

Group policy on political involvement

1. Introduction

Centrica operates in a highly regulated market. Public policy decisions can affect all aspects of our operations including investment decisions, consumer protection and employment relations.

Lobbying is a normal, acceptable and important part of the legislative process, provided it is conducted in compliance with all applicable legal requirements.

Laws and regulations governing the activities of public affairs practitioners or attempts to influence the policy environment vary around the world. Centrica will uphold the spirit and letter of all relevant laws in relation to our political activities.

2. Purpose

The purpose of this policy is to set out the responsibilities of Group functions and business units in observing and upholding our position on political involvement.

3. Scope

This policy applies to Centrica employees (staff, contract and temporary) and extends to all our majority owned business dealings and transactions in all countries in which we or our subsidiaries and associates operate.

Where we have a minority interest we will encourage the application of this policy amongst our business partners including contractors, suppliers and joint venture partners.

This policy should be implemented in conjunction with the guidance on political involvement within the Group Guide to Sound Business Practice.

4. Policy

Centrica operates on a politically neutral basis and works closely with political stakeholders to inform policy on key issues including energy, environment, consumer policy and employment relations.

- Centrica has specific employees within the Group Corporate Affairs Department to engage in and coordinate planned public affairs activity on its behalf
- The Company does not make political contributions and fully complies with the UK Political Parties, Elections and Referendum Act 2000
- Employees (staff, contract and temporary) and Directors must not make direct or indirect contributions or any form of inducement to political parties, individual politicians or government employees whilst working for the Company
- Employees and Directors who are involved in political activity outside of work must ensure that their involvement does not, in any way, represent the views of Centrica or bring the Company into disrepute.

5. Responsibilities

The Group Chief Executive is the main board director with primary responsibility for implementing this policy and for reporting annually to the Centrica Board of Directors. The Managing Director of each business unit will establish appropriate responsibilities and procedures within their operations. If any instance of bribery or corruption is identified, we will take remedial steps immediately.

6. Training and communications

We will communicate this policy and relevant guidance to employees across the Group, through our established internal communication channels. We will also communicate this policy to our suppliers,

contractors and business partners and wider stakeholders. Managers, employees and agents will receive relevant training on how to implement this policy in the scope of their employment with the Group.

7. Raising concerns and seeking guidance

Employees are encouraged to raise concerns about any instance of malpractice at the earliest possible stage through our confidential 'speak up' helpline*. Please refer to the Group Speak Up Policy* for further information.

* Known as 'Whistleblower' in Direct Energy

8. Monitoring and review

The Centrica Executive Committee will review the implementation of this policy in respect of its suitability, adequacy and effectiveness and make improvements as appropriate. It will periodically report the results of this process to the Group Audit Committee, which will make an independent assessment of the adequacy of the policy and disclose any material non-compliance in the Annual Report to shareholders.

9. Internal controls and audit

Centrica will establish feedback mechanisms in order to maintain accurate records - available for inspection - which properly and fairly document all financial transactions. Internal control systems will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption.