--------------------------------------------------------------------------------------------------- Centrica 2004

Chief executive’s statement

Welcome to Centrica’s second corporate responsibility report, covering the year to 31 December 2004.

I believe we have made good progress in understanding and managing our key corporate responsibility impacts during the past 12 months.

Our corporate responsibility strategy enables us to address the challenges of sustainable development and we continue to engage with our stakeholders, working in partnership to respond to their views and concerns.

At Centrica, corporate responsibility means:

• providing our customers with a compelling experience;

• ensuring that our employees have the chance to maximise their contribution and are recognised and rewarded for doing so;

• not just minimising any negative impact our operations might have on the environment, but making a positive contribution to future sustainability; and

• ﬁnding innovative ways to contribute to the communities of which we are proud to be a part.

In a ﬁercely competitive marketplace, we have to take tough decisions in the interests of customers and shareholders. In 2004 for example, rising wholesale energy prices inevitably led to rises in the retail prices we charge our customers, while signiﬁcant group restructuring resulted in a number of redundancies.

It is precisely at such times that a commitment to corporate responsibility is vital. These decisions were made in an open and transparent manner and with an absolute determination that our more vulnerable customers should not suffer unnecessary hardship and that employees affected by the restructuring should be fully supported.

The creation, for example, of the British Gas Energy Trust Fund is just one way in which we aim to help customers who struggle to pay their bills (page 9).

And the change management process that we put in place to support necessary organisational changes was characterised throughout by employee involvement and consultation, working closely with trade unions, and by the use of services such as career counselling and outplacement support.

I believe it is through such activities that corporate responsibility is becoming increasingly embedded in our decision making, enabling us to manage the direct impact of our operations on all our stakeholders.

The business climate in which we are operating is changing and Centrica is changing with it. The decision, for example, to sell the AA along with our acquisition of new upstream assets and investment in renewable energy generation, supports our strategic imperative of creating an international, integrated energy company.

Increasingly, our determination to secure future energy supplies for our customers, will require signiﬁcant changes to the way we do things. We will, for example, procure more gas supplies from international markets, while our upstream investments in conventional modes of generation signiﬁcantly increase our carbon emissions.

The changes necessary for business growth will certainly pose a number of new challenges. But I am conﬁdent that our core values and principles will help us to thrive on those challenges and fulﬁl the expectations of our stakeholders.

As we continue to grow our business in 2005 and beyond – both in Britain and internationally – we will strive to ensure that corporate responsibility underpins all new activities and we will extend the coverage of our reporting to new business areas.

I hope you ﬁnd this summary interesting and I would encourage you to visit our more detailed online report at [**www.centrica.com/**](http://www.centrica.com/) **responsibility**

Your feedback will help us to continue developing and improving our approach and I would welcome your views on any aspect of the report. Contact details are provided throughout.

Centrica’s approach to corporate responsibility has come a long way in a relatively short time, and I’m very proud of the distance we have travelled. I am also conscious that there is still a long way to go.

**Sir Roy Gardner**

Chief Executive

----------------------------------------------------------------------------------- Supplementary Information

**To meet our goals and deliver** **the returns that our shareholders expect, a responsible approach must underpin our strategy and** **run through everything we do.**

--------------------------------------------------------------------------------------------------- Centrica 2005

**Chief Executive’s statement**

Welcome to Centrica’s

Corporate Responsibility Summary Report 2005, which highlights our performance in areas where our activities had the most significant impact. You can read our full report at [www.centrica.com/responsibility.](http://www.centrica.com/responsibility)

During the year we structured our approach to focus on tackling climate change and environmental impact, supporting vulnerable customers and ensuring robust health and safety standards. Our record in 2005 demonstrates good progress. Whatever happens in the energy market in 2006, Centrica will not be distracted from our goal of delivering a world-class performance in this field, as in every other.

--------------------------------------------------------------------------------------------------- Centrica 2006

Introduction from Sam Laidlaw

Welcome to Centrica’s Corporate Responsibility Report for 2006. It describes our approach to managing the social, ethical and environmental impact of our business activities, highlights our performance this year and outlines our future plans.

The impact of our operations is wide ranging and our engagement with stakeholders continues to be fundamentally important to our success.

Since I joined the company in July 2006, I have been impressed by the level of commitment and creativity we apply to both the challenges and the opportunities created by corporate responsibility (CR).

I am encouraged by the progress we made in 2006 under the direction of Mary Francis CBE, chair of our Corporate Responsibility Committee. But I believe there is more we can do.

Rather than outline my detailed thoughts in this statement I have given an interview, in which I describe why I believe CR is critical to Centrica, comment on our performance last year and outline what we need to do in the future.

