.	Base salary increases in percentage terms will usually be within the range of increases awarded to other employees of the Group. Increases may be made above this level to take account of individual circumstances such as a change in responsibility, progression/development in the role or a significant increase in the scale or size of the role.	Not applicable.	No change to Policy.

Purpose and link to strategy	Operation and clawback	Maximum opportunity	Performance measures	Changes
Annual Incentive Plan (AIP)				
Designed to incentivise and reward the performance of individuals and teams in the delivery of short-term financial and non-financial metrics. Performance measures are linked to the delivery of the Group's long-term financial goals and key Group priorities.	In line with the Group's annual performance management process, each Executive has an agreed set of stretching individual objectives for each financial year. Following the end of the financial year, to the extent that performance criteria have been met, up to half of the AIP award is paid in cash. To further align the interests of Executives with the long-term interests of shareholders, the remainder is paid in deferred shares which are held for three years. No further performance conditions will apply to the deferred element of the AIP award. Dividend equivalents may be paid as additional shares or cash. Malus and clawback apply to the cash and share awards.	Maximum of 200% of base salary per annum for Executive Directors. For threshold performance, up to 25% of the maximum opportunity will pay out. For on-target performance, 50% of the maximum opportunity will pay out.	At least 75% based on a mix of financial performance and business measures aligned to Centrica's priorities for the forthcoming financial year and up to 25% based on individual objectives aligned to the Group's priorities and strategy. Performance is assessed over one financial year.	No change to Policy.
Restricted Share Plan (RSP)				
Designed to reward and incentivise the delivery of long-term performance and shareholder value creation.	RSP awards granted to Executive Directors will normally vest after three years. subject to a two-year post-vesting holding period during which the Executive Directors may not normally sell their vested shares except as is necessary to pay tax and social security contributions arising in respect of their RSP awards. Dividend equivalents are accrued during the vesting period and calculated on vesting on any RSP share awards. Dividend equivalents are paid as additional shares or as cash. Malus and clawback apply to the awards.	Maximum of 150% of base salary per annum for Executive Directors.	The RSP will be subject to a underpin. In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Committee may scale back the awards (including to zero) if it is not satisfied the underpin has been met.	The maximum is increased to 200% of salary for Executive Directors.
Pensions				
Positioned to provide a market competitive post-retirement benefit, in a way that manages the overall cost to the Company.	Executives are entitled to participate in a Company defined contribution pension arrangement or to take a fixed salary supplement (calculated as a percentage of base salary, which is excluded from any AIP calculation) in lieu of pension entitlement. The Group's policy is not to offer defined benefit arrangements to new employees at any level, unless this is specifically required by applicable legislation or an existing contractual agreement.	The maximum benefit is 10% of base salary per annum for Executive Directors. This compares with the average pension benefit across the wider UK workforce, currently 10-14% of salary.	Not applicable.	No changes in Policy.

Purpose and link to strategy	***Operation and clawback***	***Maximum opportunity***	***Performance measures***	***Changes***
Benefits				
Positioned to support health and wellbeing and to provide a competitive package of benefits that is aligned with market practice.	The Group offers Executives a range of benefits including (but not limited to): • A company-provided car and fuel, or a cash allowance in lieu; • Life assurance and personal accident insurance; • Health and medical insurance for the Executive and their dependants; and • Health screening and wellbeing services.	Cash allowance in lieu of company car – currently £15,120 per annum for Executive Directors. The benefit in kind value of other benefits will not exceed 5% of base salary.	Not applicable.	No changes to Policy.
All-employee share plans				
Provides an opportunity for employees to voluntarily invest in the Company.	Executives are entitled to participate in all-employee share plans on the same terms as all other eligible employees.	Maximum contribution limits are set by legislation or by the rules of each plan. Levels of participation apply equally to all participants.	Not applicable.	No changes to Policy.
Shareholding requirements				
To align the interests of Executive Directors with shareholders over a long-term period including after departure from the Group.	***In-employment requirement*** During employment, the Group Chief Executive and Group Chief Financial Officer are required to build and maintain a minimum shareholding of 300% and 200% of their base salary respectively. Executives must also hold 100% of vested incentive shares (net of tax) until the shareholding requirement is met. ***Post-employment requirement*** Executive Directors are required to hold shares after cessation of employment to the full value of the shareholding requirement (or the existing shareholding if lower at the time) for a period of two years. Shares purchased by Executives with their own monies are excluded from the post-employment requirement.	***In-employment requirement*** The current shareholding requirement is maintained at 300% of base salary for the Group Chief Executive and 200% of base salary for the Group Chief Financial Officer. ***Post-employment requirement*** Executive Directors will be expected to retain the lower of the shares held at cessation of employment and shares to the value of 300% of base salary for the Group Chief Executive and 200% of base salary for the Group Chief Financial Officer for a period of two years. Only shares earned from vested incentives will be included within the post-employment shareholding requirement.	Not applicable.	Increase shareholding requirement to 400% of base salary for the Group Chief Executive. Update to the Operation and clawback wording to include the following. In determining an Executive Director's shareholding, unvested AIP deferred shares, RSP shares, and any other share awards that are not subject to performance targets will be included in the calculation on a net of tax basis.

