

# CENTRICA PLC

## REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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**centrica**

## Introduction

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This Report contains payments to Governments made by Centrica plc and its subsidiaries for the year ended 31 December 2015 as required under the UK's Report on Payments to Governments Regulations 2014 (as amended in December 2015). These UK Regulations enact domestic rules in line with Directive 2013/34/EU (the EU Accounting Directive (2013)) and apply to large UK incorporated companies like Centrica Plc that are involved in the exploration, prospection, discovery, development and extraction of oil, natural gas deposits or other materials. This Report is also intended to satisfy the requirements of the Disclosure and Transparency Rules of the Financial Conduct Authority in the United Kingdom.

## Basis of preparation

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### Legislation

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This Report is prepared in accordance with The Reports on Payments to Governments Regulations 2014 as enacted in the UK in December 2014 and as amended in December 2015.

### Reporting entities

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This Report contains payments to Governments made by Centrica plc and its subsidiaries involved in the "Activities" below.

### Activities

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Payments made by Centrica Plc or any of its subsidiaries to Governments arising from activities involving the exploration, prospection, discovery, development and extraction of oil and natural gas deposits or other materials (extractive activities) are disclosed in this Report.

### Government

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Government includes any national, regional or local authority of a country, and includes a department, agency or entity that is a subsidiary of a Government, which includes a national oil company.

### Project

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Payments are reported at project level except those which are not attributable to a specific project, are reported at entity level. 'Project' means the operational activities which are governed by a single contract, licence, lease, concession or similar legal agreement, and form the basis for payment liabilities with a Government. If agreements of the kind referred to in the definition of 'project' are substantially interconnected, those agreements are treated for the purposes of these regulations as a single project.

## Payment

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The information is reported under the following payment types. All payments are denoted as positive numbers and receipts/refunds are denoted in brackets.

## Production entitlements

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Subject to the terms of the contractual arrangements, payments are calculated on the basis of the Government's share of production (whether a Government department, agency or state-owned enterprise) under production sharing agreements. There were no reportable Production entitlement payments made to a Government during the year ended 31 December 2015.

## Taxes

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Tax payments made on the income, production or profits of companies, but excluding taxes levied on consumption (such as VAT, personal income taxes or sales taxes).

## Royalties

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These are payments for the rights to extract oil and gas resources, typically at set percentage of revenue less any deductions that may be taken. Any Royalty payments made in kind are also included.

## Dividends

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These are dividend payments other than dividends paid to a Government as an ordinary shareholder of an entity unless paid in lieu of production entitlements or royalties. There were no reportable Dividend payments made to a Government during the year ended 31 December 2015.

## Bonuses

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These are payments for Bonuses. These are usually paid upon signing an agreement or a contract, or when a commercial discovery is declared, or production has commenced or reached a milestone. There were no reportable Bonus payments made to a Government during the year ended 31 December 2015.

## Fees

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These are licence fees, rental fees, entry fees and other considerations for licences or concessions. Administrative fees, payments for permits and payments for services provided by a government have been excluded.

## Infrastructure improvements

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These are payments which relate to the construction of infrastructure (road, bridge or rail) not substantially dedicated for the use of extractive activities. There were no reportable Infrastructure Improvement payments made to a Government during the year ended 31 December 2015.

## Operatorship

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Where Centrica Plc or any of its subsidiaries make a payment directly to a Government arising from a project, regardless of whether Centrica Plc is the operator, the full amount paid is disclosed irrespective of whether costs are subsequently recovered through cost sharing arrangements.

## Cash and in-kind payments

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Payments are reported on a cash basis. In-kind payments are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment, which can be at cost or market value or such value as stated in the contract. In-kind payments are reported in both volumes and the equivalent cash value.

## Materiality Level

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Payments, whether made as a single payment or as a series of related payments to a Government, have been excluded from the report if they are cumulatively below £86,000 for the reporting period.

## Exchange Rate

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Payments made in currencies other than British Pound are translated for this Report based on the foreign exchange rate as of the Centrica Plc year end 31 December 2015.

## Summary Report by Country (GBP 000's)<sup>1</sup>

## Payments/(Refunds)

Country	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
United Kingdom		(10,949 )				4,786		(6,163 )
Netherlands		(6,649 )				411		(6,238 )
Norway		128,185				5,526		133,711
Canada		19,990	14,220			5,835		40,045
Trinidad & Tobago		3,128				3,131		6,259
<b>Total</b>		<b>133,705</b>	<b>14,220</b>			<b>19,688</b>		<b>167,613</b>

## United Kingdom (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Crown Estate						504		504
Department of Energy & Climate Change						4,281		4,281
Her Majesty's Revenue and Customs		(10,949 )						(10,949 )
<b>Total</b>		<b>(10,949 )</b>				<b>4,786</b>		<b>(6,163 )</b>

