CDP Water Security Questionnaire 2022 - Centrica

W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

About us - Centrica is a leading energy services and solutions company focused on helping customers live sustainably, simply and affordably. We've been providing energy for over 200 years and serve over 10m residential and business customers mainly in the UK and Ireland, through strong brands like British Gas, Bord Gáis Energy and Centrica Business Solutions. Our distinctive capabilities are across energy supply, services and solutions, energy trading and optimisation, and supported via our 20,000-strong team which includes 7,000 engineers. Following our 2015 strategic review, we've been re-positioning our business away from large scale carbon intensive energy assets. The majority of our power generation assets have been divested or decommissioned, and we've announced the sale of our joint venture oil and gas assets in Norway alongside the intention to adopt a run-off strategy for remaining assets in the UK. We're now well-positioned to create a more sustainable future by becoming a new type of integrated energy company operating across the value chain – whether developing low carbon and transition assets or providing services and solutions that help homes and businesses be greener.

Our impact on climate change - Our direct carbon emissions under scope 1 include those from sources we own or control such as power generation, gas production and storage as well as emissions arising from our property, fleet and travel. Indirect emissions under scope 2 come from electricity purchased and consumed across our offices and assets. Our scope 3 emissions consist of those we don't produce ourselves but arise from the services and solutions provide such as electricity and gas sold to customers from wholesale markets and other products purchased to run our business.

Reducing our impact - Climate change is one of the greatest global challenges facing society. The implications are far-reaching, and the energy sector is at the forefront of the need to respond. We believe that decarbonisation is increasingly being driven by decentralisation, digitisation and increased customer control. This changing energy landscape coupled with our distinctive capabilities, helps us play a key role in shaping the energy transition while supporting national and international reduction targets.

Advancing towards net zero – Building on progress made under our Responsible Business Ambitions, we introduced our People & Planet Plan in 2021. The Plan aims to create a more inclusive and sustainable future that supports communities, our planet and each other by advancing action through five Group-wide goals that matter deeply to our business and society, and where we can make a world of difference – from accelerating our shift to net zero, to building the engaged and inclusive team we'll need to get there. We then published our Climate

Transition Plan, which sets out our plan for achieving net zero while ensuring a fair and affordable transition for all.
We're focused on:

- **Helping our customers be net zero by 2050 (28% carbon intensity reduction by 2030)** - With around 90% of our total carbon emissions coming from our customers, the biggest thing we can do is to help them use energy more sustainably. We made good progress against our net zero goal with the carbon intensity of our customers' energy use reducing by 18% from 2019 – equivalent to the annual emissions of 1.6m homes. To progress further, we're focused on expanding energy efficiency and home energy management tools, encouraging the take up of optimisation technologies, supporting fuel switching, and ensuring a cleaner energy supply. We've set 2025 ambitions including doubling the number of Hive customers, achieving annual installs of up to 100,000 EV charge points and 20,000 heat pumps while remaining a leader in the supply of zero carbon electricity.
- **Being a net zero business by 2045 (40% carbon reduction by 2034)** - We now emit over 80% less carbon than a decade ago. Towards our net zero target, our total carbon emissions decreased by 82% from 2019 and while emissions will rise in 2022 as Whitegate Power Station comes back online following outages in 2021, we expect to stay on track. Looking ahead, our ambition includes building a zero-emission road fleet in the UK by 2025 and cutting our UK property emissions by a further 50% by 2030, while exiting remaining activities in oil and gas exploration and production and redirecting investment into assets that drive the transition forward – from securing up to 800MW of low carbon and transition assets like solar and battery storage by 2025, to exploring the conversion of our Rough gas storage facility to store hydrogen.

We also understand the wider role we can play in mitigating climate change in supply chains and our communities. For example, we collaborate with partners to raise and maintain high environmental standards in our supply chain and engage communities via dedicated projects and campaigns to help them use energy more sustainably.

W-EU0.1a

(W-EU0.1a) Which activities in the electric utilities sector does your organization engage in?

Electricity generation

W-EU0.1b

(W-EU0.1b) For your electricity generation activities, provide details of your nameplate capacity and the generation for each technology.

	Nameplate capacity (MW)	% of total nameplate capacity	Gross electricity generation (GWh)
Coal – hard			
Lignite			
Oil			
Gas	783	100	294
Biomass			
Waste (non-biomass)			

Nuclear			
Fossil-fuel plants fitted with carbon capture and storage			
Geothermal			
Hydropower			
Wind			
Solar			
Marine			
Other renewable			
Other non-renewable			
Total	783	100	294

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	January 1, 2021	December 31, 2021

W0.3

(W0.3) Select the countries/areas in which you operate.

Belgium
Canada
Denmark
France
Germany
Hungary
Ireland
Israel
Italy
Mexico
Netherlands
Norway
Singapore
United Kingdom of Great Britain and Northern Ireland
United States of America

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.	Provide your unique identifier
Yes, an ISIN code	GB00B033F229

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Freshwater is important in our direct and indirect operations. Freshwater is primarily used in our direct operations for cooling at power stations; for operational uses at our gas terminal; as well as for office water supply. Our primary indirect freshwater use relates to power generation at non-owned assets that we purchase power from for resale. Third party suppliers of gas and power represent the stakeholders in our value chain with the highest freshwater demand. Despite increasing volumes of renewables and market flexibility in where we source our gas and power, the continued requirement of good quality volumes of