Notes to the Remuneration Policy Table

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Policy set out above, where the terms of the payment were agreed before the Policy came into effect, at a time when the relevant individual was not an Executive Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes payments include the amounts paid in order to satisfy awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted. The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Statement of consideration of shareholder views

In developing the Policy set out above, the Committee carried out an extensive shareholder consultation exercise, engaging directly with over 30 of our largest institutional shareholders representing approximately 50% of our share register and with the shareholder proxy voting agencies. We received direct feedback from a third of our shareholders and after several rounds of consultation, we carefully considered the feedback received and proposals were refined in response.

Further details on our consultation with shareholders is described in the Chair's letter on pages 116 to 123.

Performance measures

We continue to be committed to full transparency and disclosure. We will disclose incentive targets as soon as any commercial sensitivity falls away. Usually in the reporting year following the end of the performance period.

AIP

Performance for the AIP will be measured against financial and non-financial metrics with targets for each measure set by the Committee each year. The Policy provides the Committee with the flexibility to choose measures each year that are strongly linked to the specific strategic and financial measures in any given year.

For financial measures, the targets are set with reference to the group annual plan, external forecasts and other circumstances as appropriate to ensure that targets are suitably stretching and motivational to executives.

Non-financial targets are set each year with reference to the key strategic objectives of the Company that will drive the long term success of the business.

RSP

The RSP is subject to a performance underpin assessed by the Committee.

In assessing the underpin, the Committee will consider the Company's overall performance, including financial and non-financial performance over the vesting period as well as any material risk or regulatory failures identified. The Company may scale back the awards (including to zero) if it is not satisfied the underpin has been met.

Malus and clawback

In line with UK corporate governance best practice, the Committee can apply malus (that is reduce the number of shares in respect of which an award vests) or delay the vesting of awards. In addition, where an award has vested, the resulting shares will generally be held for a period during which they may be subject to clawback. The following provisions apply:

- AIP – cash awards: malus will apply up to the payment of the cash AIP award and clawback will apply for a period of 3 years after the cash AIP payment.
- AIP – deferred shares: clawback will apply during the period of three years following the payment of the cash AIP award the deferred share relates to.
- Historic LTIP awards: malus will apply during the vesting period and up to the date of vesting and clawback will apply for a period of two years post-vesting.
- RSP awards: malus will apply during the vesting period and up to the date of vesting and clawback will apply for a period of two years post-vesting.

Legacy awards are governed by the malus and clawback provisions within the respective policy and plan rules. For awards granted under the proposed policy malus and clawback provisions may be applied in the following circumstances:

- Material financial misstatement;
- Where an award was granted, or performance was assessed, based on an error or inaccurate or misleading information;
- Action or conduct of a participant amounts to fraud or gross misconduct;
- Events or the behaviour of a participant have led to censure of the Company or Group by a regulatory authority or cause significant detrimental reputational damage;
- Material failure of risk management; or
- Corporate failure.

During the year, the Remuneration Committee has not needed to apply clawback or malus to any payments to Executive Directors or other members of the Centrica Leadership Team.

Pension arrangements applying to Executives

All registered scheme benefits are subject to HMRC guidelines and the Lifetime Allowance.

