

CENTRICA PLC

REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Centrica plc
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Registered in England & Wales No 3033654

centrica

Introduction

This Report contains payments to Governments made by Centrica plc and its subsidiaries for the year ended 31 December 2016 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

Legislation

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

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

Activities

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

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

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

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

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 2016.

Taxes

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

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

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 2016.

Bonuses

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 2016.

Fees

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

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 2016.

Operatorship

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

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

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

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 2016.

Summary Report by Country (GBP 000's) Payments/(Refunds)

Country	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
United Kingdom		(14,342)				4,953		(9,389)
Netherlands		2,052				146		2,198
Norway		100,537				949		101,486
Canada		10,094	(4,610)			7,372		12,856
Trinidad & Tobago		(2,292)				1,220		(1,072)
Total		96,049	(4,610)			14,640		106,079

United Kingdom (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Crown Estate						461		461
Department of Energy & Climate Change						4,492		4,492
Her Majesty's Revenue and Customs		(14,342)						(14,342)
Total		(14,342)				4,953		(9,389)

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Alba		(7,043)						(7,043)
Brae		(766)						(766)
Eris/Ceres						297		297
Galleon		(992)						(992)
Greater Markham Area						1,146		1,146
Morecambe Hub		(22,576)				878		(21,698)
Rose						130		130
Seven Seas						168		168
Statfjord		19,199						19,199
Trees						114		114
Victor		(2,164)						(2,164)
York						364		364
Exploration Licences						1,856		1,856
Total		(14,342)				4,953		(9,389)

Netherlands (GBP 000's)
Payments/(Refunds)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Apeldoorn Tax Authority		2,052				146		2,198
Total		2,052				146		2,198

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		2,052						2,052
Greater Markham Area						146		146
Total		2,052				146		2,198

Norway (GBP 000's)

Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Oljedirektoratet						949		949
Skatteetaten		100,537						100,537
Total		100,537				949		101,486

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		100,537						100,537
Fogelberg						130		130
Ivory						425		425
Vale						394		394
Total		100,537				949		101,486

Canada (GBP 000's)

Payments/(Refunds)

Governments	Production entitlements	Taxes	Royalties*	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Alberta Department of Energy			(7,968)					(7,968)
Alberta Energy Regulator						3,483		3,483
Alberta Petroleum Marketing Commission*			1,725					1,725
British Columbia Ministry of Finance		382	1,053					1,435
Canada Revenue Agency		588						588
Government of Alberta						1,173		1,173
Minister of Finance, Ministry of Energy and Mines						1,197		1,197
Energy Minister of Finance, Province of Alberta						1,189		1,189
The Receiver General for Canada			580					580
Saskatchewan Ministry of Energy and Resources						162		162
Minister Of Finance Mineral Oil & Gas Revenue Branch						168		168
Ministry of Finance Province of Alberta		342						342
Municipal Government – Municipal District of Bighorn		796						796
Municipal Government – Rocky View		306						306
Municipal Government – Camrose		278						278
Municipal Government – Yellowhead		1,366						1,366
Municipal Government – Clearwater		1,633						1,633
Municipal Government – County Barhead		128						128
Municipal Government – Wetaskiwin		162						162
Municipal Government – County of Stettler		327						327
Municipal Government – British Columbia Northern Rockies		312						312
Municipal Government – Cypress County		2,372						2,372
Municipal Government – Ponoka County		324						324
Municipal Government – Saddle Hills		339						339
Municipal Government – Stony Tribal		95						95
Municipal Government – Maple Creek		86						86
Municipal Government – Tumbler Ridge		258						258
Total		10,094	(4,610)			7,372		12,856

* Royalties include Payments in kind of £1.7m for 56,685 boe at market price.

Canada (GBP 000's)							Payments/(Refunds)	
Projects	Production entitlements	Taxes	Royalties*	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Entity Level		930						930
Foothills Operating Area		333	(1,673)			755		(585)
Hanlan Robb Operating Area		2,162	(1,514)			541		1,189
North Operating Area*		2,920	349			1,308		4,577
South Operating Area		1,291	(292)			1,558		2,557
Peace River Arch Operating Area		2,458	(1,480)			3,210		4,188
Total		10,094	(4,610)			7,372		12,856

* Royalties include Payments in kind of £1.7m for 56,685 boe at market price.

Trinidad (GBP 000's)								
Governments	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Ministry of Energy and Energy Affairs						1,220		1,220
Ministry of Finance and the Economy		(2,292)						(2,292)
Total		(2,292)				1,220		(1,072)

Projects	Production entitlements	Taxes	Royalties	Dividends	Bonuses	Fees	Infrastructure improvements	TOTAL
Block 22						632		632
NCMA-4						588		588
NCMA-1		(2,292)						(2,292)
Total		(2,292)				1,220		(1,072)