I would encourage you to access the video, read our report and provide feedback on how you think we’re doing. Your comments – positive and negative – are valuable to us and will help us to develop and shape our future approach.

Sam Laidlaw

Chief Executive

--------------------------------------------------------------------------------------------------- Centrica 2007

**Chief Executive’s introduction**

**Introduction from Sam Laidlaw**

Welcome to Centrica’s Corporate Responsibility Report for 2007.

It describes how we are responding to key social and environmental challenges; taking advantage of opportunities to deliver sustainable commercial solutions; and highlights our current performance and future plans.

As a leading integrated energy company Centrica has an important role to play in driving the move towards the low-carbon economy, tackling fuel poverty and, ultimately, securing energy supplies for our millions of customers.

These complex and interconnected issues are central both to sustainable development and to the sustainability of our business. The alignment of financial and non-financial goals is an essential feature of our strategy.

To reflect this, in late 2007, I became a member of our Corporate Responsibility Committee. With strong leadership from the Committee, I believe we made significant progress on the key corporate responsibility issues affecting our business.

Rather than write a long introduction I caught up with Mary Francis, Senior Independent Director and Chairman of our Corporate Responsibility Committee, to discuss the year and review our progress.

**Sam Laidlaw**

Chief Executive

--------------------------------------------------------------------------------------------------- Centrica 2008

**Chief Executive’s introduction**

**Introduction from Sam Laidlaw**

Welcome to Centrica’s corporate responsibility report for 2008.

It has been a very challenging year with changing economic circumstances and extraordinary turbulence in the commodity markets. As a result there has been an increased focus on many corporate responsibility (CR) issues and, in particular, how companies continue to manage these issues in and embed them into everyday business performance during times of recession where cost efficiencies are very much a global priority. In a year of sharply rising fuel prices the areas of highest impact for Centrica were our support programmes for our most vulnerable customers and our long term efforts to ensure security of energy supply. We also continued to take a lead role in our generating power through low emission technologies, minimising climate change as we move towards a low-carbon future.

2008 was my first full year as a member of the Corporate Responsibility Committee. Throughout the year, the Committee challenged our current performance and debated areas of future activity across a range of critical business issues. Through this continual process of improvement, I have confidence that we are making good progress in developing the necessary structures and processes, allied to a management commitment that will build a sustainable and environmentally aware business for the future. In this report, you can read about our initiatives and performance over the year, as well as our forward- looking plans for 2009 and beyond.

As our CR programmes mature, there is an increasing amount of available information to present to our internal and external audiences. As in previous years, we have chosen to use the online environment to report. Through our website we believe we can disclose the most information in the easiest to use format, leaving users to choose the level of detail appropriate to their interests.

I hope you find the report useful and encourage you to provide any feedback that you may have so that we can continue to improve both our performance and how we communicate it.

**Sam Laidlaw**

Chief Executive

--------------------------------------------------------------------------------------------------- Centrica 2009

Chief Executive’s introduction

We made transformational changes to the business in 2009, taking important steps towards our vision of becoming the leading integrated energy company. The acquisition of Venture Production and a 20% stake in British Energy means we have a more robust business model, capable of meeting a greater proportion of our customer’s energy needs from our own sources. And the restructuring of British Gas into a single business will enable us to meet the future energy and energy services requirements of our customers.

However, we are conscious that we must continue to transform the business to meet the needs of a low carbon future. Society as a whole must adjust to reduce its impact on the environment and to both mitigate and adapt to climate change. In the UK, environmental initiatives are already leading to reductions in energy consumption.

We aim to lead this transition by providing energy for a low carbon future. We’re already making strong inroads with our off take of low carbon nuclear energy and will continue to be a leader in offshore wind generation. But to prosper fully in a low carbon world we need to transform Centrica from an energy supplier to an energy and energy services provider. That is why we have restructured British Gas and are now building our skills and capabilities in energy efficiency, smart metering and microgeneration.

Becoming a low carbon services provider offers opportunities but also new risks, such as whether increased energy services will offset lower energy consumption. To address these issues, we reviewed our CR strategy in 2009, aiming to coordinate our activities across the company to deliver on our goal of energy for a low carbon future.

The actions described in this report set us on the right path. Through smart metering, microgeneration and our new insulation business we will be leading the transition in Britain towards low carbon and low energy housing – improving people’s homes and helping to reduce their energy bills in the process. Investment in the Lincs wind farm will expand Centrica’s existing offshore wind capacity. We also achieved an industry first in refinancing the Lynn, Inner Dowsing and Glens of Foudland wind farms, unlocking capital which can now fund new projects.