The Centrica Unapproved Pension Scheme (CUPS) defined contribution (DC) section provides benefits for individuals not eligible to join the CUPS defined benefit (DB) section and for whom registered scheme benefits are expected to exceed the Lifetime Allowance. The CUPS DC section is offered as a direct alternative to a cash salary supplement.

CUPS is unfunded but the benefits are secured by a charge over certain Centrica assets. An appropriate provision in respect of the accrued value of these benefits has been made in the Company's balance sheet. CUPS was closed to future contributions from 31 December 2023.

Discretion and judgement

It is important that the Committee maintains the flexibility to apply discretion and judgement to achieve fair outcomes as no remuneration policy and framework, however carefully designed and implemented, can pre-empt every possible scenario. The Committee needs to be able to exercise appropriate discretion to determine whether mechanistic or formulaic outcomes are fair, in context and can be applied in an upward or downward manner when required.

Judgement is applied appropriately by the Committee, for example when considering the political and social pressures on the business, the impact of significant movements in external factors such as commodity prices, in setting and evaluating delivery against individual and non-financial performance targets to ensure they are considered sufficiently stretching and that the maximum and minimum levels are appropriate and fair.

The Committee has absolute discretion to decide who receives awards, the level of the awards under the incentive plans and the timing, within the parameters set in the rules and the limits in the Policy table.

Recruitment policy

The Committee will apply the same Remuneration Policy during the policy period as that which applies to existing Executives when considering the recruitment of a new Executive in respect of all elements of remuneration as set out in the Remuneration Policy table.

Whilst the maximum level of remuneration which may be granted would be within plan rules and ordinarily subject to the maximum opportunity set out in the Remuneration Policy table, in certain circumstances, an arrangement may be established specifically to facilitate recruitment of a particular individual up to 25% above the maximum opportunity, albeit that any such arrangement would be made within the context of minimising the cost to the Company.

The policy for the recruitment of Executives during the policy period also includes the opportunity to provide a level of compensation for forfeiture of AIP entitlements and/or unvested long-term incentive awards (at an expected value no greater than what is forfeit) from an existing employer, if any, and the additional provision of benefits in kind, pensions and other allowances, as may be required in order to achieve a successful recruitment. The Company has a clear preference to use shares wherever possible and will apply timescales at least as long as previous awards.

Details of the relocation and expatriate assistance that may be available as part of the recruitment process can be found in the table below.

Relocation and expatriate assistance	
Purpose and link to strategy	Enables the Group to recruit or promote the appropriate individual into a role, to retain key skills and to provide career opportunities.
Operation and clawback	Assistance may include (but is not limited to) removal and other relocation costs, housing or temporary accommodation, education, home leave, repatriation and tax equalisation.
Maximum opportunity	Maximum of 100% of base salary.
Performance measures	Not applicable.
Changes	No changes.

