

# Stakeholder Engagement

Engaging a diverse range of stakeholders enables us to deliver on our strategic objectives by understanding risks and opportunities better, whilst creating stronger outcomes for people and planet.

Energy is at the heart of everyone's lives. So our actions can have a big impact on a broad range of stakeholders. That's why we strive to collaborate with all of our stakeholder groups to effectively understand, consider and evolve our strategy in a way that meets their expectations. This not only aids the success of our business by enabling us to deliver on our Purpose of helping our customers live sustainably, simply and affordably, but it allows us to maximise the wider positive contribution we can make to society.

Engagement is often led by our senior leadership team who regularly update the Board through briefings and presentations. As a result, the Board is well-placed to consider the long-term consequences of its decisions from the perspective of a range of stakeholders.



## Section 172(1) Companies Act 2006 Statement

The Directors consider that they have performed their duty as stipulated under Section 172, to promote the success of the Company for the benefit of all of our stakeholders throughout its decision-making.

These pages set out our key stakeholders together with an example of how engagement was vital to navigating one of the most material issues faced in 2022. Further detail on how the Board engages and balances the needs of different stakeholders, together with the key decisions made in 2022, can be found in the Governance section.

+ [Read more](#) about how we considered the interests of different stakeholders in the Governance section on **pages 68 to 71**



Centrica stories

## Helping people with their energy bills in the UK

In 2022, the energy market faced unprecedented challenges as the war in Ukraine constricted already tight global energy supplies, causing energy costs to soar. With the duration of the energy crisis unknown, rising energy bills have been a real worry for many. We've therefore worked with stakeholders to understand what we can do to help, enabling the Directors to take swift action.

To ensure customers can get in touch more easily, we invested £25 million in customer service with the recruitment of 700 additional UK-based agents, who have guided customers through the crisis with expert advice and support.

And on top of the millions of pounds we already provide in energy bill support, the Directors recognised that more needed to be done. So we committed £50 million to help people with their energy bills, including through our promise to donate 10% of British Gas Energy's profit for the duration of the crisis. This enabled us to establish the UK's largest voluntary customer support package. Of this, £25 million was given to the British Gas Energy Trust to create a dedicated cash support fund for customers and to help communities. To reach those who needed it most, we collaborated closely with the Trust by running a marketing campaign urging people not to suffer in silence, volunteered at over 100 Post Office Pop-Ups at over 50 locations to share advice at the heart of communities, and collaborated with charities like StepChange, to help more people access support. The remaining £25 million is administered by British Gas and largely supports prepayment customers and businesses with grants.

At the same time, the Directors alongside specialists in Corporate Affairs and Regulatory Affairs worked at pace with the UK Government and Ofgem. Parliamentarians were engaged to ensure they were up-to-date with the support available via information leaflets, meetings and drop-in sessions. Together, we also worked on short and longer-term improvements to achieve a more robust and sustainable market for consumers. We suspended all prepayment warrant activity until at least the end of Winter. And we increased volumes of renewable energy, reopened our Rough gas storage site and worked with Norwegian partners to secure gas supplies sufficient to heat 4.5 million homes, which increases greenhouse gas emissions in the short-term but was vital to boost energy security and reduce costs for consumers. Meanwhile, we continued to manage price volatility through agile hedging policies and effective demand forecasting.

As we balance different stakeholder needs and the transition to net zero, we're doing whatever we can to help people today and avoid another energy crisis in the future.

+ [Read more](#) on **pages 40, 51 and 68**

# Our Key Stakeholders



## Customers

**Importance** – It's vital that we listen to our customers and act on feedback so that we can understand what they want and need. This will enable us to satisfy existing customers and attract new ones too.

**Main focuses** – Energy efficient and low carbon services and solutions, customer service, energy prices and bill support.

**Engagement** – We mainly engage through focus groups, surveys, proposition and usability testing amongst other channels. In response, we're investing in sustainable services and solutions that help our customers save time, money and energy. And we provide extra support for those who need help with their energy bills.

+ [Read more](#) on pages 12, 22 to 23, 40, 44 and 68 to 69



## Investors

**Importance** – Shareholders and debt holders from across the world provide funds that help us run and grow our business.

**Main focuses** – Financial and operational performance, shareholder returns and dividend, strategy and growth, and Environmental, Social and Governance (ESG) factors like net zero.

**Engagement** – Engagement with investors occurs throughout the year, predominantly via post-result investor roadshows, the Annual General Meeting (AGM), and ad-hoc meetings. We also respond to information requests and assessments from ESG ratings agencies. This enables us to consider and reflect the views of a diverse range of investors when updating on our strategy, to provide a sustainable return on investment.