We made good progress in other areas such as health and safety, where we are reporting a significant reduction in injuries, and in building trust with customers as reflected in improved customer satisfaction scores. We have also integrated health, safety and environment metrics into annual performance reviews which are linked to our employee bonus scheme.

These are important changes within the business but more is needed and we are seeking to strengthen the foundations of sustainable business practice across the company. For instance, the majority of activity in this report is from the UK and we need to achieve similar progress in North America. The new management team at Direct Energy is seeking to create an integrated energy model in North America, but we must take into account the fact that market conditions present different sustainability challenges.

But we cannot follow our agenda without also continuing to build trust among all our stakeholders as this will empower us to drive change and lead on debates around the future of energy. We earn trust by treating people fairly, being open and transparent and demonstrating commitment to the highest ethical standards. Over the next few months we will be seeking feedback and engaging with stakeholders to define the steps needed to achieve a low carbon future. You can follow our progress on our website at [www.centrica.com/views,](http://www.centrica.com/views) where you can share your views on our performance and plans.

I do not underestimate the scale of the challenge – for companies like Centrica and for society as a whole – in achieving a low carbon future. Leadership is needed and we are determined to provide that leadership as we pursue our responsible business strategy.

Sam Laidlaw

Chief Executive

----------------------------------------------------------------------------------- Supplementary Information

Centrica achieved a great deal in 2009 in what was a very challenging business environment and I am delighted to present this report which describes our corporate responsibility (CR) progress during the year. It highlights how CR is central to our business strategy and demonstrates our ambition for Centrica to be a CR leader.

--------------------------------------------------------------------------------------------------- Centrica 2010

Chief Executive’s introduction

Our new CR strategy has given us a better framework for our activities, with an emphasis on identifying ways in which Centrica can reduce carbon emissions. This is a role we are uniquely placed to fulfil through our customer relationships, the skills of our service engineers and our expertise in sourcing energy and generating power. There are significant new market opportunities in helping to deliver a low carbon society; building trust in this area will enable us to grow our business, while delivering environmental and social benefits to society.

Our flagship programme focuses on delivering ‘energy for a low carbon world’, through decarbonising power generation, helping our customers cut their carbon emissions and reducing our own internal footprint. To achieve this, we need to build trust among all our stakeholders and this is the role of our four supporting focus areas – prioritising safety, supplying energy needs, building and maintaining customer trust and developing our people. These are in turn underpinned by responsible business practices and behaviours. We track progress against all of these through key performance indicators and via stakeholder dialogue and feedback.

We have made good progress against our CR strategy in 2010, reducing our UK carbon intensity by 26%, moving forward with our wind farm developments and receiving our first nuclear power from our investment in British Energy. We are also helping customers cut their carbon footprint through energy efficiency and new technologies such as microgeneration and smart meters.

However, we must also ensure that we secure sufficient gas and electricity for our residential and business customers and ensure energy is affordable; meeting all of these challenges together is not easy.

We are already securing UK supplies through new LNG deals and by continuing to invest in wind, nuclear and CCGT generation assets. However, the consensus is that £200bn needs to be invested in UK energy infrastructure by 2020, a huge sum. We also face challenges in keeping energy affordable in an environment of rising international commodity costs. Our focus is on helping customers to reduce bills through energy efficiency and behaviour change, and on providing additional support to our most vulnerable customers.

What is apparent is that we cannot achieve our low carbon goals in isolation. In September 2010, I set out what I believe is needed from the industry, government and consumers to achieve a low carbon economy.

The investment in lower carbon generation does however come at a price. Unless we are able to offset this increase with increased consumption savings, higher household bills are inevitable. We need to be honest about this as an industry and as a nation and continue to take steps to protect the most vulnerable in our society.

Centrica’s business model is now better balanced and well placed to thrive with the majority of our energy being sourced from our own low carbon sources. The opportunity for us is to help our customers through our growing services businesses to reduce both their fuel bills for today and their emissions for tomorrow.

The changes we are making in the business are dramatic and I would like to thank all our employees for the flexibility and continued commitment they have shown throughout the year. Their vigilance has also been instrumental in achieving continued improvement in our safety record in 2010, with a further 16% reduction in the lost time injury rate.

These are just a few of the highlights from Centrica’s CR programme in 2010. I am proud of the progress we have made this year and I invite you to explore this online report to find out more and leave your feedback.

Sam Laidlaw

Chief Executive

----------------------------------------------------------------------------------- Supplementary Information

In last year’s corporate responsibility (CR) report I discussed the changing shape of our business and how we responded by developing a new CR strategy. In 2010 we have focused on implementing that strategy and pursuing opportunities that lead the drive to a low carbon world. I am delighted to present our 2010 CR Report, which sets out our progress during the year and addresses some of the challenges that we face.