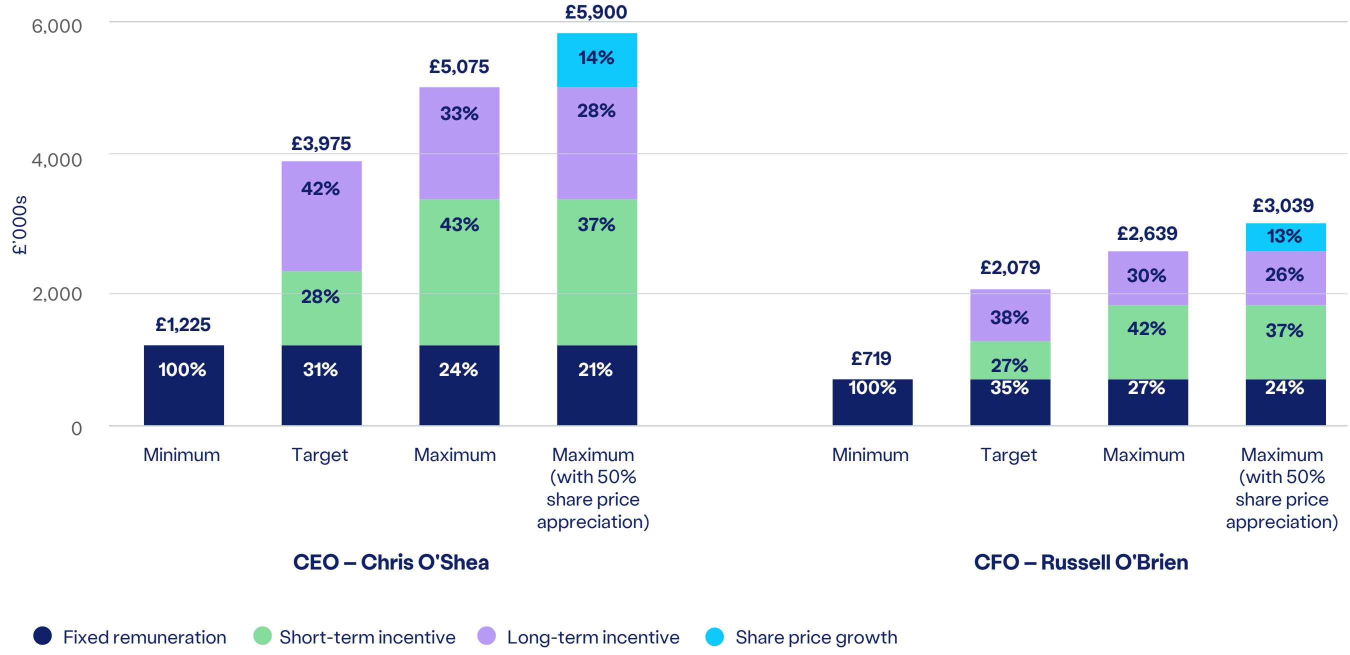
Service contracts

Service contracts provide that either the Executive or the Company may terminate the employment by giving one year's written notice. The Committee retains a level of flexibility, as permitted by the UK Corporate Governance Code 2018, in order to attract and retain suitable candidates. It reserves the right to offer contracts which contain an initial notice period in excess of one year, provided that at the end of the first such period the notice period reduces to one year. All Executive and Non-Executive Directors are required to be re-elected at each AGM. Service contracts are available for inspection at the Company's registered office.

Executive Director	Date of appointment to role	Date of current contract	Notice from the Group	Notice from the individual
Chris O'Shea	1 November 2018	10 December 2020	12 months	12 months
Russell O'Brien	30 January 2023	30 January 2023	12 months	12 months

Total remuneration by performance scenario

The charts below provide an illustration of what could be earned by each Executive Director in 2025 under the new Remuneration Policy. These charts are illustrative as the actual value will depend on business performance and share price performance. The maximum performance also includes an additional bar which shows the impact of a 50% share price growth on the long-term Restricted Share Plan outcome over the relevant performance period to show how the package value is aligned to shareholders.



Assumptions made for each scenario are:

- Minimum – Fixed Remuneration only comprising base salary plus pension plus benefits.
- Target – Fixed Remuneration plus Target Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (but excludes share price growth).
- Maximum – Fixed Remuneration plus maximum Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (but excludes share price growth); and
- Maximum + 50% share price growth – Fixed remuneration plus maximum Annual Incentive Plan plus the value of long-term Restricted Share Plan assuming 100% of the award vests (and includes 50% share price growth).

Termination policy

The Committee carefully considers compensation commitments in the event of an Executive Director's termination. The aim is to avoid rewarding poor performance and to reduce compensation to reflect the departing Executive's obligations and to mitigate losses.