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		(2,164 )				68		(2,096 )
A Fields		(3,626 )				84		(3,542 )
Alba		1,140						1,140
Amethyst East		245						245
Brae		(1,280 )						(1,280 )
Chestnut						79		79
Eris/Ceres						410		410
Galleon		(93 )						(93 )
Greater Markham Area						1,067		1,067
Greater York						62		62
Morecambe Hub		12,680				1,129		13,809
Ravenspurn		549						549
Rose						288		288
Seven Seas						364		364
Statfjord		(14,980 )				19		(14,961 )
Trees						54		54
Victor		(3,419 )						(3,419 )
York						438		438
Exploration Licences						723		723
<b>Total</b>		<b>(10,949 )</b>				<b>4,786</b>		<b>(6,163 )</b>

<sup>1</sup> This Report is not corrected for rounding.

## Netherlands (GBP 000's)

## Payments/(Refunds)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Apeldoorn Tax Authority		(6,649 )				411		(6,238 )
<b>Total</b>		<b>(6,649 )</b>				<b>411</b>		<b>(6,238 )</b>

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		(6,649 )						(6,649 )
Greater Markham Area						377		377
F3/FA						34		34
<b>Total</b>		<b>(6,649 )</b>				<b>411</b>		<b>(6,238 )</b>

## Norway (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Oljedirektoratet						5,526		5,526
Skatteetaten		128,185						128,185
<b>Total</b>		<b>128,185</b>				<b>5,526</b>		<b>133,711</b>

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		128,185						128,185
Butch						956		956
Fogelberg						315		315
Frigg Gamma Delta						699		699
Ivory						3,223		3,223
Vale						333		333
<b>Total</b>		<b>128,185</b>				<b>5,526</b>		<b>133,711</b>

## Canada (GBP 000's)

## Payments/(Refunds)

Governments	Production entitlements	Taxes	Royalties*	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Alberta Department of Energy			9,122					9,122
Alberta Energy Regulator						2,939		2,939
Alberta Petroleum Marketing Commission*			2,110					2,110
British Columbia Ministry of Finance		344	2,119					2,463
Canada Revenue Agency		7,118						7,118
Department of Energy/Environment and Parks						1,010		1,010
Government of Alberta						839		839
Minister of Finance, Ministry of Energy and Mines						857		857
The Receiver General for Canada			869					869
Minister Of Finance Mineral Oil & Gas Revenue Branch						190		190
Ministry of Finance Province of Alberta		5,086						5,086
Municipal Government – Municipal District of Bighorn		552						552
Municipal Government – Rocky View		265						265
Municipal Government – Camrose		236						236
Municipal Government – Yellowhead		1,123						1,123
Municipal Government – Clearwater		1,326						1,326
Municipal Government – County Of Stettler		316						316
Municipal Government – Wetaskiwin		149						149
Municipal Government – Starland County		303						303
Municipal Government – British Columbia Northern Rockies		244						244
Municipal Government – Cypress County		2,080						2,080
Municipal Government – Ponoka County		276						276
Municipal Government – Saddle Hills		241						241
Municipal Government – Barrhead		109						109
Municipal Government – Tumbler Ridge		222						222
<b>Total</b>		<b>19,990</b>	<b>14,220</b>			<b>5,835</b>		<b>40,045</b>

\* Royalties include Payments in kind of £2.1m for 80,956 boe at market price.

## Canada (GBP 000's)

## Payments/(Refunds)

Projects	Production entitlements	Taxes	Royalties*	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		12,204						12,204
Foothills Operating Area		203	4,838			498		5,539
Hanlan Robb Operating Area		1,675	2,350			442		4,466
North Operating Area*		2,672	4,225			1,198		8,096
South Operating Area		2,184	512			2,490		5,187
Peace River Arch Operating Area		1,051	2,294			1,207		4,552
<b>Total</b>		<b>19,990</b>	<b>14,220</b>			<b>5,835</b>		<b>40,045</b>

\* Royalties include Payments in kind of £2.1m for 80,956boe at market price.

## Trinidad (GBP 000's)

Governments	Production entitlements	Taxes**	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Ministry of Energy and Energy Affairs						3,131		3,131
Ministry of Finance and the Economy**		3,128						3,128
<b>Total</b>		<b>3,128</b>				<b>3,131</b>		<b>6,259</b>

Projects	Production entitlements	Taxes**	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Block 1a						727		727
Block 1b						1,060		1,060
Block 22						231		231
NCMA-4						1,113		1,113
NCMA-1**		3,128						3,128
<b>Total</b>		<b>3,128</b>				<b>3,131</b>		<b>6,259</b>

\*\*These are payments settled on behalf of Centrica by the Ministry of Energy and Energy Affairs to the Ministry of Finance under the terms of the Production Sharing Contract (PSC).