+ [Read more](#) on pages 46, 57 and 68 to 70



## Suppliers

**Importance** – The Directors fully support collaboration across our 3,500-strong supply chain. This reduces risk in our supply chain by targeting high standards of business conduct whilst securing a stable supply of services and solutions for customers.

**Main focuses** – Payment practices as well as social and environmental compliance on issues like human rights.

**Engagement** – We interact with suppliers in many ways such as tendering, surveys, site inspections and remote worker surveys. Through engagement, we ensure we pay suppliers fairly and enforce our Responsible Sourcing Policy which sets out ways of working to benefit communities and the environment, including obligations under anti-modern slavery laws.

+ [Read more](#) on pages 44 and 68



## Colleagues

**Importance** – Colleague feedback helps us create a team where everyone can be themselves and thrive. In doing so, we can attract, promote and retain more diverse talent to meet the needs of our customers.

**Main focuses** – Reward, development, diversity and inclusion, safety, business strategy and transformation.

**Engagement** – Feedback is sought through channels like our Shadow Board of diverse colleagues who regularly meet leaders, townhalls, quarterly engagement surveys, performance reviews and structured engagements with trade unions. Together, we're working to co-create a fair, safe and inclusive environment by rolling out our inclusion action plan alongside initiatives including training, policy development and colleague benefits.

+ [Read more](#) on pages 6, 37 to 38, 40 to 42, 44 and 68 to 71



## Government and Regulators

**Importance** – Government and regulatory policies can have a significant impact on how we do business. The Directors therefore recognise the importance of working closely to deliver a stable regulatory environment where policy is developed in the interests of consumers, whilst enabling a sustainable and investable market.

**Main focuses** – Market design, customer service, net zero, skills, energy security and energy prices.

**Engagement** – Expertise is shared through participation in consultation processes, meetings and site visits. Through these interactions, we can effectively support policy development and reforms to help deliver on key issues like energy security, progressing net zero targets and support for vulnerable customers.

+ [Read more](#) on pages 12, 43, 46 and 68 to 69



## Communities and NGOs

**Importance** – Communities expect companies to support issues that are important to them. By working alongside charities, non-governmental organisations (NGOs) and community groups, we can create stronger and more inclusive communities.

**Main focuses** – Tackling urgent social and environmental issues like fuel poverty and net zero.

**Engagement** – Through meetings and collaborative research projects, the Board understands community issues and is able to determine how we can make a big difference – from donating to the British Gas Energy Trust to provide advice and grants alongside energy efficiency measures that help people with their energy bills, to volunteering and match funding for local schools, hospices and more.

+ [Read more](#) on pages 12, 40, 42 and 68

## Board meetings

The Board held eight formal meetings in 2022. In addition, supplementary meetings were called for specific approvals. The table showing the attendance of Directors at Board meetings in 2022 can be found below. If Directors are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the Chairman. The agendas for Board meetings are agreed in advance by the Chairman, Group Chief Executive and Group General Counsel & Company Secretary. The agenda typically consists of regular standing items, such as reports on financial performance, and in-depth examination or analysis of a topic, facilitating exchanges of views and robust debate.

During the year, the Non-Executive Directors, including the Chairman, met frequently without management present.

## Site visits

The Directors recognise the importance of, and benefits gained by, visiting the Group's operations and endeavour to make a couple of visits to Centrica sites each year. The Board undertook site visits to the British Gas sites at Spinneyside in Leicester, to meet with our Leicester-based call handlers, who are focused on 'Changing the way Customer Services serve our Customers'. The Board also visited Dublin and met with the Bord Gáis Energy management team and various colleagues from across the Irish business.