Remuneration element	Scenario	Payment
Base salary, pension and other benefits	Dismissal with cause	No further payments made except those that an individual may be contractually entitled to.
	All other scenarios	Either continue to provide base salary, pension and other benefits for any unworked period of notice or, at the option of the Company, to make a payment in lieu of notice comprising base salary only. Typically any payment in lieu of notice will be made in monthly instalments and reduce, or cease completely, in the event.
AIP	Dismissal with cause	AIP award and any deferred awards will be forfeit.
	Resignation	Executives leaving as a result of resignation will forfeit any potential AIP award for the performance year in which the resignation occurs.
	Change of control	The AIP award will be prorated for time (based on the proportion of the AIP period elapsed at the date of change of control). The Committee has discretion to determine that the AIP does not pay out on change of control and will continue under the terms of the acquiring entity. The Committee has discretion to dis-apply prorating in exceptional circumstances. Deferred awards may vest immediately or be exchanged for new equivalent awards in the acquirer where appropriate.
	Exceptions*	An AIP award for the year in which the termination occurs may be made following the normal year-end assessment process, subject to achievement of the agreed performance measures and time apportioned for the period worked. Any award would normally be payable at the normal time with a 50% deferral vesting in line with the normal time-frame. The Committee has discretion to accelerate the vesting of deferred awards.
LTIP and RSP	Dismissal with cause or resignation	All unvested awards will lapse.
	Change of control	Existing awards will be exchanged on similar terms or vest to the extent that the performance conditions have been met at the date of the event and be time-apportioned to the date of the event or the vesting date, subject to the overriding discretion of the Committee.
	Exceptions*	Any outstanding awards will normally be prorated for time based on the proportion of the performance and/or vesting period elapsed. Performance will be measured at the end of the performance period. On death in service, awards may vest earlier than the normal date. The Committee has the discretion to dis-apply prorating or accelerate testing of performance conditions in exceptional circumstances.

* "Exceptions" are defined by the plan rules and include those leaving due to the following reasons: ill health, disability, redundancy, retirement (with agreement from the Company), death, or any other reason that the Committee determines appropriate.

Following termination, awards continue to be subject to malus and clawback provisions in line with those set out in the rules and the Policy.

Pay fairness across the Group

The Group operates in a number of different environments and has many employees who carry out a range of diverse roles across a number of countries. In consideration of pay fairness across the Group, the Committee believes that ratios related to market competitive pay for each role profile in each distinct geography are the most helpful.

The ratios of salary to the relevant market median are compared for all permanent employees across the Group and are updated using salary survey benchmarking data on an annual basis.

Unlike the significant majority of the workforce who receive largely fixed remuneration, mainly in the form of salary, the most significant component of Executive compensation is variable and dependent on performance. As such, the Committee reviews total compensation for Executives against benchmarks rather than salary alone.

A number of performance-related incentive schemes are operated across the Group which differ in terms of structure and metrics from those applying to Executives.

The Group also offers a number of all-employee share schemes in the UK, Ireland, Europe and North America and Executives participate on the same basis as other eligible employees.

Performance measures applying to Executives are cascaded down through the organisation and Group employment conditions include high standards of health and safety and employee wellbeing initiatives.

External appointments of Executives

It is the Company's policy to allow each Executive to accept one non-executive directorship of another company, although the Board retains the discretion to vary this policy. Fees received in respect of external appointments are retained by the individual Executive and are set out in the Directors' Annual Remuneration Report each year.

Consideration of the UK Corporate Governance Code

As part of its review of the Policy, the Committee has considered the factors set out in provision 40 and provision 41 of the UK Corporate Governance Code (the 'Code'). In the Committee's view, the proposed Policy addresses those factors as set out below:

Principles of the Code	***How the Policy aligns***
Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	The Policy is simple and designed to support long-term, sustainable performance. Shareholders were extensively consulted on the design of the Policy, and the key rationale for the changes that were made. The Policy received shareholder approval at the AGM in June 2022. The Committee proactively seeks engagement with shareholders on remuneration matters on an ongoing basis. During the year, consultation took place with recognised trade unions on pay across the wider workforce. It is important that colleagues are able to share views with the Board on executive pay, wider workforce terms and conditions and other people-related policies. Colleague engagement on executive remuneration is facilitated through the Shadow Board, comprising colleagues across the business and in different locations (read more about the Shadow Board on page 55 and page 98). During 2024, we met with the Shadow Board to discuss executive remuneration and support their understanding of how executive remuneration practices operates. The Shadow Board asked some good questions to aid their understanding and they provided feedback around some employee reward topics. We've agreed to regular sessions in 2025 to discuss on an ongoing basis how executive reward is managed and providing feedback from those sessions to the Committee.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand	The latest Policy results in a clear simplification of remuneration arrangements through the replacement of a performance share plan, with a simpler restricted share plan. We further operate an annual incentive (the AIP) with a straightforward deferral structure to allow it to be easily understood. The performance conditions for variable elements are clearly communicated to, and understood by, participants and aligned with the Group strategy.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	The majority of the Executive Directors' total remuneration is weighted towards variable pay (and provided in shares). The changes result in a reduced risk of excessive reward, through lower quantum for the Executive team alongside an increased discouragement of excessive risk-taking behaviour through the use of a post-employment shareholding requirement. The Committee also retains discretion to override formulaic outcomes for incentive plans. Malus and clawback provisions mitigate behavioural risks by enabling payments to be reduced or reclaimed in specific circumstances.
Predictability The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy	The Policy sets out the maximum potential value for each element of remuneration subject to the achievement of performance conditions. The potential total remuneration outcomes are easily quantifiable and are set out in the illustrations provided in the Policy. As highlighted in Risk, the Committee has discretion to override formulaic outcomes if they were deemed to be inappropriate.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance	Remuneration is appropriately balanced between fixed and variable pay. Short-term performance targets are linked to the Group's strategy and the use of deferral in the AIP ensures a link to long-term performance through this element. The introduction of an RSP ensures a strong link to long-term performance as Executive reward is directly linked to the share price of the Company.
Alignment to culture Incentive schemes should drive behaviours consistent with the Group's Purpose, values and strategy	The short-term incentive plans are measured against performance measures which underpin the Group's culture and strategy. The incentive structure is cascaded through the top six levels of the organisation ensuring that it drives the same behaviours across the Group.

