

Basis of Reporting 2024

In 2024, we engaged DNV Business Assurance Services UK Limited (DNV) to conduct an independent limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information'.

DNV has provided an unqualified opinion in relation to five KPIs that are identified in this Basis of Reporting for performance disclosed in the Annual Report and Accounts 2024, on pages 1, 62, 75, 76, 289 and 291, identified with the symbol '+'.

For more, view centrica.com/ar24 and centrica.com/assurance

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

1. KPI description

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

We follow guidance on Scope 1 & 2 emissions reporting from the GHG Protocol's Corporate Accounting and Reporting Standard and the UK Government's Environmental Reporting Guidelines. We continue to use operational¹ control and Scope 2 market-based approaches that were adopted in 2021, which enable us to better reflect our operational decisions including where we source our imported power. There have been no material changes in the assets and operations that we reported in 2023. For completeness, we'll also report a location-based approach as a secondary methodology.

2. Reporting Boundary and scope

Table A – Scope overview

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

Table B – Scope 1 & 2 emissions

In scope	Out of scope
Offices and other buildings	
Scope 1	Scope 1
Emissions from offices that we wholly or partially own or lease ⁴	<ul style="list-style-type: none"> Emissions from offices that we sub-lease to others Emissions from non-operated customer/supplier properties where we have personnel based
<ul style="list-style-type: none"> Gas use Building gas oil use 	

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

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

³ 'Operated' includes buildings and vehicles leased by Centrica.

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

- Refrigerant loss

Table continued...

- | | |
|--|---|
| <ul style="list-style-type: none"> • CH₄ and N₂O emissions produced from biofuels | <ul style="list-style-type: none"> • CO₂ emissions produced from burning biofuels onsite to generate heat and power for on and offsite use (out of scope carbon is reported separately) |
|--|---|

Scope 2

Emissions from offices that we occupy and own or lease.

- Imported power (whether from Centrica or another supplier)
- Imported heat

Scope 2

- Emissions from offices that we sub-lease to others
- Emissions from non-operated customer/supplier properties where we have personnel based

Fleet

Scope 1

Emissions from:

- Commercial fleet vehicles owned or leased by Centrica⁵
- Company cars (business travel only)
- Rental cars where the fuel is claimed back as expensed mileage

Scope 1

Emissions from:

- Contractor's vehicles
 - Personal mileage in company cars, including commuting
 - Rental car fuel use unless claimed as expensed mileage
 - Grey fleet (personally owned cars used for company business)
 - CO₂ emissions from biofuels in forecourt fuel
- Scope 2
- Imported power for hybrid electric company cars⁶

Scope 2

Emissions from:

- Imported power for electric commercial vehicles
- Imported power for electric company cars (business travel only)

Power generation reporting entities

Scope 1

Emissions from power generating entities where we are the operator: N/A

- Combustion - Greenhouse gasses (CO₂e) from fuel combustion
- Fugitive emissions - Fugitive GHG (incl. methane (CH₄)) from gas turbines, Sulphur Hexafluoride (SF₆) leakage, fugitive natural gas emissions and refrigerant leakage (HFC's and PFC's)

Scope 1

Scope 2

- Imported power for plant consumption (whether from Centrica or another supplier) N/A

Scope 2

Hydrocarbon production, transport & storage reporting entities

Scope 1

GHG emissions from reporting entities where we are the operator: N/A

- Combustion - Greenhouse gases (CO₂e) from fuel combustion (incl. flaring)
- Process emissions - Venting natural gas (mainly methane (CH₄)) and Carbon dioxide (CO₂) from hydrocarbon processing,
- Fugitive emissions - Fugitive GHG (incl. methane (CH₄)) from gas turbines, Sulphur Hexafluoride (SF₆) leakage, fugitive natural gas emissions and refrigerant leakage (HFC's and PFC's)