			freshwater in our direct and indirect operations remains the same and thus, our importance rating remains 'important'.
Sufficient amounts of recycled, brackish and/or produced water available for use	Important	Important	Direct access to saline or brackish water is important in both direct and indirect operations. Saline or brackish water is primarily used for cooling water at our gas terminal and considerable volumes of sufficient quality are required for our direct operations. Recycled, produced and brackish water are important for our indirect operations, where we purchase energy from third parties for resale to our customers. Our suppliers will be the primary users of these water sources, in their power generation and gas production assets. As we continue to divest gas turbine power generation and gas production assets, our future water dependency will decline and eventually we will have no demand for this water resource in our direct operations. With reduction in direct energy supplies, we become more dependent on indirect power generation and gas production, so availability of these water sources for indirect operations will remain important in future; however, this importance varies depending on technology employed and regional location, so we mitigate risk by diversification of our supply chain.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	We measure and monitor water input volumes across all our sites which use or consume water and where we have operational control. Office and downstream asset's water withdrawals are reported quarterly but upstream assets are monitored more regularly.
Water withdrawals – volumes by source	100%	Centrica measures and monitors water input volumes by source category at all our sites

		which use or consume water and have operational control. Office and downstream asset's water withdrawals are typically measured monthly; upstream assets are typically monitored more regularly.
Water withdrawals quality	Less than 1%	At most of our power stations we measure water discharge quality in line with relevant specifications. If these were not to be met, then the withdrawal quality would be investigated. However, the majority of our sites are offices that are connected to the municipal supply. We do not measure the water quality at these, as the water provider ensures the quality is maintained at an acceptable level.
Water discharges – total volumes	100%	We measure water discharge volumes from all of our sites which discharge water, and we have operational control. Water discharges are either directly measured or calculated from water withdrawals. Low water consumption volumes are all calculated based upon water withdrawals. Office and downstream asset's water withdrawals are typically measured monthly; upstream assets are typically monitored more regularly.
Water discharges – volumes by destination	100%	Where we measure discharge volumes, we do so by destination. As such, discharge volumes are measured at all of our sites which discharge water and have operational control. Office and downstream asset's water withdrawals are typically measured monthly; upstream assets are typically monitored more regularly.
Water discharges – volumes by treatment method	100%	By recording our discharge volumes by destination and knowing the asset type, we know how our discharges are being treated. For example, offices are assumed to only discharge to the municipal water system, hence treated at municipal wastewater treatment plants. We measure discharges at all our sites where we have operational control. Office and downstream asset's water withdrawals are typically measured monthly; upstream assets are typically monitored more regularly.
Water discharge quality – by standard effluent parameters	100%	Centrica routinely measures the quality of our water discharge at power assets, and gas terminals, where we have a legal or contractual

		requirement to monitor and/or report pursuant to consented quality limits quarterly. Municipal water from our offices is sent to a third-party wastewater treatment plant where quality measurements are undertaken routinely.
Water discharge quality – temperature	1-25	We routinely monitor the temperature of all the power stations' discharged water to ensure it does not fall outside of any prescribed limits. Our large upstream asset's water discharge quality is monitored and recorded continuously.
Water consumption – total volume	100%	We are able to calculate the total volume of water consumption across our business because we measure or accurately estimate our water consumption input from all our sites where we have operational control. Office and downstream assets are measured monthly, while upstream assets are monitored more regularly. Our consumption values are calculated as the volume we withdraw and utilise, but do not return to its original source, or return within a different cycle period after treatment or further use.
Water recycled/reused	Less than 1%	We recycle boiler blowdown water at our Whitegate power station. Our blowdown water is cooled and sent back to our raw water tank and recycled back through the water treatment system. This helps to reduce water import into the raw water tank. Volumes are calculated based upon the fill and empty rate of the blow down tank.
The provision of fully-functioning, safely managed WASH services to all workers	100%	As part of our duty of care to our people and through our Health, Safety and Environment assurance activities, we ensure and verify that all employees have access to WASH services at their normal place of work.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain

Total withdrawals	10,224.64	About the same	Our total water withdrawals have decreased by 1% in volume compared to 2020. We consider volumes that have reduced up to 10% to be 'about the same' and this can be attributed to continued normal operation. We expect total withdrawals to continue to remain materially similar to 2021 levels in 2022 as well as in future years.
Total discharges	10,201.68	About the same	Our total water discharges have decreased by 1% in volume compared to 2020. We consider volumes that have reduced up to 10% to be 'about the same' and this can be attributed to continued normal operation. We expect total withdrawals to continue to remain materially similar to 2021 levels in 2022 as well as in future years.
Total consumption	22.96	Much lower	Consumption is calculated using the above withdrawal and discharge values. This value has declined in 2021 with a 53% decrease in volume compared to 2020. We consider volumes that have reduced over 50% to be 'much lower' and this can be attributed to power station closures and Whitegate power station outage, as well as office closures throughout 2021 due to COVID-19. We expect total withdrawals to continue to remain materially similar to 2021 levels in 2022 as well as in future years.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	Less than 1%	About the same	WRI Aqueduct	The Electric Power baseline water stress overlay was applied using the WRI Aqueduct Water Risk Atlas tool which

					categorises land into 5 water risk areas (Low Risk, Low to Medium Risk, Medium to High Risk, High Risk and Extremely High Risk) to compare to our asset locations. Centrica maintains an updated list of all assets with the ability to plot spatially via address. Our most water-intensive sites were plotted on top of the WRI Risk Atlas to identify locations in areas of high-water stress. Peterborough power station and Easington gas terminal are located in medium to high water-stressed areas; however, the total water withdrawals of these sites contribute less than 1% to Centrica's water withdrawals. This is the same as the previous year's submission where we had no material water intensive activities in water stressed areas.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			Since the closure of our Glanford Brigg OCGT in September 2020 we no longer withdraw fresh surface water at any of our sites.
Brackish surface water/Seawater	Relevant	10,154.85	About the same	Brackish surface water/sea water is the saline estuary and dock water withdrawn for operational use and it

				includes the volume of 'open sea' water withdrawn, relating to cooling water for offshore platforms. Our brackish surface/seawater withdrawals have changed by 0% in volume compared to 2020. We consider volume reductions up to 10% to be 'about the same' and this can be attributed to continued normal operation at our gas terminal and offshore platforms. We expect total brackish surface water/seawater withdrawals to remain materially similar to our 2021 levels in 2022 as well as future years.
Groundwater – renewable	Not relevant			None of Centrica's assets are permitted to extract groundwater or designed to do so, therefore, Centrica does not withdraw renewable groundwater across its operations. We do not expect to use non-renewable groundwater sources in coming years.
Groundwater – non-renewable	Not relevant			None of Centrica's assets are permitted to extract non-renewable groundwater or designed to do so, therefore, Centrica does not withdraw non-renewable groundwater across its operations. We do not expect to use non-renewable groundwater sources in coming years.