Non-Executive Directors' remuneration

Centrica's policy on Non-Executive Directors' ('Non-Executives') fees takes into account the need to attract the high-calibre individuals required to support the delivery of our strategy.

Purpose and link to strategy	***Operation and clawback***	***Maximum opportunity***	***Performance measures***
Chair and Non-Executive Director Fees			
Sufficient level to secure the services of individuals possessing the skills, knowledge and experience to support and oversee the Executive Directors in their execution of the Board's approved strategies and operational plans. Fees reflect market practice as well as the responsibilities and time commitment required by our Non-Executives.	The fee levels for the Chair are reviewed by the Remuneration Committee. The fee levels of the Non-Executives are reviewed by the Chair of the Board, Executive Directors and the Chief People Officer. Non-Executives are paid a base fee for their services. Where individuals serve as Chair of a Committee of the Board, additional fees are payable. The Senior Independent Director also receives an additional fee. The Company reserves the right to pay a Committee membership fee in addition to the base fees.	The maximum level of fees payable to Non-Executives, in aggregate, is set out in the Articles of Association.	Not applicable.

Recruitment policy

The policy on the recruitment of new Non-Executives during the policy period would be to apply the same remuneration elements as for the existing Non-Executives. It is not intended that variable pay, day rates or benefits in kind be offered, although in exceptional circumstances such remuneration may be required in currently unforeseen circumstances. The Committee will include in future Remuneration Reports details of the implementation of the policy as utilised during the policy period in respect of any such recruitment to the Board.

Terms of appointment

Non-Executives, including the Chair, do not have service contracts. Their appointments are subject to Letters of Appointment and the Articles of Association. All Non-Executives are required to be re-elected at each AGM. The date of appointment and the most recent re-appointment and the length of service for each NED are shown in the table below:

Non-Executive Director	Date of appointment to role	Date of current contract	Notice from the Group	Notice from the individual
Carol Arrowsmith	11 June 2020	5 June 2024	3 months	3 months
Amber Rudd	10 January 2022	5 June 2024	3 months	3 months
Nathan Bostock	9 May 2022	5 June 2024	3 months	3 months
CP Duggal	16 December 2022	5 June 2024	3 months	3 months
Heidi Mottram	1 January 2020	5 June 2024	3 months	3 months
Kevin O'Byrne	13 May 2019	16 December 2024	6 months	6 months
Philippe Boisseau	1 September 2023	5 June 2024	3 months	3 months
Jo Harlow	1 December 2023	5 June 2024	3 months	3 months
Sue Whalley	1 December 2023	5 June 2024	3 months	3 months

