

Centrica plc (the Company)

Schedule of Matters Reserved for the Board

1.	Strategy
1.1	Responsibility for the overall leadership of the Company and setting the Group's values.
1.2	Development and approval of the Group's strategic aims and objectives.
1.3	Approval of the annual operating and capital expenditure budgets and any material changes to them.
1.4	Oversight of the Group's operational performance including the review of performance in the light of the Group's strategic aims, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.
1.5	Extension of the Group's activities either into new business lines or through the establishment of a subsidiary company and/or physical presence in a new country of operation.
1.6	Any decision to cease to operate all or any material part of the Group's business as well as the disposal or closure of operations that would lead to a country exit for the Group
2.	Structure and Capital
2.1	Changes relating to the Group's capital structure including reduction of capital, share issues or allotments (except under employee share plans), share buy backs (including the use of treasury shares).
2.2	Major changes to the Group's corporate structure.
2.3	Changes to the Group's management and control structure.
2.4	Any changes to the Company's listing or its status as a plc.
3.	Financial Management
3.1	Approval of the Interim Report, any Preliminary Announcement of the full year results and the Annual Report and Accounts (including the Corporate Governance Report and Directors' Remuneration Report), following recommendation(s) from the relevant Board Committee(s).
3.2	Approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend.
3.3	Approval of any significant changes in accounting policies or practices that have a material impact on the Group's results.
3.4	Approval of treasury policies and any related risk management strategy and framework.
3.5	Approval of tax policies and any related risk management strategy and framework.
3.6	Approval of material unbudgeted capital or operating expenditures (outside pre-determined tolerances).
4.	Internal Control
4.1	Ensuring maintenance of a sound system of risk management and internal control.
5.	Investments (in accordance with the Delegation of Authority)
5.1	Approval of major capital projects, matters not in the ordinary course of business and major investments (including the acquisition or disposal of interests of more than 3 percent in the voting shares of any legal entity or the making of any takeover offer).
6.	Communication
6.1	Maintaining an effective investor relations and communications programme by promoting a satisfactory dialogue with shareholders based on the mutual understanding of objectives and underpinned by the receipt of reports to the Board as a whole on the views of the shareholders.

6.2	Calling any general meeting of the Company's shareholders and approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting and approval of all circulars, prospectuses and listing particulars.
7.	Board Membership and Other Appointments
7.1	Changes to the Board governance framework, including the structure, size and composition of the Board and appointments thereto, following recommendations from the Nominations Committee.
7.2	Ensuring adequate succession planning for the Board and senior management so as to maintain an appropriate balance of skills and experience within the Company and on the Board.
7.3	Membership and Chairmanship of Board Committees following recommendations from the Nominations Committee.
7.4	Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by shareholders at the AGM and otherwise as appropriate.
7.5	Continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the law and their service contract.
7.6	Appointment or removal of the General Counsel & Company Secretary, following a recommendation from the Nominations Committee.
7.7	Recommend to shareholders, following recommendation of the Audit Committee, the approval of the remuneration, the appointment, reappointment or removal of the external auditor.
8.	Remuneration
8.1	Recommend to shareholders the remuneration policy for the Directors, General Counsel & Company Secretary and other senior executives.
8.2	Approve the introduction of new share incentive plans or major changes to existing plans that would confer additional benefits to participants in existing share schemes if provided for under the remuneration policy in force from time to time, otherwise and where required, recommend such changes to shareholders for approval.
9.	Delegation of Authority
9.1	The division of responsibilities between the Chairman, the Chief Executive, Senior Independent Director and other executive Directors.
9.2	Approval of the delegation of authority, including the Chief Executive's authority limits (which must be in writing).
9.3	Establishing Board Committees and approving their terms of reference, and approving material changes thereto.
10.	Corporate Governance Matters
10.1	Undertaking a formal and rigorous annual review of its own performance, that of its Committees and individual Directors, and the division of responsibilities.
10.2	Determining the independence of Non-Executive Directors in the light of their character, judgment and relationships.
10.3	Considering the balance of interests between shareholders, employees, customers and the community.
10.4	Review of the Group's overall corporate governance arrangements.
10.5	Authorising conflicts of interest where permitted by the Company's Articles of Association.
11.	Policies
11.1	Approval of the Group's Business Principles and values.
12.	Other
12.1	The making of political donations.

12.2	Review and assess the effectiveness of the arrangements in place for the management of compliance with legal, statutory, regulatory and ethical requirements.
12.3	Approval of action for material litigation proceedings such as prosecution, commencement, defence or settlement, or to enter into an alternative dispute resolution mechanism (in accordance with the Delegation of Authority).
12.4	Approval of the overall levels of insurance for the Group including directors' & officers' liability insurance and indemnification of Directors.
12.5	Oversight of management systems in the risk areas of health and safety, people, the environmental and security.
12.6	This Schedule of Matters Reserved for Board decisions.

- Matters which the Board considers suitable for delegation are contained in the Terms of Reference of its Committees.
- The Board must approve all matters not otherwise described above which exceed the authority delegated to the Chief Executive or other executives as set out in the Group Delegations of Authority.
- In addition, the Board will receive reports and recommendations from time to time on any matter which it considers significant to the Group.

Approved by the Board: 19 April 2016