Produced/Entrained water	Relevant	3.01	About the same	Produced water is the water withdrawn during natural gas production. Our produced water withdrawals have increased in 2021, with a 3% increase in volume compared to 2020. We consider volumes that have increased up to 10% to be 'about the same' and this can be attributed to continued normal operation at our gas terminal and offshore platforms. We expect total produced water withdrawals to continue to remain materially similar to our 2021 levels in 2022 as well as future years.
Third party sources	Relevant	66.77	Much lower	Municipal water supply is the volume of drinking-standard water used by a facility, including all water billed by the supplier, whether used, spilt, or leaked. Our municipal water supply from third party sources have declined in 2021, with a 61% decrease in volume compared to 2020. We consider volumes that have reduced over 50% to be 'much lower' and this decrease can be attributed to the sale of Direct Energy and its associated offices, as well as continued office closures throughout 2021 due to COVID-19. We expect municipal water withdrawal volumes from

				third party sources to remain materially similar to our 2021 levels in 2022 as well as future years.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Since the closure of our Glanford Brigg OCGT in September 2020 we no longer discharge fresh surface water at any of our sites.
Brackish surface water/seawater	Relevant	10,157.86	About the same	Brackish surface water/sea water is the direct cooling and produced water for operational use. Our brackish surface/seawater discharges have decreased by 0.4% in volume compared to 2020. We consider volume reductions up to 10% to be 'about the same' and this can be attributed to continued normal operation at our gas terminal and offshore platform. We expect total brackish surface water/seawater withdrawals to remain materially similar to our 2021 levels in 2022 as well as future years.
Groundwater	Not relevant			None of Centrica's assets are permitted or designed to discharge to groundwater sources across its operations. We do not expect to use non-renewable groundwater sources in coming years.
Third-party destinations	Relevant	43.82	Lower	Third party discharges include all operational wastewater discharged from sites to sewer irrespective of where it is generated and the method of transmission.

				Our discharges have declined in 2021 with a 34% decrease in volume compared to 2019. We consider volumes that have reduced between 10-50% to be 'lower' and this decrease can be attributed to the continued closure of our offices throughout 2021 due to COVID-19 as well as the sale of Direct Energy and its associated offices.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters/year)	Comparison of treated volume with previous reporting year	% of your sites/facilities/operations this volume applies to	Please explain
Tertiary treatment	Not relevant				Tertiary treatment is not relevant for Centrica. We treat wastewater streams to the highest level as determined by our permits and regulations and tertiary treatment is not a requirement at any of our sites where we discharge water.

Secondary treatment	Not relevant				Secondary treatment is not relevant for Centrica. We treat wastewater streams to the highest level as determined by our permits and regulations and secondary treatment is not a requirement at any of our sites where we discharge water.
Primary treatment only	Relevant	0	Much lower	Less than 1%	Primary treatment is undertaken for our wastewater stream at our Whitegate Power Station. Wastewater at Whitegate undergoes primary treatment in-line with our site permit and regulatory standards. Our primary treatment discharges have declined in 2021 with a

					100% decrease in volume compared to 2020 due to Whitegate being in outage for the majority of 2021. We consider volumes that have reduced over 50% to be 'much lower'. We expect 2022 discharge volumes to return to 2020 levels as Whitegate power station comes back online.
Discharge to the natural environment without treatment	Relevant	10,170.34	About the same	Less than 1%	Our wastewater streams that are discharged to the natural environment without treatment include the cooling water at our offshore gas platforms. These waste streams are monitored to comply with

					site permits and regulatory standards but do not require additional treatment as standard before being discharged to the environment. Our discharges to the natural environment have declined in 2021, with a <1% decrease in volume compared to 2020. We consider volumes that have reduced up to 10% to be 'about the same' and this can be attributed to continued normal operation at our offshore platforms. We expect discharge volumes to remain materially similar in future years.

Discharge to a third party without treatment	Relevant	31.34	Lower	91-99	Our wastewater streams that are discharged to a third party without treatment includes all wastewater discharged from sites to sewer. This predominately occurs at our offices but also at our power stations where our permits and regulatory standards allow us to discharge to sewer without treatment. The level of treatment applied by the third party at the municipal wastewater treatment facility is unknown. Our discharges to third party have declined in 2021 with a 41% decrease compared to

					2020. We consider volumes that have reduced between 10-50% to be 'lower' and this decrease can be attributed to the continued office closures throughout 2021 due to COVID-19. We expect these volumes to remain materially similar throughout 2022.
Other	Not relevant				All of our discharge streams are treated using the above categories. We have no additional treatment methods at any of our sites.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend

Row 1	14,744,000,000	10,224.64	1,442,006.76014021	As we continue to divest the majority of our water intensive assets, we expect our total water withdrawal efficiency to increase due to a decrease in total water withdrawals.

W-EU1.3

(W-EU1.3) Do you calculate water intensity for your electricity generation activities?

Yes

W-EU1.3a

(W-EU1.3a) Provide the following intensity information associated with your electricity generation activities.

Water intensity value (m3)	Numerator: water aspect	Denominator	Comparison with previous reporting year	Please explain
0.11	Total water withdrawals	MWh	Much higher	In our power generation activities, total electricity available for sale experienced an 87% reduction. Water withdrawals from our power generation and distribution assets reduced by 70%. This is mainly due to the closure of Glanford Brigg and sale of Peterborough power station, as well as Whitegate power station being in outage for the majority of 2021. Hence, our water intensity associated with electricity generation activities increased by 129% compared to our 2020 value of 0.05. We consider volumes that have increased over 50% to be 'much higher'. Our strategic direction is to reduce our ownership of base-load power stations and maintain the number of reciprocating gas engines. The latter are air cooled and therefore reduce total water consumption and the water intensity of our power generation. Consequently, we expect a reduction in water intensity with improvements in efficiency of future power generation technology.