Other statutory information

Index to Directors' Report and other disclosures

The Directors submit the Annual Report and Accounts for Centrica plc, together with the consolidated financial statements of the Centrica Group of companies, for the year ended 31 December 2024. The Directors' Report required under the Companies Act 2006 (the Act) comprises this Directors' and Corporate Governance Report (pages 80 to 151) including the TCFD section for disclosure of our greenhouse gas (GHG) emissions in the Strategic Report (pages 67 to 77) and note 27 (page 229) to the financial statements. The index on this page includes matters contained in the Strategic Report that would otherwise be required in the Directors' Report. The management report required under Disclosure Guidance and Transparency Rule 4.1.5 R comprises the Strategic Report (pages 2 to 77) (which includes the risks relating to our business), Shareholder Information (page 283) and details of acquisitions and disposals made by the Group during the year in note 12 (page 201). The Strategic Report on pages 2 to 77 fulfils the requirements set out in Section 414 of the Act. This Directors' and Corporate Governance Report fulfils the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 7.2.1.

Articles of Association (Articles)

The Company's Articles were adopted at the 2023 Annual General Meeting (AGM) and may only be amended by a special resolution of the shareholders. The Articles include various rules outlining the running and governing of the Company, for example rules relating to the appointment and removal of the Directors and how the Directors can use all of the Company's powers (except where the Articles or legislation says otherwise), for example in relation to issuing and buying back shares. The Articles can be found on our website centrica.com.

Centrica shares

Significant shareholdings

At 31 December 2024, Centrica had received notification of the following interests in voting rights pursuant to the Disclosure and Transparency Rules:

	Date notified	% of share capital[1]
BlackRock, Inc.	08.04.2022	5.25%
Bank of America Corporation	13.09.2024	<5%

(1) Percentages are shown as a percentage of the Company's issued share capital when the Company was notified of the change in holding. As at 19 February 2025, the Company had received no further notifications. Copies of historic notifications and any notifications received since 19 February 2025, can be found on our website at centrica.com/rnsannouncements.

Share capital

The Company has a single share class which is divided into ordinary shares of 6 $^{14}/_{81}$ pence each. The Company was authorised at the 2024 AGM to allot up to 1,786,798,353 ordinary shares as permitted by the Act. A renewal of a similar authority will be proposed at the 2025 AGM. The Company's issued share capital as at 31 December 2024, together with details of shares issued during the year, is set out in note 26 to the financial statements on page 229.

Rights attaching to shares
Each ordinary share of the Company carries one vote. Further information on the voting and other rights of shareholders is set out in the Articles and in explanatory notes which accompany notices of general meetings, all of which are available on our website centrica.com. There are no shareholder agreements or restrictions in 2024.

Purchase of shares
We regularly review our capital structure and have committed to returning surplus capital to shareholders. Many shareholders we consulted expressed a preference for share repurchases as a way of returning surplus capital. These views are reflected in our combination of paying dividends and share repurchases.

As permitted by the Articles, the Company obtained shareholder authority at the 2024 AGM to purchase its own shares up to a maximum of 536,039,506 ordinary shares of $6\,^{14}/_{81}$ pence each (shares).

At the start of the year, there were 491,835,133 shares held in treasury. The total number of shares purchased during the financial year was 385,486,775, which represents approximately 6.9% of the Company's issued share capital, at an aggregate cost of approximately £504m. During the year, 60,804,153 shares were used for share schemes and 339,738,924 shares were cancelled. The purpose of the buybacks is to reduce the capital of the Company in order to return surplus capital to shareholders.

As at 31 December 2024, there were 476,778,831 shares held in the treasury shares account representing approximately 8.6% of the Company's issued share capital. Dividends are waived in respect of shares held in the treasury share account. Further details are set out in note S4 to the financial statements on page 252.

As announced in the Company's Trading Update on 10 December 2024, the Company intends to repurchase a further £300m of shares to reduce the capital of the Company. The 2024-25 Extension commenced on 27 December 2024.

Shares held in employee benefit trusts
The Centrica plc Employee Benefit Trust (EBT) is used to purchase shares on behalf of the Company for the benefit of employees, in connection with the Restricted Share Scheme. The Centrica plc Share Incentive Plan Trust (SIP Trust) is used to purchase shares on behalf of the Company for the benefit of employees, in connection with the SIP. Both the Trustees of the EBT and the SIP Trust, in accordance with best practice, have agreed not to vote any unallocated shares held in the EBT or SIP Trust at any general meeting and dividends are waived in respect of these shares. In respect of allocated shares in both the EBT and the SIP Trust, the Trustees shall vote in accordance with participants' instructions. In the absence of any instruction, the Trustees shall not vote.