### Number of Board and Committee meeting attended during 2022<sup>(1)</sup>:

Name	Role	Joined the Board	Tenure <sup>(2)</sup>	Board	AC	NC	RC	SC
Scott Wheway	Chairman	01/05/2016	6 years, 7 months	8/8	N/A	4/4	N/A	3/3
Chris O'Shea	Group Chief Executive	01/11/2018	4 years, 1 month	8/8	N/A	N/A	N/A	N/A
Kate Ringrose <sup>(6)</sup>	Group Chief Financial Officer	18/01/2021	1 year, 11 months	8/8	N/A	N/A	N/A	N/A
Carol Arrowsmith	Independent Non-Executive Director	11/06/2020	2 years, 6 months	8/8	4/4	4/4	5/5	N/A
Nathan Bostock	Independent Non-Executive Director	09/05/2022	0 years, 7 months	5/8	3/4	3/4	N/A	3/3
Stephen Hester <sup>(3)</sup>	Senior Independent Non-Executive Director	01/06/2016	6 years, 5 months	3/8	1/4	1/4	3/5	N/A
CP Duggal	Independent Non-Executive Director	16/12/2022	0 years, 1 month	—	—	—	—	N/A
Pam Kaur <sup>(4)</sup>	Independent Non-Executive Director	01/02/2019	3 years, 9 months	3/8	1/4	1/4	N/A	3/3
Heidi Mottram	Independent Non-Executive Director	01/01/2020	2 years, 11 months	8/8	N/A	4/4	5/5	3/3
Kevin O'Byrne	Senior Independent Non-Executive Director	13/05/2019	3 years, 7 months	8/8	4/4	4/4	N/A	N/A
Amber Rudd <sup>(5)</sup>	Independent Non-Executive Director	10/01/2022	0 years, 11 months	8/8	N/A	3/4 <sup>(6)</sup>	5/5	3/3

(1) Any Director who is unable to attend a Board meeting provides feedback to the Chairman on the matters to be discussed in advance of the meeting.

(2) Data as at 31 December 2022.

(3) Stephen Hester stood down from the Centrica plc Board at the conclusion of Centrica's 2022 Annual General Meeting. Kevin O'Byrne succeeded him as Senior Independent Director, with effect from 1 June 2022.

(4) Pam Kaur stood down from the Centrica plc Board at the conclusion of Centrica's 2022 Annual General Meeting.

(5) Amber Rudd joined the Nominations Committee with effect from 9 March 2022.

(6) On 12 January 2023, we announced that Kate Ringrose will step down as Group Chief Financial Officer and an Executive Director on 28 February 2023 and is expected to leave Centrica towards the end of 2023 after an orderly transition. Russell O'Brien will be appointed Group Chief Financial Officer and an Executive Director on 1 March 2023.

## Board activity including Section 172(1) considerations

As stewards of the Company, the Board recognises that being aware of the needs and expectations of stakeholders is crucial, as it ensures that the Company is well-positioned to achieve long-term sustainable success and deliver value for all our different but interrelated stakeholder groups and society as a whole.

During the year, the Board considers a comprehensive programme of regular matters covering operational and financial performance reporting, strategic reviews and updates, and various governance reports and approvals. In addition, Board meetings regularly feature

in-depth reviews of specific topics. The Directors confirm that the deliberations of the Board, which underpin its decisions, incorporated appropriate consideration with due regard to the matters detailed in Section 172 of the Companies Act 2006.

The outcome from the key engagements, stated above, are fed back to the Board through the appropriate forum.

Woven throughout this report and on our website are further examples and evidence of how the Directors have performed their fiduciary duty under Section 172.

### Section 172

The likely consequences of any decision in the long term  
 The interests of our colleagues  
 The need to foster relationships with suppliers, customers and others  
 The impact of the Company's operations on the community and the environment  
 The desirability of the Company maintaining a reputation for high standards of business conduct  
 The need to act fairly between members of the Company

### Evidence

Please see page 7 to 9, 12 to 13, 39 to 54 and 66 to 69  
 Please see page 12 to 13, 37 to 38, 39 to 42, 66 to 69 and 71  
 Please see page 12 to 13 and 82 to 83  
 Please see pages 39 to 45 and 82 to 83  
 Please see pages 44, 71 and 82 to 83, and visit our website [centrica.com](http://centrica.com)  
 Please see pages 67 to 69

**Board discussions held during the year included:**

**Strategy and business plan**

The Board considered and oversaw the delivery of the strategic initiatives for the benefit of our stakeholders, including customers. The Board also considered the following matters:

- Strategic reviews, updates, and stress testing under a range of scenarios
- 2021 final dividend
- 2022 interim dividend
- Group Annual Plan 2022
- The Group’s strategic plan
- The Energy Supply Market
- The Climate Transition Plan
- Return of surplus capital to shareholders
- Energy transition investment opportunities
- LNG growth opportunities
- Responsible Sourcing strategy

**Stakeholders considered:**



**Performance and risk**

Financial performance and Risks, as well as risk controls and processes are regularly reported to the Board and to the Audit and Risk 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.