				However, we do not currently use the water intensity of our power generation as an internal metric because our primary focus is on the carbon intensity of power.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

1-25

% of total procurement spend

26-50

Rationale for this coverage

As a responsible company with a responsible procurement programme, we aim to embed sustainable business practices, including social, ethical, and environmental standards across our supply chain.

Suppliers are initially assessed using our internal supplier onboarding risk management process, a component of which factors in overall sustainability performance and the inherent risk that exists in both country of supply and commodity itself. Depending on the risk profile, they may be required to engage in a supplier self-assessment questionnaire supported in 2021 by EcoVadis.

Furthermore, Suppliers are required to adhere to our Corporate Responsibility Policy, which includes the management of environmental impacts. We reserve the right to terminate their contracts where they fail to meet required standards.

Impact of the engagement and measures of success

Our assessment tools evaluate the resilience of their current sustainability framework; including water management, consumption rate and measures to reduce pollutants discharged into water. Where a supplier is deemed to have inadequate performance (medium/high risk rating), we aim to work collaboratively with them to develop corrective

action plans that improve and embed sustainable behaviors. The information provided forms a scorecard and a corrective action plan. We review the corrective actions and encourage the supplier to upload evidence to demonstrate continuous improvement. In 2021, we held current assessments for 2.7% of our supply chain, covering 31% of total spend which consists of 225 suppliers on their social, ethical and environmental standards. Average supplier sustainability of those assessed in EcoVadis was 59 (low risk), which remains above the multi-industry average of 51 (medium risk). This is a increase when compared with our previous average score (54) in 2020.

Comment

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Onboarding & compliance

Details of engagement

Requirement to adhere to our code of conduct regarding water stewardship and management

% of suppliers by number

76-100

% of total procurement spend

76-100

Rationale for the coverage of your engagement

We want to use our purchasing power as a force for good which is why we strive to ensure that all of our supply chain is sustainable. As part of this, it's important to have a strong foundation so we focus on embedding Corporate Responsibility (CR) clauses in supplier contracts and ensuring that suppliers commit to uphold our CR Policy for Suppliers which includes environmental safeguards. This applies to all suppliers wherever they are based in the world or whatever our spend with them is, because it's a core part of our onboarding process.

Impact of the engagement and measures of success

We use our purchasing power to embed high social, ethical and environmental standards across our global supply chain. A key way we measure success is by ensuring that all of our suppliers a) sign-up to our CR clauses in contracts which encompasses environmental safeguards and b) comply with our Procurement and CR Policy for Suppliers which contains the commitment to protect the environment.

In 2021, we recorded no non-conformances in terms of signing up to our CR Policy or equivalent. Suppliers either accepted our CR policy and clauses, or we agreed that their policies equalled our own and further alignment was unnecessary. Through these

actions, we set out expectations regarding environmental impact including water management and protecting the environment from the very outset of our relationship, which provides a sound foundation for doing business responsibly and helps reduce risk across our supply chain.

Comment

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize innovation to reduce water impacts in products and services
Educate suppliers about water stewardship and collaboration

% of suppliers by number

1-25

% of total procurement spend

26-50

Rationale for the coverage of your engagement

To drive our responsible procurement practices forward and ensure they are best practice, we continue to be active members of the Responsible Sourcing Council (RSC). The RSC provides invaluable insight by bringing together different industries and stakeholders from across the world, to collaborate on enhancing supply chain transparency, driving strong supply chain risk management, and embedding robust sustainability strategies. The RSC supports us with understanding how we can improve low performance supplier practice on the back of the EcoVadis assessment.

Additionally, EcoVadis provide clear guidance on what steps the supplier could take to improve their performance and environmental resilience. The actions build on the existing company framework, ensuring tailored improvements that fit the company.

Impact of the engagement and measures of success

Beneficial outcomes of our engagements are: insights into benchmarking approaches and utilising KPI tracking to demonstrate year on year improvements, sharing best practices and peer community networking enables the upskilling of suppliers in their understanding of sustainable water management.

We measure the success of this active engagement with our suppliers through EcoVadis scorecard data.

Comment

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Although we are primarily an energy management and services company, we have continued to engage in key strategic partnerships on water related issues through the provision of remote water leak detection sensors to customers. These detect flow anomalies based on the temperature of the water pipes. South East Water became one of the first UK companies to trial Hive's smart home technology to detect leaks, increase consumer awareness of water consumption and help meet water waste reduction targets. South East Water provided Hive Leak Sensors to 556 of its customers and the trial continued throughout 2019 with all 556 customers extending their subscription to the service. Other water companies partnering with Hive smart home business include Northumbrian, Anglian and Portsmouth Water. We now have leak sensors installed in approximately 35,100 households through our partnerships with water companies, and in 2021 we brought on Lloyds insurance as an additional provider and sold them 50,000 sensors. We consider our Hive services to be our most effective method of customer engagement for enabling improved management of water resource consumption.

We engage with the wider value chain and society based on collective action initiatives. To drive our responsible procurement practices forward we continue to be a member of the Responsible Sourcing Council (RSC), which provides us with invaluable insight by bringing together different industries and stakeholders from across the world. The collaborative approach of these sessions allows us to benchmark our activities with those of other organizations, export best practice and work out solutions together. During these sessions we cover workshops on a wide range of sustainable management topics including water. The measure of success for this engagement is an increase in the number of our suppliers being assessed through EcoVadis, which helps drive continuous improvement in the supply chain and a greater level of collaboration.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-EU3.1

(W-EU3.1) How does your organization identify and classify potential water pollutants associated with your business activities in the electric utilities sector that could have a detrimental impact on water ecosystems or human health?

