

Safety, Environment & Sustainability Committee Terms of Reference

Membership and constitution

Membership	At least three members, all of whom shall be independent Non-Executive Directors. The Chair of the Board may also serve on the Committee as an additional member if they were considered to be independent on appointment as Chair. Committee members shall be appointed by the Board, on the recommendation of the Nominations Committee, in consultation with the Committee Chair.
Committee Chair	The Board shall appoint the Committee Chair who shall normally be an independent Non-Executive Director; however, the Board may appoint the Chair of the Board as Committee Chair as it deems necessary or appropriate. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
Secretary	Group General Counsel & Company Secretary (or their nominee).
Quorum	Two members.
Attendees	Only members of the Committee have the right to attend Committee meetings. Non-members may be invited to attend all or part of any meeting, as and when appropriate and necessary.
Frequency of meetings	The Committee shall meet as and when it is deemed necessary, normally three times a year.
Notice of meetings	Committee meetings shall be convened by the Secretary at the request of the Committee Chair. Notice of each meeting confirming the venue, time and date together with an agenda and papers shall be circulated to Committee members and attendees, where possible, no later than five working days before the date of the meeting.
Reporting	Committee meeting minutes shall be circulated to the Committee members and, once approved, circulated to the Board unless, in the opinion of the Committee Chair, it would be thought inappropriate to do so.
Terms of Reference	These Terms of Reference may only be amended with the consent of the Board.

Purpose and Authority

The Committee is established as a committee of the Board and is authorised by the Board to carry out the duties set out in these Terms of Reference. In fulfilling its duties, the Committee is further authorised by the Board to:

1. seek any information or assistance that it requires from any employee or contractor of the Company and all employees and contractors are directed to co-operate with any request made by the Committee;
2. have unrestricted access to Company documents and Company information;
3. investigate or commission investigations into any activity within its terms of reference; and
4. obtain outside legal or independent professional advice in accordance with the Company's policy and secure the attendance of individuals with relevant experience and expertise at Committee meetings if it considers this necessary.

Organisation of the Committee

1. The Committee Chair shall attend the annual general meeting of the Company and be prepared to respond to any shareholder questions on the Committee's activities through the Chair of the Board, if applicable;
2. The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within these Terms of Reference;
3. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
4. The Committee shall, at least once a year, review its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness, recommend any changes it considers necessary to the Board for approval and annually report to the Board on how it has discharged its responsibilities under these Terms of Reference;
5. The Committee shall prepare a report about its activities and recommend it to the Board for approval and inclusion in the Company's Annual Report to shareholders. The report should include all information requirements set out in the UK Corporate Governance Code and relevant legislation and regulation; and
6. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

Duties

The Committee shall have the following responsibilities, powers, authorities and discretions:

Health and Safety (H&S)

Monitor and assess the adequacy and effectiveness of the Company's internal controls and risk management systems in respect of Infrastructure, Equipment and Practices related to Health and Safety through the following activities:

1. Review the Group's health and safety management systems which encompass occupational (including mental wellbeing), customers and members of the public, process safety to enable the goal to provide all employees and people who come into contact with the Group's businesses with a safe, secure and healthy environment;
2. Agree and review health and safety, standards or policies (where relevant), performance criteria, including appropriate Key Performance Indicators and other reporting measures being adopted by the Group in relation to safety; promote the sharing of best practice and expertise, including external perspectives, across the Group to inform the Group's management systems;
3. Regular reviews of lessons, insights and remedial actions arising from significant health and safety incidents occurring in connection with or as a result of the Company's business operations;
4. Review updates on changes to relevant health and safety legislation and regulations affecting Centrica's operations and their applicability to the Group's operations;
5. Review capabilities and resources required in support of the Group's programmes regarding health and safety issues to deliver a safe and sustainable environment for all employees, customers and third party agents;
6. Determine and review the actions or objectives to be pursued by management to help embed the Group's desired behavioural-based safety culture; and
7. Review incident, crisis management and business continuity plans, including the results of the annual testing of such plans, in relation to health and safety.

Environment

To review the impact of the Group's operations on the environment, including how the Group takes account of climate change developments, the way in which it supports the transition to a net zero economy in the markets in which it is active, and where relevant, the Group's contribution to environmental protection:

1. Agree and review the Group's environmental strategy and climate change targets and ambitions, at least once a year, setting out measurable commitments or metrics capable of being reported on externally in line with good practice;

2. Review the Group's environmental performance, including an update on progress against its environmental targets across its value-chain, identifying actions as appropriate;
3. Oversee the Group's response to global trends and developments relating to environmental sustainability, making recommendations to the Board as appropriate;
4. Receive and assess updates on changes to environmental policy, legislation and regulations affecting Centrica's operations, their applicability to the Group's operations; where necessary, consider and shape the Group's external position on environmental policy proposals; and
5. Oversee the preparation of the Group's reporting with regard to environment and climate change for inclusion in the annual report.

Responsible Business and Reputation

Review and agree the Group's overall ambitions and priorities to deliver its aspirations as a responsible business in relation to its day-to-day activities; and its activities in the wider community that build on and support the long-term sustainability of the Group's core business, including;

1. Review the Group's responsible business commitments or targets with regard to responsible treatment of customers, employees, inclusion and diversity, charitable programmes, community activities and suppliers and other organisations on which the Group has an impact on at least an annual basis, making recommendations to the Board where necessary;
2. Review performance of the Group against its responsible business commitments with reference where appropriate to external accreditations and other stakeholder measures of reputation and trust as a responsible business;
3. Review and take account of external trends, stakeholder perspectives, developments and other emerging issues of public concern that are potentially relevant to the Group's reputation;
4. Review how the Group's responsible business agenda and commitments are being communicated to employees, shareholders and other external stakeholders, providing feedback to the Executive and Board as appropriate
5. Review and oversee the adoption and ongoing compliance of the Group's Modern Slavery Act statement as part of its oversight of the Group's impact on suppliers; and to report to the Board with any recommendations for changes;
6. Oversee the preparation of the Group's reporting with regard to responsible business, sustainability and reputational matters for inclusion in the annual report and accounts.

Other issues

The Audit and Risk Committee is responsible for ensuring the integrity of the Group's system of risk management and internal controls but shall, as appropriate, receive input from this Committee on issues relevant to the duties of this Committee outlined in these terms of reference, particularly as they relate to matters of risk management and internal control.

The Board is responsible for monitoring engagement, culture and behaviour of the Group's employees and contractors. To the extent necessary, this Committee shall provide the Board with relevant people-related input arising from its review of health and safety, environmental and responsible business issues.

Approved by the Board: 15 December 2022