Scope 1

Scope 2

- Imported power for plant (whether from Centrica or another supplier) N/A

Scope 2

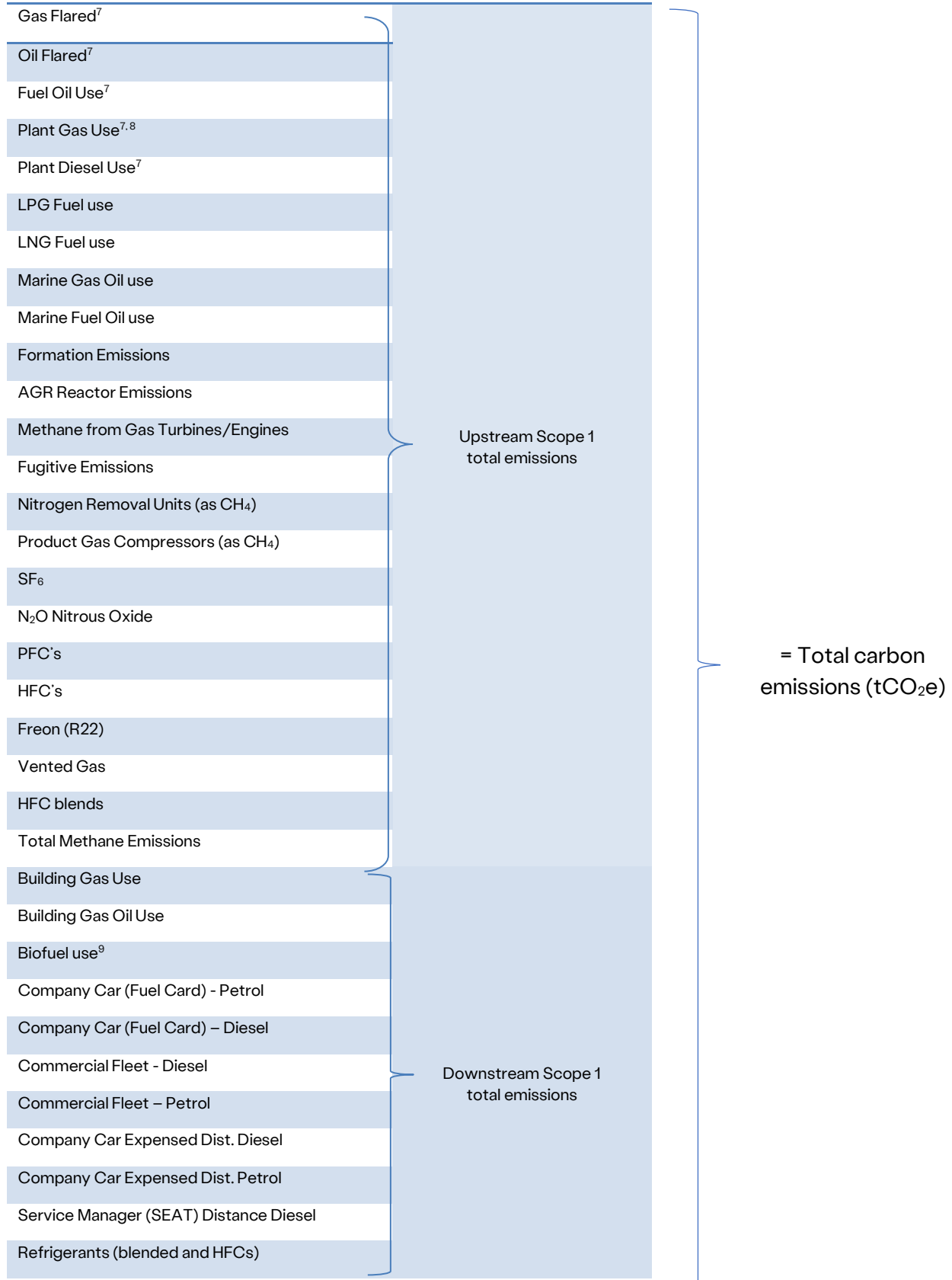
⁵ CH₄ and N₂O emissions from biofuels in forecourt fuel are included in Scope 1 emissions.

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

3. Calculation methodology

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

3.2 Table C – Constituent indicators

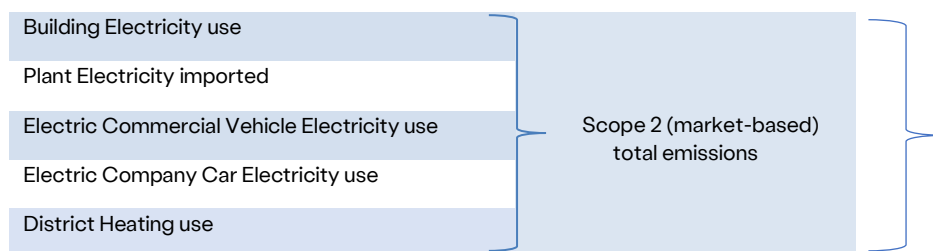


⁷ Where ETS data is available, this value will replace Gas Flared, Oil Flared, Fuel Oil Use, Plant Gas Use and Plant Diesel Use.