Prior to the building of our electric utility assets and in order to obtain operational permits, an Environmental Impact Assessment must be completed. This will identify potential water pollutants that could have a detrimental impact on water ecosystems or human health and mitigations of risk. These pollutants will be identified based on the materials used and activities to be undertaken on the proposed sites; these will differ across the value chain, dependent on the site activity. Thermal pollution, hydrocarbons, biocides and boiler chemicals are all examples of typical pollutants that need to be managed. These can adversely affect aquatic life at low concentration levels and impact humans at higher levels.

Facilities from which we discharge to receiving waters are highly regulated assets, subject to water-related permits, licenses or consents. These regulatory control mechanisms identify potential pollutants; set limits on discharge levels and specify monitoring and reporting requirements for us to meet. Water quality monitoring includes automatic monitoring and manually collected samples. The assets have water quality analysis capability and trained staff to undertake monitoring of a wide range of pollutants, where required.

We follow an established standard working to the permit requirements and government guidance. In addition, there is a stringent audit program in place, which looks at the permit requirements and scrutinises how these are being met. This is a requirement of BS EN ISO 14001 in terms of controls and checking.

Our key commodities and raw materials for electricity supply are gas and purchased electricity, both for our own consumption as well as for supply to our customers. As such, we limit our water risk assessment to high-risk suppliers alongside other critical suppliers through our supply chain risk management process, including the EcoVadis online supplier self-assessment which spans social, ethical and environmental issues including water management and consumption. Water is recognised as one of a number of key considerations that may affect their ability to supply us, which we aim to mitigate by developing a diverse supply chain to ensure continuity of supply.

W-EU3.1a

(W-EU3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants associated with your activities in the electric utilities sector on water ecosystems or human health.

Potential water pollutant	Description of water pollutant and potential impacts	Management procedures	Please explain

Hydrocarbons	Pollutants from our power generation assets have the potential to pollute local groundwater, adjacent water streams or other water bodies. Hydrocarbons could reach these water bodies via on-site spillages to ground outside of bunded areas, discharges to streams or coastal waters via storm water drains. The inherent risk of impact from hydrocarbons is medium because it could impact a large area, sensitive ecosystem or require remedial clean-ups however with controls in place and high levels of regulatory scrutiny, we believe the mitigated risk is low.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	Assets ensure compliance through strict adherence to the requirements of the licence issued by the regulatory body. Where applicable, we strive to implement guidance documents issued by the regulator and also seek to follow industry best practice where applicable. We use number of events and water quality discharge as indicators of success.
Contaminated cooling water	Pollutants from our power generation OCGT assets have the potential to pollute local ground water, adjacent water streams or other water bodies. Contaminated cooling water could reach these water bodies via discharges to streams or coastal waters via stormwater drains. Impact is likely to be minor with regulatory standards and monitoring of water discharge in place. Glycol used in closed cooling water systems has the potential to be harmful to water ecosystems, if discharged at high concentration. Leakages on land could also be harmful to the environment.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	Assets ensure compliance through strict adherence to the requirements of the licence issued by the regulatory body. Where applicable, we strive to implement guidance documents issued by the regulator and also seek to follow industry best practice where applicable. We use number of events and water quality discharge as indicators of success. Areas which contain glycol and storage areas are bunded and located inside buildings at our power stations with closed system cooling water to prevent any chance of escape to the environment. This cooling water is not discharged into the water

	The inherent risk of impact from contaminated cooling water is medium because it could impact a large area, sensitive ecosystem or require remedial clean-ups. However, with controls in place and high levels of regulatory scrutiny, we believe the mitigated risk is low.		course as it's only used in closed systems. There is a robust maintenance schedule which prevents leaks from occurring, to both water bodies and land. There are also detection systems on the closed cooling systems which notify us of any water loss, this allows for immediate remedy. There are comprehensive emergency response procedures utilising spill kits and isolation valves where appropriate.
Thermal pollution	Potential to pollute local ground water, adjacent stream water or other water bodies with warmed cooling water from power stations, such as Whitegate. This would be likely to occur via the release of discharge of cooling water into local streams or coastal waters. The inherent risk of impact from thermal pollution is medium because it could impact a sensitive ecosystem, however with controls in place and high levels of regulatory scrutiny, we believe the mitigated risk is low.	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages Community/stakeholder engagement Emergency preparedness	Assets ensure compliance through strict adherence to the requirements of the licence issued by the regulatory body. Where applicable, we strive to implement guidance documents issued by the regulator and also seek to follow industry best practice where applicable. Regular monitoring of water discharge across all our power stations provides metrics to measure significant differences in temperature of the discharge to the water body, any significant differences are recorded.

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage
Direct operations

Coverage
Full

Risk assessment procedure
Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment
Annually

How far into the future are risks considered?
More than 6 years

Type of tools and methods used
Tools on the market
Other

Tools and methods used
WRI Aqueduct
Internal company methods
Scenario analysis

Contextual issues considered
Water regulatory frameworks
Status of ecosystems and habitats
Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered
Customers
Employees
Investors
Local communities

Comment

Value chain stage
Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

Every two years

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Tools on the market

Tools and methods used

EcoVadis

Other, please specify

Supplier segmentation analysis

Contextual issues considered

Implications of water on your key commodities/raw materials

Stakeholders considered

Suppliers

Comment

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

Risks are identified and mitigation strategies are developed across the business, from asset to enterprise level. Business unit and functional level risk registers are regularly reviewed by senior management. Each identified risk together with related controls, are periodically assessed and reported according to the Group Risk Management Policy, Standards and Guidelines; classified with defined scoring methodology and 'out-of-appetite' criteria.

Our internal environmental specialists input to risk assessments and management at all levels via methods like quarterly risk reviews and peer review quality checks. Where appropriate, Environmental Impact Assessments (EIA) are used to evaluate potential water requirements of a proposed activity or asset, options for meeting those requirements, possible impacts and mitigations of risk.

