

Independent Limited Assurance Report

to the Directors of Centrica plc

Centrica plc (“Centrica”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the Annual Report and Accounts 2022 (the “Report”) for the reporting year ending 31st December 2022.



Our Conclusion: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

Our observations and areas for improvement will be raised in a separate report to Centrica’s Management. Selected observations are provided below. These observations do not affect our conclusion set out above.

- We noted a list of operated power generation, and hydrocarbon production, transport & storage reporting entities were not disclosed neither in the Basis of Reporting, nor in the Report. We repeat our recommendation that an up-to-date list of sites, assets, investments and divestitures is maintained to ensure the reported data is complete, and any changes in ownership or operational control is accurately documented. This also supports the reader's understanding of Centrica’s net zero target which is prepared using a re-calculated base year.
- In the 2022 reporting period, Centrica's GHG emissions now included emissions from its shipping activities relating to Liquefied Natural Gas (LNG). Currently, the source data is manually consolidated from individual shipment reports and transferred to Centrica's reporting system. As manual data transfer is more prone to risk of errors, we recommend Centrica implements further internal validation checks for the accuracy of the shipment records, and considers automating the consolidation process.
- We observed that the internal reporting procedures and data collection methodology from the different business units were not fully documented and knowledge about the consolidation process sat with a handful of individuals within Centrica's Group Environmental Team. We recommend Centrica implements steps to better document its governance and reporting procedures, and rolls out knowledge sharing and training to relevant personnel.
- Given increasing stakeholder expectations on ESG disclosures, in addition to Centrica's Scope 3 emissions related to customer energy use which they assure on a rotational basis, Centrica may wish to consider including a broader range of material KPIs in their independent assurance scope. For instance, assurance could be extended to cover other material Scope 3 GHG emissions reporting categories (e.g. purchased goods and services) given its significance to reflect Centrica's increasing role as an integrated energy solution provider, and not generator. Centrica may wish to consider including health and safety and other selected indicators from the People section of the Report.

Selected information

The scope and boundary of our work is restricted to the key performance data for 2022 included on pages 1, 27, 43, 52, 53, 257 and 259 of the Report (the “Selected Information”), listed below:

- Total GHG emissions (Scope 1 and 2) (tonnes of CO₂e)
 - Scope 1 GHG emissions (tonnes of CO₂e)
 - Scope 2 GHG emissions, market-based (tonnes of CO₂e)
 - Scope 2 GHG emissions, location-based (tonnes of CO₂e)
- Total energy use (kWh)
 - UK and Offshore (kWh)
 - Non-UK (kWh)
- Progress against target: Centrica’s carbon emission reduction goal (Percentage progress in the reporting year against 2019 baseline) (Percentage, %)

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used Centrica’s Basis of Reporting 2022 (the “Criteria”), which can be found [here](#).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on Centrica’s website for the current reporting period or for previous periods.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Assessing the appropriateness of the Criteria for the Selected Information;
- Conducting interviews with Centrica's management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Recalculating the Selected Information using suitable conversion factors and/or as established by Centrica's Criteria;
- Reviewing data at source and following this through to consolidated Group data;
- Reviewing that the evidence, measurements and their scope provided to us by Centrica for the Selected Information is prepared in line with the Criteria; and
- Reading the Report and narrative accompanying the Selected Information within it, with regards to the Criteria.

DNV Business Assurance Services UK Limited

London, UK
24th March 2023

Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by Centrica have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

Responsibilities of the Directors of Centrica and DNV

The Directors of Centrica have sole responsibility for:

- Preparing and presenting the Selected information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to Centrica in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

DNV Business Assurance

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

www.dnv.co.uk/BetterAssurance