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

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

Table C continued...



4. Data quality, collection and reporting frequency

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

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

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

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

5. Assumptions

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

- UK Government GHG Conversion Factors for Company Reporting (2024)
- US Environmental Protection Agency (EPA) (2022)
- International Energy Agency (IEA) (2022)

6. Appendix

Assets that materially contribute to our total GHG emissions include:

- Bord Gáis Energy
 - Whitegate power station
- British Gas
 - Vehicle Fleet¹⁰

¹⁰ Includes Partner Customer Delivery Travel (PH Jones) and UK British Gas Services & Solutions Travel.

- Centrica Power
 - Glanford Brigg power station
 - Roosecote battery storage
- Centrica Energy
 - LNG Shipping
- Centrica Energy Storage+
 - Easington gas terminal
 - Platform 473B
- Spirit Energy
 - Barrow terminal
 - J6A platform
 - Morecambe offshore platform
 - UK Drilling & Projects

Together, these assets account for over 95% of Centrica's total GHG emissions.

Total energy use

1. KPI description

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

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

We continue to report an operational control approach for our energy consumption and emissions. This includes Spirit Energy's operated assets¹¹.

2. Scope

Table A – Scope overview

	In scope	Out of scope
Geography	<ul style="list-style-type: none"> Global 	<ul style="list-style-type: none"> N/A
Organisational	<ul style="list-style-type: none"> All operated reporting entities across Centrica¹² irrespective of equity and ownership 	<ul style="list-style-type: none"> Reporting entities where Centrica does not have operational control¹³ Independent franchisees of Centrica owned franchises
Operational	<ul style="list-style-type: none"> Energy consumed as fuel or electricity 	<ul style="list-style-type: none"> Assets sub-leased to a third party Third-party assets contracted, but not operated, by Centrica. e.g., offshore helicopters and shipping Flared Gas¹⁴

3. Calculation methodology

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

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

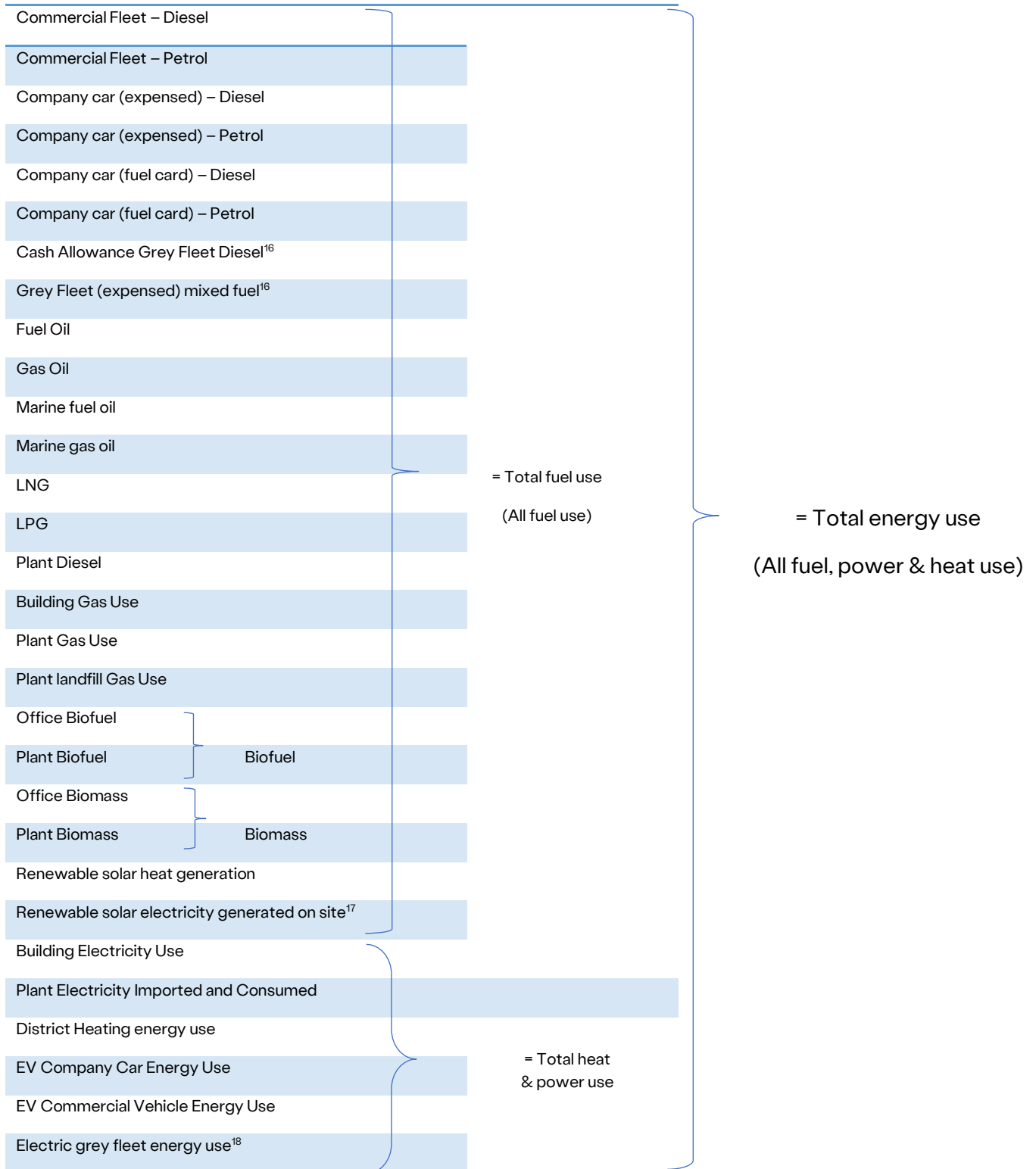
¹¹ After the sale of Spirit Energy Norway in 2021 and a change in the Spirit Energy Board, Centrica's relationship with the remaining Spirit Energy assets (UK and Netherlands) changed from non-operated joint venture to operated joint venture. In 2022 we re-incorporated Spirit Energy UK and Netherlands into our operational scope.

¹² We define 'operated reporting entities/assets' as those where Centrica has the authority to decarbonise through fuel selection, capital investment, asset wind-down and/or closure. This includes the authority to dictate operating policy and profile, through its own workforce or that of a third party and authority to procure and control fuel sources.

¹³ Reporting entities where we have equity, but which we do not operate, include UK Nuclear and Combined Heat & Power (CHP) units on customer sites.

¹⁴ This exclusion is consistent with the Energy Savings Opportunity Scheme (ESOS) regulations, where flared gas is excluded as it is not considered energy consumption but energy disposal.

3.3 Calculation - Table B – Constituent indicators¹⁵



¹⁵ Indicators included here are those that have been used in the last five years. Historical indicators no longer in use include office diesel and Cash Allowance Grey Fleet Petrol.

¹⁶ ESOS and the SECR reporting requirements for large unquoted companies, specifically require the inclusion of grey fleet fuel use and therefore it is included in our wider energy use reporting even though we consider it Scope 3 and not Scope 1.

¹⁷ Pro-rated to only include the portion of renewable solar electricity that is consumed on site, not exported.

¹⁸ Electric Grey Fleet energy use was previously included within grey fleet (mixed fuels) but since 2023 it has been separated out with its own indicator.

4. Data quality, collection and reporting frequency

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

5. Data sources assumptions

- Fuel properties sourced from UK Government GHG Conversion for Company Reporting (2024)
- Road vehicle properties sourced from Advisory Fuel Rates (2024)¹⁹

6. Assumptions

- ICE grey fleet has an assumed composition of 20% petrol and 80% diesel²⁰

7. Appendix

Assets that materially contribute to our total energy use include:

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

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

¹⁹ Car mileage to fuel volume conversion factors are based on the HMRC advisory fuel rates for Petrol and Diesel cars (Advisory fuel rates - gov.uk). The miles per gallon (MPG) is taken from manufacturers' information, taking into account annual sales to businesses (Fleet Audits average 2020 to 2022).

²⁰ The composition of internal combustion engine (ICE) grey fleet is based upon analysis of our grey fleet composition. Electric grey fleet is excluded as it is included in a separate indicator (Electric grey fleet energy use).

Customer net zero target

1. Target description

The emissions associated with the gas and electricity we sell to our customers equate to around 90% of Centrica’s total GHG emissions (Scope 1, 2 & 3). Therefore, Centrica can make the greatest contribution to tackling climate change by committing to reduce these emissions.

In our [People & Planet Plan](#) launched in 2021, we committed to helping our customers reduce emissions in line with Paris goals by targeting a 28% reduction by 2030 (well-below 2°C reduction pathway) and achieving net zero by 2050. These targets will be achieved through a reduction in the carbon intensity (CI) of the energy (gas and electricity) we sell, compared to the CI in the 2019 base year.

2. Scope

Table A – Scope overview

	In scope	Out of scope
Geography	<ul style="list-style-type: none"> Global²¹ 	<ul style="list-style-type: none"> N/A
Organisational	<ul style="list-style-type: none"> Energy sold from our operated businesses 	<ul style="list-style-type: none"> Energy sold from non-operated operations, including Spirit Energy and UK Nuclear
Operational	<ul style="list-style-type: none"> Gas sold to our end-user residential and business customers Electricity sold to our end-user residential and business customers 	<ul style="list-style-type: none"> Traded energy that is not consumed by our customers²² Gas produced from Centrica Energy Storage+ and traded

Table B – Electricity and gas sales

In scope	Out of scope
Gas Sales	
Emissions from: <ul style="list-style-type: none"> Gas sales to residential end-user customers Gas sales to business end-user customers These include all tariffs	Emissions from: <ul style="list-style-type: none"> Gas losses during transmission and distribution
Electricity Sales	
Emissions from: <ul style="list-style-type: none"> Electricity sales to residential end-user customers Electricity sales to business end-user customers These include all tariffs and contracts	Emissions from: <ul style="list-style-type: none"> Electricity losses during transmission and distribution Electricity consumed by Centrica Contracts where Centrica provides an enabling service, as opposed to selling electricity to an end-user

²¹ Energy sales from divested business units (including Direct Energy) are removed from the target scope back to the base year.

²² Traded energy may be sold multiple times before being consumed, meaning if it was in-scope, the same energy might be included repeatedly.

3. Methodology

We will proactively drive the customer carbon reduction by:

1. Helping our customers reduce their gas consumption through our efficiency products and services
2. Helping our customers fuel switch from fossil fuels²³ to low carbon electricity e.g. gas boilers to air source heat pumps
3. The decarbonisation of the power we supply, by procuring lower carbon electricity for resale
4. Supporting and lobbying for the decarbonisation of the grid average gas
5. Procuring biogas for re-sale through green gas tariffs
6. Carbon neutralisation products that remove atmospheric carbon

Note, carbon neutralisation products (e.g., woodland carbon units and carbon capture & storage (CCS)) will not be used as part of the decarbonisation approach until the benefits of the other approaches have been exhausted.

3.1 Unit of measure

Percentage reduction of grams of CO₂e per kWh of energy [% reduction of gCO₂e/kWh]

3.2 Calculation

The target is measured as a percentage reduction in the CI of the energy sold to our customers, using:

- Total electricity sold
- Total renewable electricity sold²⁴
- Total grid gas sold
- Total biogas sold
- CI of grid average gas
- CI of biogas
- Supplier specific CI of electricity where applicable (market-based CI using our supplier Fuel Mix Disclosures (FMD)); or alternatively, residual electricity CI

3.3 Equation

The CI will be calculated as:

$$\frac{(Grid\ Gas\ sold * Grid\ Gas\ EF) + (Biogas\ sold * Biogas\ EF) + (Electricity\ sold * EF) + (Renewable\ electricity\ sold * EF)}{(Gas\ Sold + Electricity\ sold)} * 100$$

The reduction in the CI will be calculated as:

$$\frac{(CI\ of\ current\ year - CI\ of\ base\ year)}{CI\ of\ base\ year} * 100$$

²³ Most of the fuel switching will be from gas energy to electricity. Switching of vehicles from fossil fuel internal combustion engines (ICE) to battery electric vehicles (BEV), will however, also occur. While this will increase the volume of electricity we sell, the petrol/diesel consumption will be outside of the calculations, as we do not sell these to end-users.

²⁴ The total renewable electricity sold indicator is specific to Centrica Energy Trading, as they do not have supplier specific fuel mix.

4. Data quality, collection and reporting frequency

Centrica plc HSES Reporting Standard 03 sets out the detailed data collection process and is available internally. Data is collected quarterly via a global online reporting system. Progress against our target is reported annually as part of Centrica's external annual reporting.

The customer net zero target is audited triennially, demonstrating our commitment to the data quality that underpins our reported figures.

5. Data sources

The following sources will be used for the KPI:

- Grid gas and biogas CI: UK Government GHG Conversion Factors for Company Reporting (2024)
- Supplier specific electricity CI:
 - For historical years - published FMD CI
 - For current year – predicted FMD CI for ROI, published FMD (ending April) CI for UK
- Residual mix CI: IEA (2023)
- Gas and electricity sales from business unit finance teams and Energy Supply teams

6. Assumptions

It is assumed that all gas sold is combusted.