- Health and safety performance and Process Safety risk
- Group Performance Reports
- 2021 Preliminary results statement
- Group credit exposure and liquidity
- Business reviews, including operational performance
- Periodic results
- Cyber security risk management
- Commodity price movements
- Climate Transition Plan performance
- People & Planet Plan performance
- Going concern and viability statements
- Audit fees
- Internal Audit review
- Annual tax update
- Treasury risk management annual update
- Insurance update

**Stakeholders considered:**



**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 the following key governance activities/matters:

- 2021 Annual Report and Accounts
- General Meetings
- Sale of Spirit Energy Norway and Statfjord UK
- Non-Executive Director search
- Board evaluation
- Succession planning for the Board
- Committee composition
- Reports from Committee Chairs
- Conflicts of interest reviews
- Terms of reference reviews
- Director skillset and Director training requirements
- Director independence
- Workforce engagement
- All-Employee Share Plan
- Dividend policy
- AvantiGas acquisition

**Stakeholders considered:**



**Culture and stakeholders**

The Board recognises that understanding the views and interests of the Company’s diverse community of stakeholders, including customers, is important.

The views and interests of stakeholders are considered in the development, delivery and oversight of the Group’s business model, strategy and culture. During the year, the Board considered the following matters:

- Cost of living crisis and the impact on customers
- Colleague engagement
- Pensions
- Company culture
- Investor updates and feedback
- Voice of the Customer
- Diversity & Inclusion Strategy

**Stakeholders considered:**



**Political and regulatory environment**

During the year, the Board considered the following matters:

- Macro/geopolitical developments
- Reform of energy markets
- Sanctions
- Modern Slavery Act
- TCFD disclosure
- Government intervention initiatives
- UK and Ireland energy security

**Stakeholders considered:**



**Stakeholders key**

Customers	Colleagues	Investors
Government and Regulators	Suppliers	Communities and NGOs

Stated below are some examples of the decision-making of the Board during the year demonstrating key stakeholders and their interests, and how our Section 172 duties influenced the matters considered by, and the decision-making of, the Board during the year.

## Consideration of stakeholders and outcomes:

### Supporting customers and colleagues in relation to the cost of living crisis

#### Consideration of stakeholders

##### Customers:

- recognising the difficult environment many customers faced due to rising energy bills and wider inflationary impacts
- supporting customers impacted by the energy suppliers that ceased to trade

##### Communities and NGOs:

- using our resources and reach to make a big difference in our local communities, from helping people with their energy bills, to supporting local charities

##### Colleagues:

- recognising the impact of the cost of living crisis on colleagues
- providing resources and wellbeing support for customer-facing colleagues assisting customers

##### Investors:

- identifying and managing the commercial and financial considerations arising from the energy crisis, including ensuring the strength and resilience of the Company's balance sheet

##### Suppliers:

- ensuring we pay suppliers fairly

#### Outcomes

Recognising and balancing the interests and perspectives of the different stakeholders, a wide range of measures were implemented in the Company's core markets of the UK and Ireland, including:

##### UK:

- providing £50 million of funding to help UK customers struggling with their energy bills, establishing the UK's largest voluntary customer support package. The Company announced on 26 January 2023 that it was committing £10 million of this funding to helping British Gas prepayment and vulnerable customers;
- investing over £25 million in 2022 in customer service, support and pricing in the UK, including the recruitment of an additional 700 UK-based customer service roles in British Gas Energy to handle a 50% increase in call volumes and help ensure we can be there when our customers need us; and
- partnering with the Post Office and British Gas Energy Trust funded organisations to deliver over 100 Post Office 'Pop-ups' in over 50 locations, ensuring people can access the help they need with their energy bills.

In 2022, we worked more closely with our local communities having moved from a national to local charity approach which included volunteering 2,098 days, a 600% increase compared to last year.

##### Ireland:

- investing €3.8 million to help vulnerable customers with our commitment to contribute 10% of Bord Gáis Energy's operating profits for the duration of the energy crisis; and
- we agreed a new pay deal in 2022 which takes current inflationary pressures in the UK into account.

In early 2022, Bord Gáis Energy announced an extension of its partnership with homeless charity Focus Ireland for a further five years. Since the partnership was established in 2015, Bord Gáis Energy has committed over €4.4 million to help those experiencing homelessness and in 2022 alone, Bord Gáis Energy supported services assisted 1,869 Focus Ireland customers.

For colleagues, we provided a one-off cost of living payment in December 2022 to more than 19,000 employees to help them manage rising household prices. We also introduced a number of other financial and non-financial initiatives for our employees including an energy allowance for all employees who are British Gas customers and reduced price lunches at all our sites, and we have launched a number of new programmes aimed at supporting the mental health of our employees, particularly those that work in our call centres helping our customers who are struggling with rising household bills.