--------------------------------------------------------------------------------------------------- Centrica 2011

Chief Executive’sreview

In the UK, wholesale gas commodity prices rose by 30% during 2011, driven by global factors including instability in the Middle East and North Africa and the Fukushima nuclear disaster. In North America, Direct Energy faced difficult market conditions for the retail energy supply business and continued low gas and power prices in our core markets.

Despite these challenges we made good progress implementing our strategy. We continued our programme of investment in diverse energy supplies and low carbon generation, moving closer to producing first power at our Lincs offshore wind farm in late 2012. 1.7m vulnerable households benefited in 2011 from British Gas initiatives that included a discounted tariff, interest free loans and payment assistance, household grants and free energy efficiency advice. We have expanded into new markets in North America, nearly doubling

our customer base in the US North East.

Public perceptions of the energy sector are different in North America and the UK.

In North America, wholesale gas prices have remained low and Direct Energy has seen a healthy improvement in customer satisfaction, as measured by net promoter scores. In the UK, British Gas also saw improving customer satisfaction scores, as well as decreases in customer complaints. Despite these operational improvements, our brand is less well trusted than before. Research indicates this is due to factors that are impacting the wider energy sector as well as British Gas.

Retail price increases, driven by the wholesale market, coincided with pressure on household income for many of our customers due to the economic downturn. In the UK, although bills were actually lower than the previous year, the scale of unit price increases driven by factors outside the direct control of energy suppliers has resulted in public frustration with a consequent erosion of trust in the energy sector.

We are acutely aware that the poor economic climate in the UK is impacting household budgets and that any increase in energy prices will cause hardship for some and be poorly received by many. We therefore need to do what we can to provide affordable energy.

One of the most significant ways we help customers manage their energy costs is by making their homes more energy efficient. Over the past five years we’ve helped to insulate more than 2.5m customer homes in the UK. We continued to promote the energy efficiency measures that reduce bills and also help to cut carbon emissions. And, through our Carbon Emissions Reduction Target obligation we delivered more than 14.6m tonnes of lifetime carbon savings in 2011. British Gas was the first energy company to offer free insulation to our entire customer base and has now extended this offer still further to customers of our partner organisations.

We’ve also embarked on a programme of £500m of internal efficiency savings to help minimise operating costs and enable us to continue to offer competitive prices and products. Regrettably this required the loss of some 760 jobs in 2011 and I am grateful for the co-operation and professionalism shown by all of our employees during this process.

Our people play a vital role in achieving our goals and the quality of service to which we aspire. We continue to invest in their careers to develop the skills we need. In 2011, we invested more than £20m in our academies and apprenticeships.

We cannot shield our customers from the long-term trend towards higher energy prices, but we remain committed to fair pricing and strive to explain energy prices more clearly. British Gas launched the Honest Conversation in 2011 to explain the factors behind energy prices to UK consumers and raise the quality of the debate. Not only are commodity costs increasing due to worldwide growth in demand for oil and gas, but also more locally, the third party costs we are obliged to pay for transportation, distribution and the environmental levies to support renewables and encourage carbon reduction are an increasing component of the bill. We look to the Government and the Regulator to help foster a realistic discussion with the British people about energy prices and the need for major investment to pay for future energy security and lower carbon emissions.

A significant level of investment is required in the UK energy industry – an estimated

£200bn by 2020 – to provide energy security and lower carbon emissions. Two factors

are critical to making this viable: a profitable energy sector operating within stable tax and regulatory frameworks; and an improvement in public understanding of the economics of energy prices leading to a restoration of trust in our industry. Centrica has a central role to play in steering the UK towards a future of affordable, secure and environmentally responsible energy.

In North America, the precise challenges are different, but our aims are the same – to seek opportunities to grow our business in a sustainable manner. We will continue to work with determination to achieve this wherever we operate.

I look forward to reporting our progress to you next year and welcome feedback on our efforts to date.

**Sam Laidlaw**

Chief Executive

----------------------------------------------------------------------------------- Supplementary Information

2011 was a challenging year. But our integrated business model proved resilient and our people delivered a strong result.

“As an energy company, we recognise that our business activities impact the communities we serve and the environments in which we operate. Understanding and managing these impacts will help contribute towards strong, healthy societies and sustainable environments for current and future generations. Our corporate responsibility approach drives our ability to deliver our business strategy in a sustainable manner.”

**Sam Laidlaw**

Chief Executive

“We’ve embarked on a programme of £500m of internal efficiency savings to be a leaner business and support our competitive position in challenging markets”