

SUMMARY OF OUR MOST MATERIAL RISKS AND OPPORTUNITIES⁽¹⁾

							Impact on gross margin (GM)		
							0-5% (low)	5-10% (medium)	>10% (high)
TCFD category	Climate related trend	Potential financial impact	Potential materiality			Strategic response and resilience			
			2028 (short term)	2038 (medium term)	2050 (long term)				
Transition: Policy, Markets and Technology	Transition away from fossil fuelled heating	Risk: Reduced GM from the sale and servicing of natural gas residential boilers and commercial Combined, Heat and Power (CHP) units at British Gas Services & Solutions (BG S&S), Centrica Business Solutions (CBS) and Bord Gáis Energy (Bord Gáis)	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Strategic aim to remain the market leader in heating solutions in the UK and Ireland (UK&I), whilst growing market share in heating installsInstallation of hydrogen-ready boilers and CHP units		
			1.5° C	<div></div>	<div></div>	<div></div>			
Transition: Policy, Markets and Technology	Growth in low carbon heating market	Opportunity: Increased sales and servicing of electric and hydrogen fuelled heating systems, and associated opportunities in energy efficiency at BG S&S, CBS and Bord Gáis	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Heat pump business launched with material growth plans, aiming for 20,000 installs a year by 2025 with plans to build from therePartnering to grow capability and adoption with hydrogen use trials alongside research and development into low carbon CHP		
			1.5° C	<div></div>	<div></div>	<div></div>			
Transition: Policy, Markets and Technology	Transition away from natural gas	Risk: Reduced GM from the sale of natural gas from fuel switching and energy efficiency at British Gas Energy (BGE), CBS and Bord Gáis	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Strategic aim to grow customer numbers in UK&I energy supply		
			1.5° C	<div></div>	<div></div>	<div></div>			
Transition: Policy, Markets and Technology	Growth in low carbon heating market	Opportunity: Increased sales of electricity and green/low carbon hydrogen at BGE, CBS and Bord Gáis	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Systems and capabilities in place to pivot towards trading and selling hydrogenPartnering in hydrogen production and use trials to grow capability and adoption		
			1.5° C	<div></div>	<div></div>	<div></div>			
Transition: Markets	Growth of EV transport market	Opportunity: Access to new and growing value pools related to EV charging installs, operation and maintenance (O&M), and energy supply at BG S&S and Bord Gáis	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Internal business unit, New Business and Net Zero, launched with the aim of becoming a leader in EV charging infrastructure installs and O&MAmbition to install up to 100,000 EV charging points per annum by 2025		
			1.5° C	<div></div>	<div></div>	<div></div>			
Transition: Energy Source	Growth in demand for renewable energy	Opportunity: Strong growth in solar and battery markets driven by decarbonisation at CBS, Bord Gáis and BG S&S	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Strategy to invest up to £100 million each year by 2025 to build a low carbon and transition asset portfolio of more than 800MWValue derived from install, O&M and asset ownership		
			1.5° C	<div></div>	<div></div>	<div></div>			
Physical Chronic	Rising mean temperatures	Risk: Reduced sales of natural gas and electricity for heat at BGE, CBS and Bord Gáis	>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Strategic aim to grow customer numbers in UK&I energy supplyHeat pump business launched with material growth plans, which is also capable of providing cooling		
			1.5° C	<div></div>	<div></div>	<div></div>			
Net impact for the Group			>2° C	<div></div>	<div></div>	<div></div>	<ul style="list-style-type: none">Analysis suggests an overall net financial benefit for the Group across all scenarios, based on our strategic plans, portfolios and capabilities		
			1.5° C	<div></div>	<div></div>	<div></div>			

(1) Our financial scenario analysis is conducted every three years unless there is a material change to the business or external scenarios. Materiality above is therefore based on 2021 Group GM due to our last scenario analysis taking place in 2022 (see page 49). A well-below and well-above 2°C scenario for global warming has been used to best demonstrate the spectrum of proactive and inactive progress on climate change in our key markets, and the impact this may have on our business. In the analysis which spans over 95% of the Group, this table includes our most material risks and opportunities together with the inclusion of our most material physical risk because whilst less material than all other key risks in the long term, we believe it's important to transparently show the net impact of physical risk on GM. All listed 'opportunities' result in a positive impact on GM whilst all listed 'risks' correlate to a negative impact on GM. The table concludes by showing an overall positive net financial benefit for the Group across all climate scenarios and time periods assessed.