As part of our TCFD disclosure in 2021 we used scenario analysis to identify any water related physical risks on our assets using the IPCC temperature scenarios. We used the Electric

Power overlay within the WRI Aqueduct Water Risk Atlas tool to assess flood risk for our UK assets out to 2050 under RCP4.5 & RCP8.5 pathways. We also used the UK Met Office UKCP18 marine projections to assess the risk of sea level rise out to 2050 under RCP2.6, 4.5 & 8.5 scenarios.

Through supplier segmentation Centrica has identified critical suppliers exposed to various risks including climate change. We are engaging with these suppliers to mitigate these risks by improving supply chain visibility; supplier governance; and ongoing performance monitoring. We undertake regular reviews of supplier resilience capabilities and provide support when events occur that affect our suppliers.

Suppliers are assessed using our internal supplier onboarding risk management process and we then use a self-assessment tool, provided by EcoVadis, to assess water-related risks against sector appropriate criteria.

Water regulatory frameworks at a local level are relevant at all of our facilities which require water. Our assessments using internal company knowledge, indicate that our operational facilities which require relatively large volumes of municipal water, or which abstract from and discharge to freshwater, have the highest potential risk from current and future regulations and financial costs associated with water. We continually review the status at quarterly risk meetings.

Our hydrocarbon production assets that discharge into the marine environment must consider the local ecosystems and habitats they interact with. These considerations are included in EIA’s where appropriate and within permitting requirements as well as being subject to ongoing assessments, reporting and monitoring as required.

As part of our duty of care to our employees and through our internal company knowledge across our Health, Safety and Environment assurance activities, Centrica ensures and verifies that all its employees have access to water, sanitation and hygiene (WASH) services at their normal place of work.

Our key commodities and raw materials are gas and power, both for our own consumption as well as for supply to our customers. As such, we limit our water risk assessment to high-risk suppliers alongside other critical suppliers through our supply chain risk management process, including the EcoVadis online supplier self-assessment which covers environmental issues including water management and consumption.

Customers are factored into our organization's water risk assessment to ensure continuity of both gas and power supply. Any material risks to water availability which could impact operational output have the potential to negatively impact our security of supply for customers. We engage with our customers primarily by phone, email, or letter.

Employees are included in the organization's water risk assessment in order to assess the risk of not meeting our duty of care by providing suitable WASH facilities. The availability of water is a key component of upholding this commitment. If this was to change, for example if the water supply was disrupted at an office, employees would be informed through automated text

messages and by phone. Employees would be moved to one of our work area recovery sites or told to work from home until the issue was resolved.

Investors are factored into Centrica's water risk assessment because any change in future risk exposure, has the potential to negatively impact on revenue and profitability alongside shareholder perception towards the company. Any relevant updates would be shared with investors through public announcements, investor meetings and reports or capital market days.

Where a facility uses or consumes significant volumes of fresh water, other stakeholders such as local communities will, if applicable, be engaged to discuss issues through local town hall meetings.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

No

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Risks related to, or influenced by, climate change are assessed alongside other business risks. A substantive financial or strategic impact on our business is defined through our Risk Assessment Criteria.
In the Risk Assessment Criteria, risks are assessed using potential impact severity alongside the likelihood of materialisation. A 1-5 impact and 1-5 likelihood scale is used, with the overall risk rating (1-25) being the product of impact multiplied by likelihood. The impact score is derived using several criteria including Financial impact.
Financial impact is scored on a scale of 1-5 from negligible to severe and is normally derived through consideration of lifetime or in-year operating cash flow impact. A substantive financial impact on 'in-year operating cashflow' is defined as severity level 4 'Significant' (£40–60m) and severity level 5 'Severe' (>£60m).

W4.2b

(W4.2b) Why does your organization not consider itself exposed to water risks in its direct operations with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive	Centrica is not currently exposed to substantive water-related risks. This is primarily because we do not operate water-intensive activities in high

	impact anticipated	water-stressed areas, assessed using the WRI Aqueduct Water Risk Atlas tool. When applying the Electric Power filter, two assets, Easington Gas terminal and our Peterborough, were classified as Medium to High Risk. We do not consider the water-related risks posed by these assets as substantive due to their water demand accounting for less than 1% of our total water withdrawals. The most significant risk we are exposed to is the availability of water for cooling requirements at our gas production assets, for which the supply of large volumes of water is important. All of our cooling water is abstracted from the open seas, which are sources associated with low risks regarding quantity and quality. Moreover, 99% of water we withdraw is used rather than consumed, as it is returned to the same water catchment area within the same cycle period, further reducing the risks of supply interruption. This can also be demonstrated by our TCFD physical risk scenario analysis assessment for UK power assets which indicates that flood risk and water availability risk across all sites is low, although this and other risks are still reviewed at quarterly risk meetings with input from environmental managers. Another inherent risk relates to the cost of water to our business. However, this is currently immaterial when compared with other commodity costs such as gas, but nevertheless we review the risk annually. Looking ahead, we do not foresee material tightening of relevant regulations and our risk profile is falling as we reduce our involvement in large-scale power generation and oil & gas operations.