Employee participation in share schemes
The Company's all-employee share schemes are a long-established and successful part of our total reward package, encouraging the involvement of UK employees in the Company's performance through employee share ownership. We offer a Share Incentive Plan (SIP) in the UK, with a take-up of 31%. In 2024, all eligible employees globally were awarded a profit share award.

Other information
Directors' indemnities and insurance
In accordance with the Articles, the Company has granted a deed of indemnity, to the extent permitted by law, to the Directors of the Company. Qualifying third-party indemnity provisions (as defined by Section 234 of the Act) were in force during the year ended 31 December 2024 and remain in force. The Company also maintains directors' and officers' liability insurance for its Directors and officers. The Company has granted qualifying pension scheme indemnities in the form permitted by the Companies Act 2006 to the Directors of Centrica Pension Plan Trustees Limited, Centrica Engineers Pension Trustees Limited and Centrica Pension Trustees Limited, that act as trustees of the Company's UK pension schemes.

Political donations
The Company operates on a politically neutral basis. No political donations were made by the Group for political purposes during the year.

Payments policy
We recognise the importance of good supplier relationships to the overall success of our business. We manage dealings with suppliers in a fair, consistent and transparent manner.

Significant agreements – change of control
There are a number of agreements to which the Company is party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

The significant agreements of this kind include:

- Those that relate to 2009, when the Company entered into certain transactions with EDF Group in relation to an investment in the former British Energy Group, which owned and operated a fleet of nuclear power stations in the UK. The transactions include rights for EDF Group and the Company to offtake power from these nuclear power stations. As part of the arrangements, on a change of control of the Company, the Group loses its right to participate on the boards of the companies in which it has invested. Furthermore, where the acquirer is not located in certain specified countries, EDF Group is able to require Centrica to sell out its investments to EDF Group; and
- Certain long-term, high-value energy contracts and power purchase agreements, committed facility agreements, subordinated fixed rate notes and bonds issued under the Company's medium-term note programme.

The Remuneration Policy sets out on page 145 details of the treatment of the Executive Directors' pay arrangements, including the treatment of share schemes in the event of a change of control.

Disclosures required under Listing Rule 6.6.1 R

The Company is required to disclose certain information under Listing Rule 6.6.1 R in the Directors' Report or advise where such relevant information is contained. All such disclosures are included in this Directors' and Corporate Governance Report, other than the following sections of the 2024 Annual Report and Accounts:

Information	Location in Annual Report	Page(s)
Capitalised interest (borrowing costs)	Financial statements	196, note 8
Details of long-term incentive schemes	Remuneration Report	117 to 118, 130 and 132
Details of arrangements where shareholders have waived dividends	Other Statutory Information	149

Directors' statements

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis. The Group's business activities, together with factors that are likely to affect its future development and position, are set out in the Group Chief Executive's Statement on pages 7 to 10 and the Business Reviews on pages 33 to 37. After making enquiries, the Board has a reasonable expectation that Centrica and the Group as a whole have adequate resources to continue in operational existence and meet their liabilities as they fall due, for the foreseeable future.

For this reason, the Board continues to adopt the going concern basis in preparing the financial statements.

Additionally, the Directors' Viability Disclosure, which assesses the prospects for the Group over a longer period than the 12 months required for the going concern assessment, is set out on pages 52 to 53. Further details of the Group's liquidity position are provided in notes 25 and S3 to the financial statements on pages 225 to 228 and 244 to 250.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with international accounting standards, in conformity with the requirements of the Companies Act 2006. The Directors have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibility Statement

Each of the Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the Principal Risks and Uncertainties that they face; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The names of the Directors and their functions are listed on pages 86 to 89.

Information to the independent auditors
The Directors who held office at the date of this Report confirm that:

- There is no relevant audit information of which Deloitte LLP are unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming AGM.

This report, including the Directors' Responsibility Statement, was approved by the Board of Directors on 18 February 2025 and is signed on its behalf by:

By order of the Board

Raj Roy, Group General Counsel & Company Secretary
19 February 2025