### Supporting energy security in our core markets in response to the global energy crisis

#### Consideration of stakeholders

##### Government and Regulators:

- acting as a Supplier of Last Resort (SoLR)
- supporting and implementing Government initiatives, including the UK Energy Price Guarantee and UK Energy Bills Support Scheme
- supporting and enabling Government management of energy security

##### Customers:

- improving UK security of supply to ensure energy remains reliable and affordable for customers

##### Investors:

- realising commercial strengths available from the Company's assets and enabling the transition to net zero, including through a potential future pathway to hydrogen storage and associated market opportunities

##### Suppliers:

- targeting high standards of business conduct, which in turn brings benefits to communities and the environment

#### Outcomes

The Company played an active role in furthering energy security in its core markets of the UK and Ireland, including through:

- recruitment of over 1,000 new apprentices across 2021 and 2022, creating skilled, well-paid British jobs to play an important role in the drive for net zero in the UK;
- taking on another 176,000 customers in 2022 (taking the total over 2021 and 2022 to 700,000 customers) through Ofgem's SoLR processes, ensuring they received an uninterrupted supply of gas and electricity;
- securing increased volumes of gas and renewable energy to improve the UK and Europe's security of supply, including an agreement with Equinor to bring an additional 1 billion cubic metres of gas to the UK for each of the next three winters;
- re-opening Rough as a gas storage facility contributing to strengthening the UK and Ireland's security of supply with the potential transition to hydrogen storage in future;
- announcing plans to convert a decommissioned gas-fired power station at Brigg into a 50MW/100MWh battery storage facility capable of supplying the equivalent of a full day's energy consumption for 11,000 households;
- recognising the role of natural gas as a transition fuel, whilst assessing any impact on climate transition objectives; and
- collaboration with suppliers to embed high standards from our Responsible Sourcing Policy and undertaking audits with suppliers to verify that they uphold our commitments.

## Reintroduction of the dividend

### Consideration of stakeholders

#### Investors:

- recognising the importance of the dividend to shareholders and of the impact on shareholders by the decision taken by the Board to cancel the 2019 final dividend payment amidst the COVID-19 pandemic and that no dividend was declared by the Company in respect of 2020 or 2021 due to the ongoing COVID-19 pandemic
- strengthening the Group's balance sheet
- ensuring the delivery of strong free cash flow generation

#### Customers and colleagues:

- providing support for customers and colleagues in the context of the macroeconomic environment

#### Government and Regulators:

- taking steps to repay COVID-19 furlough monies received from the UK Government prior to the declaration of a dividend

#### Pensions:

- ensuring the interests of the Company's pension schemes were properly reviewed to ensure that they were protected prior to declaring a dividend

### Outcomes

Following the actions taken by the Company in 2020, 2021 and 2022 to strengthen the Company's balance sheet, the Company was well placed to reintroduce the dividend to shareholders.

On 28 July 2022 the Company announced the reinstatement of an ordinary dividend via declaration of a 2022 interim dividend per share of 1.0 pence, the first dividend to be paid since 2019, paid on 17 November 2022 to shareholders on the register on 7 October 2022.

The Directors' propose a 2022 final dividend per share of 2.0 pence for the year ended 31 December 2022, consistent with our historic policy of paying roughly a third of the full year dividend as an interim.

We expect the dividend to be progressive and dividend cover from earnings to move to around two times over time, recognising the ratio is likely to vary each year dependent on the business cycle.

## Launching the share repurchase programme

### Consideration of stakeholders

#### Investors:

- ensuring the Company considers the potential return of any surplus structural capital to shareholders

#### Customers:

- ensuring the provision, in parallel, of additional funding to support customers facing difficulties with bills during the ongoing energy and cost of living crisis

#### Colleagues:

- ensuring steps could be taken in parallel to deliver an appropriate pay settlement for colleagues amidst the cost of living crisis

#### Pensions:

- ensuring that the funding required to be provided by the Company to the schemes was costed and built into the Company's future financial plans

### Outcomes

Given the Company's financial performance, balance sheet strength and liquidity position, the Company announced, on 10 November 2022, plans to commence a share repurchase programme of up to 5% of its issued share capital. On 15 November 2022, the Company announced the commencement of the share buyback programme to be conducted over a period of up to 6.5 months to buy back shares up to an aggregate price of up to £250,000,000, representing an amount equal to the aggregate value of approximately 5% of the Company's issued share capital at the share price on that date.