W4.2c

(W4.2c) Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Row 1	Risks exist, but no substantive impact anticipated	Gas and power sales are the most important components in our supply chain, both of which are reliant to varying degrees on the availability of water for their operations. As such, an inherent risk of water-related supply interruption exists. This risk is however not substantive as we purposely procure power from multiple generators in the open market, while gas is purchased from various sources including international supply contracts. This flexibility reduces our exposure to water-related risks. Water related risks also exist in the supply chains of other services and products we procure. Identification of high-risk suppliers occur through our comprehensive supply chain risk management programme including the use of EcoVadis and, to date, no suppliers have been found to have substantive water-related risks. High risk and tier 0 suppliers are asked to complete an EcoVadis assessment every two years or when a contract is renewed, which enables us to re-evaluate risk and, where necessary, implement measures to reduce that risk.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	Centrica defines substantive opportunities as one that provides a material basis for the corporation to grow or become more efficient. Water is not material to the growth or cost saving opportunities for the business. We assess water opportunities using our annual water spend and its associated financial impact level in our risk matrix. With minimal water expenditure, our water spend has an impact rating of 1 (negligible). This means the cost of water is not currently significant enough to present substantive saving opportunities and we expect this to continue to decrease due to the ongoing divestment of our water-intensive assets. We have yet to identify major commercial, competitive, or other opportunities related to water. While our approach to water-related biodiversity and habitat protection provides local engagement opportunities, these are not substantive as they do not provide a material basis for the corporation to grow or become more efficient. As detailed in W1.4c, we have started to engage with our customer base on water related issues through the provision of remote water leak detection sensors, however the associated commercial opportunity is not yet deemed financially substantive. We hold an annual Board Planning Conference during which opportunities are examined including any related to water in new markets, potential investments, and technologies. Due diligence to assess commercial viability, market landscapes and future regulation is then conducted before strategies are presented to the CLT who meet monthly. Opportunities to reduce office water consumption have been found and implemented across Centrica offices, for example, waterless urinals have been installed across 13 of our offices, as well as infrared toilet cubicles and Dyson taps which automate water use. However, as water is not a material consideration at Centrica, this opportunity did not have a substantive financial or

		strategic impact on the business, nor do any other opportunities.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	Reference to international standards and widely-recognized water initiatives Company water targets and goals Commitments beyond regulatory compliance	Our Group HSES policy includes a key commitment to protect the environment and the efficient use and effective management of resources such as water, as well as set measurable objectives and targets in business plans to enhance HSE performance. This policy is expected to be fulfilled by all BU's part of Centrica. However, we do not include performance standards for direct operations as this level of detail is contained within Business Unit standards and procedures.

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Executive Officer (CEO)	The Chief Executive has board responsibility of water-related issues as they are responsible for the Group HSES Policy, which embodies our highest-level water-related commitments. In 2021, the Chief Executive also attended the Safety, Environment and Sustainability Committee (SESC). The Committee discussed environmental matters, including water-related issues as required. The CEO chaired the Centrica Leadership Team (CLT) meetings that would cover operational environmental performance in more detail on at least a quarterly basis. Major water-related incidents are reported within 24 hours to the Chief Executive.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Reviewing and guiding business plans Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing and guiding corporate responsibility strategy	The SESC has oversight of environmental matters including water and the meets 3 times annually. The committee's duties include reviewing the adequacy and effectiveness of the Company's internal controls and risk management systems in respect of, amongst other things, environmental matters including water. Each meeting will have a standing agenda item, on significant HSE incidents which will include water related issues as appropriate. A deeper review of environmental performance, which may include water related performance matters, is undertaken annually as presented by the Group Head of Environment. Performance data is captured through our global reporting tool 'MyHSES' and approved by the relevant business unit leadership team.

W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	Our Board and its committees have a range of skills, experience, and knowledge relevant to Centrica and its markets. We assess Board skills and expertise using a Skills Matrix covering 11 core skills criteria one of which is Climate Change and Sustainability. The specifics of this criteria have been developed with reference to Chapter Zero's guidelines including a requirement for deep experience on climate change but also the wider environmental issues or implications, of which water-related issues are prominent. The chair of our Board Safety, Environment and Sustainability Committee (SESC) is the current Chief Executive Officer of a leading UK water utility group,

		ensuring we have sufficient board level competence on water related issues

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Chief Executive Officer (CEO)

Responsibility

Assessing water-related risks and opportunities
Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Quarterly

Please explain

The Chief Executive has responsibility for the Group HSES Policy and has overall responsibility for water-related performance. The CLT, review operational environmental performance in a monthly HSE report. Major water-related incidents are reported within 24 hours to the Chief Executive.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	No, and we do not plan to introduce them in the next two years	Water related issues are not a material risk for Centrica and hence we do not provide incentives for management in this area

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

No

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	16-20	In 2015 our Board undertook a major strategic review resulting in a fundamental transformation of Centrica with new long-term business objectives; moving the company from a large-scale asset-based business towards a customer focussed energy services and supply model. This strategy is based on a world moving towards a low carbon future. We are investing over £1 bn in establishing market-leading business units such as Centrica Business Solutions (CBS) and Hive in British Gas which we believe will play a significant role in de-carbonising the energy sector. Building on progress made under our Responsible Business Ambitions, we introduced our People & Planet Plan in 2021 and afterwards published our Climate Transition Plan, which sets out our long-term commitments towards helping our customers be net zero by 2050, (28% carbon intensity reduction by 2030) and being a net zero business by 2045 (40% reduction by 2034). Water related issues were considered only insofar as they impact upon our target markets, products and services we aim to offer and capital investment we intend to make. As we transform Centrica, our exposure to water related issues such as access to freshwater is significantly reducing particularly as we reduce our ownership of water intensive assets so investigating beyond 20 years would be immaterial to our objectives.
Strategy for achieving	No, water-related issues were reviewed but not considered as	16-20	The Board and the Executive have dedicated meetings each year to review and develop strategy. In line with our business objectives

long-term objectives	strategically relevant/significant		externalities are assessed including market, competitive, technology, regulatory and policy aspects primarily related to energy markets. Water related issues are only considered insofar that they influence energy markets. An example is when we review the individual aspects of energy markets within member EU states. Those with a significant and/or increasing hydroelectric sector are likely to have less attractive markets for low-carbon energy solutions compared with a member state with a largely fossil-fuel based system. Conversely, there may be opportunities for our route to market services for hydroelectric power generators. This will all be assessed through our long-term strategic business planning, however beyond 20 years, the degree of uncertainty undermines the quality of the assessment. To date, no strategically significant water related issues have been identified within our target markets.
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	16-20	Our financial planning and capital allocation are not significantly influenced by water related issues over the long term so investigating beyond 20 years would be immaterial to our objectives. Water commodity costs are not significant for our business and reducing further as we transform. We have invested £1bn into growth businesses which are not associated with significant water risks or impacts.

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

0

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

-38

Anticipated forward trend for OPEX (+/- % change)

0

Please explain

OPEX:
Our OPEX includes the cost associated with water abstraction, discharge permits and also from withdrawal and discharge costs associated with municipal water supplies. Our OPEX has decreased this year, mainly due to our offices remaining shut as well as Whitegate power station being in outage throughout the majority of 2021. Going forward, total OPEX is anticipated to stay materially similar due to offices reopening, hence increasing municipal water supply as well as Whitegate power station coming back online, balanced by the sale of Peterborough power station in 2021.

CAPEX:
This year's water-related CAPEX has remained at 0 as we haven't had any specific water-related project expenditure. Total CAPEX is anticipated to remain at 0 as we do not have any water-specific projects in this year's capital plan.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	We have completed a detailed analysis of our primary business, located in the UK and Ireland, against several scenarios including 2 and 1.5 degrees. We used a number of third-party reference scenarios including National Grid's Future Energy Scenarios for transitional risks and opportunities, and the IPCC Representative Concentration Pathways for physical risks and opportunities. This analysis has provided valuable insights into the range of risks and impacts associated with the energy transition on Centrica's core businesses whilst also highlighting the significant opportunities and potential growth areas that Centrica is already engaged in through its new strategy.

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy

Row 1	Climate-related	We used the WRI Aqueduct tool to assess flood risk that could lead to damage and operational difficulties for all our UK assets. We performed this analysis under RCP4.5 and RCP8.5 scenarios, using asset value as a financial indicator to calculate overall risk impact. We also used the UK Met Office UKCP18 Marine Projections to assess risk of sea level rise which could affect our coastal assets through inundation. We performed this analysis under RCP2.6, RCP4.5 & RCP8.5 scenarios, using asset value as a financial indicator to calculate overall risk impact.	No material risks were identified through this analysis as under all scenarios and asset locations, flood risk magnitude and sea level rise does not exceed current site elevations. As we continue to reduce our portfolio of large-scale energy assets, our risk exposure in this area is materially reducing .	As no material risks were identified, the analysis has had no influence on our business strategy.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

We do not have an internal price on water as it does not pose a material strategic or financial risk and we do not operate in any water constrained areas and our discharges are well regulated in the jurisdictions in which we work.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	Power generating assets that use less water per unit of energy produced are	Our power generation and gas production assets have the most material water impact as cooling and produced water represent 99% of

		considered 'low water impact' relative to traditional power generating assets. We consider water intensity reductions over 10% compared to previous power generation assets to have a lower water impact.	the total water we withdraw. They are also suppliers of our core commodities, gas, and electricity. As such, they have the greatest opportunity for low water impact development. In recent years we have continued to divest our most water intensive OCGT and CCGT power stations and have moved to reciprocating gas engines that do not require water. As a result, they have a much better water intensity (water used /MWh of electricity generated). An example of where we have moved towards lower water impact assets is through the closure of the water-cooled Brigg OCGT power station that ceased operation in October 2020 and instead, we now only operate air-cooled gas engines on site. In 2020, our water efficiency on site was 0.16 m^3/MWh which in 2021 reduced by 25% down to 0.12 m^3/MWh.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals Business level specific targets and/or goals Site/facility specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	We have a company-wide goal of compliance with all legal and regulatory requirements. This is detailed in our global HSE policy, global HSE Standard and as a part of our company code. For example, our more water intensive assets are generally subject to site-specific limits on the quality of discharge and quantity of abstraction. In these cases, our goal is to ensure ongoing compliance with those limits rather than setting absolute reduction targets. We set these goals pursuant to our policy commitment to prevent pollution, and a strategic priority to be compliant. We track performance against this goal at a frequency agreed with the regulator and report progress to the CLT monthly. We also

			set quantitative targets to reduce our water use across our main office portfolio in the UK. We monitor usage, track performance and the progress is reviewed by the relevant function and business managers.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water consumption

Level

Business activity

Primary motivation

Water stewardship

Description of target

Our target is to reduce water consumption across all major UK properties by 23% by 2022 compared to a 2020 baseline

Quantitative metric

% reduction in total water consumption

Baseline year

2020

Start year

2020

Target year

2022

% of target achieved

100

Please explain

We surpassed this target in 2021 having achieved a 44% reduction in water consumption across all major UK properties. This is largely due to our major UK offices remaining shut throughout 2021 due to COVID-19. This target is reviewed year on year to reflect operational plans and remain appropriate and ambitious. We expect water consumption across major UK properties to increase in 2022 as our main offices have now reopened.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify

Full compliance with our prescribed limits on water management

Level

Company-wide

Motivation

Other, please specify

Company-wide strategic priority on compliance

Description of goal

Where we have site-specific limits on the quality of discharge and quantity of abstraction, our goal is to ensure ongoing compliance with those limits. We set this goal pursuant to our policy commitment to prevent pollution, and a strategic priority to be compliant. We track performance against this goal at a frequency agreed with the regulator and report progress to the CLT monthly . Performance is reported externally as an annual calendar year total.

Baseline year

2020

Start year

2020

End year

2021

Progress

In 2021, no significant incidents arose that resulted in legal action. However, there were 5 reportable incidents that were water-related, involving minor leaks or spills of hydrocarbons to the sea and silts into a drain. This a not a material change compared to the previous year, and this is due to continued water compliance and performance management. We measure success against the quantity of events and observations reported.

HSE events from Centrica operated assets are captured in a global online reporting tool. The event details include a description of the event, as well as the type, severity, location and date of the event. This enables us to have a corporate overview of the events that occur.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Chief Executive Officer	Chief Executive Officer (CEO)

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

No

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms