

# Modern Slavery: Our Slavery and Human Trafficking Statement 2020

Centrica plc and our subsidiaries are committed to conducting business responsibly and have a zero-tolerance approach to all forms of modern slavery across our operations and supply chains. As part of that commitment, we are signatories of the United Nations (UN) Global Compact and have processes and practices aligned to international standards like the UN Guiding Principles on Business and Human Rights, as well as the UN Sustainable Development Goals.

This is our fifth statement, published in accordance with the Modern Slavery Act 2015, setting out the steps we've taken during year ending 31 December 2020 to prevent modern slavery in our business and supply chains. 2020 has been a year of challenge and change. We have necessarily adapted our plans and implemented new ways of working in light of the impact of COVID-19, as well as identifying areas of potential risk, to continue to safeguard the fundamental rights and freedoms of those who work for us and with us.

## Our business

We are an international energy services and solutions company focused on helping our customers live sustainably, simply and affordably. Through strong brands such as British Gas, Bord Gáis Energy and Centrica Business Solutions, we continue to focus in areas where we have distinctive capabilities – energy supply, services and solutions, energy trading and optimisation. We also have an upstream division which includes our oil and gas Exploration & Production assets alongside our nuclear power generation business, although we have announced our intention to sell these interests.

## Our businesses:

  
British Gas

  
Bord Gáis  
Energy

  
centrica  
Business Solutions

  
centrica  
Energy Trading

  
centrica  
storage

  
SPIRIT  
ENERGY

**No evidence of modern slavery or forced labour was found in our supply chains or operations during 2020.**

## Our supply chain

Centrica's supply chain operates across a variety of industries and jurisdictions. Since publication of our first statement on modern slavery, we've extensively streamlined our supply chain and built stronger and more strategic relationships which in turn has reduced complexity and associated risk. We've reduced the number of suppliers we work with from 35,000 in 2016 to 6,300 at the close of 2020, with most activity centralised and managed by Procurement.

During 2020, to complement the changes to our business and the streamlining of our supply chain, we reviewed our 'Prevent, Partner for Solutions and Put Right' strategy. We're now developing a broader approach to enhance our ability to safeguard against modern slavery for 2021-24, giving stakeholders greater transparency on our activities. We've continued to build on the work of previous years, prioritising suppliers with jurisdictional and/or product risk, and evaluating additional risk indicators such as a low skilled workforce and factory size, where the risk of modern slavery could potentially be higher.

**23,846**

Employees worldwide

**6,300**

Number of suppliers

**9.2m**

Total residential customers

 Read more about our business at [centrica.com](https://www.centrica.com)

# Our approach

## Our focus areas

### Existing areas of focus

During 2020, the following areas continued to warrant specific focus based on their associated industry and jurisdictional risk, where the prevalence of modern slavery is higher, according to the Global Slavery Index:

- **Smart technology products** – the manufacture of branded and unbranded goods, including our Hive home solutions
- **Garment manufacturers** – principally our engineer uniforms
- **Solar** – the manufacture of materials used as part of the energy solutions we provide to business customers
- **Facilities management services** – in the UK and Ireland, we mainly partner with large organisations who are subject to their own modern slavery obligations while our supplier agreements include modern slavery contractual clauses

### New area of focus

- **Electric vehicles** – we've announced new partnerships with auto manufacturers, to redesign electric vehicle (EV) ownership. We will support them by providing bespoke EV enablement packages that include charging infrastructure, back office support, energy management solutions and consultative expertise. During 2021, we will conduct a deep dive risk assessment of our EV charging suppliers to better understand key risks, enabling us to establish an appropriate compliance programme.

## Our policies and values

We have a suite of internal and external policies that set out our expectations and requirements. We monitor performance and take appropriate action where we believe suppliers, partners, or colleagues do not meet our high standards.

- **Our Code** – sets out our minimum expectations for all those we work with and applies to all Centrica employees, subsidiaries, affiliate companies, agency staff and consultants. It represents a high-level summary of key areas of our policies and standards, providing a framework to ensure we do the right thing; our commitments include respecting human rights and requiring everyone we work with to operate responsibly.
- **Responsible Sourcing Policy** – covers suppliers that operate on behalf of Centrica and sets out our requirements that suppliers will respect human rights, take appropriate steps to ensure modern slavery is not in their supply chains, will not use child labour or forced labour in any form, and will not contribute directly or indirectly to human rights abuses. Contractual arrangements with our suppliers ensure they share our commitment to meeting these requirements.
- **Managing Our People: The HR Management System Policy** – an internal policy, applicable to all our people, which sets out the standards of recruitment that the organisation, as well as contractors, agents and outsourced arrangements, should adhere to. Commitments include conducting appropriate checks before people join Centrica to ensure they can legally work for us.
- **Speak Up** – our online and phone-based system for employees, suppliers and business partners to raise concerns confidentially in relation to improper, unethical or illegal practices. We're committed to dealing with all Speak Up reports and ensure those who raise concerns are protected from retaliation.

We have a common set of global values across the business which are essential to our success: Care, Delivery, Collaboration, Agility and Courage. Our values were developed through conversations with our people and are lived in everything we do.



# How we're reducing risk

## Due diligence processes

We risk rate new suppliers using a country and sector risk segmentation tool that considers the product or service being offered and any slavery risk. Suppliers that are identified as high risk are subject to enhanced risk assessment which evaluates their sustainability standards, including labour and workers' rights. Suppliers that continue to be categorised as high risk following this assessment are flagged to receive site visits from a third-party assessor reviewing human rights, labour, and health and safety practices.

During 2020 five site visits/revisits were undertaken in China, Bangladesh, Pakistan and Cambodia with five corresponding action plans implemented, illustrating our commitment to continuous improvement. COVID-19 had an unprecedented impact on the ability of third-party assessors and our Procurement team, through our 'Every Visit Counts' programme, to continue to conduct site visits. To mitigate the restrictions on site visits, we deployed questionnaires which explored the impact of and suppliers' responses to COVID-19, to assure that appropriate measures were being implemented to protect workers physically and financially during the pandemic. We've also appointed a third-party assessor to deploy remote surveys to workers at high risk sites from the start of 2021, with questions covering areas such as working hours, health and safety, and workers' general welfare amid the pandemic. We've continued to maintain our anonymous third-party worker helpline provided by an independent audit firm to report any concerns.

## Recruitment and fair pay

In the UK, our people are subject to various HR processes to ensure they have the right to work. Where we seek temporary labour in the UK, this is sourced via a managed service partner, who is subject to its own obligations under the Modern Slavery Act. Where we use external agencies to provide staff, we ensure they are bound by stringent contractual obligations requiring them to support our objectives.

Outside of the UK, we comply with local rules and regulations to ensure that our employees have the right to work in these countries and, where permissible by local laws, apply the same standards as in the UK. Where Centrica acquires a new business that has employees associated with it, our mergers and acquisitions integration practices ensure they have the right to work in the host country.

We also ensure that workers are rewarded fairly. This includes paying at least the Living Wage in the UK and upholding equal pay, as well as reducing any ethnicity and gender pay gaps. We monitor and publish our performance.

 [Read more about our people performance at   
centrica.com/sustainability](https://centrica.com/sustainability)



## Training and awareness

Our people play a key role in mitigating risk within our business and supply chains, and we recognise that appropriate and targeted training is essential. In 2020 we ran our mandatory annual Our Code training, which is accompanied by a self-certification, and reminds our people to act with integrity and do the right thing, including respecting and upholding human rights.

During 2020, we refreshed our modern slavery training strategy to provide enhanced human rights training to Procurement colleagues through face-to-face sessions, as well as updating the annual training module. We also commenced construction of a dedicated modern slavery hub on our intranet, making it easier for colleagues to access training materials and be signposted to external modern slavery websites such as Anti-Slavery International and Unseen.

We further expanded our network of Risk and Responsible Sourcing Champions who collaborate across our procurement portfolio to raise awareness and embed responsible practices across the organisation.

## Collaboration with partners and capability building

We recognise that collaborative working is vital to effectively mitigate issues and implement long-term change. In 2020, we continued our partnership with the Responsible Sourcing Council and the Institute of Business Ethics to facilitate increased collaborative working with other organisations and improve responsible business practice. We attended Responsible Sourcing Council meetings which enabled us to benchmark activities and further embed best practice.

In 2020, we also worked to enhance our Responsible Labour Practice Toolkit, which includes modern slavery considerations and supports supplier capability building. The Toolkit helps develop a shared understanding of best practice as well as setting out our minimum expectations. A notable improvement is the incorporation of 'the employer pays principle' for recruitment fees, which we will share with key suppliers for feedback, before rolling out fully.

Additionally, we joined the Hope for Justice/Slave Free Alliance Utilities Modern Slavery Working Group, to work collaboratively with our industry peers and drive forward collective action to reduce the risk of modern slavery.

# How we measure and monitor progress

## Our governance

Our Modern Slavery Steering Group was formed in 2016. Led by Procurement and comprising of representatives from Ethics and Compliance, Legal, HR, Internal Audit and Secretariat (as well as appropriate business contacts), the Steering Group continues to convene on a quarterly basis, to review and oversee progression of the modern slavery strategy and set the approach for compliance across the business. The Steering Group also manages the composition and publication of our annual statement, tracks progress against key performance indicators (KPIs) and provides updates to the Board and its Committees.

## Monitoring progress

We continually measure the success and performance of responsible procurement activities by tracking KPIs such as the average sustainability risk rating of assessed suppliers. A similar set of KPIs relating to our modern slavery programme continue to evolve and are set out below.

## Next steps

We continually monitor risks and the working landscape in respect of COVID-19 and acknowledge that we may need to adapt our focus and commitments. For the first year of our new 3-year plan, in 2021 we aim to:

- roll-out the Labour Practice Toolkit to key suppliers with the aim of influencing behaviours;
- redefine our ethical auditing programme to better capture worker voices;
- complete deep dives on solar and EVs to improve understanding of key risks and accordingly develop action plans; and
- refresh risk assessments from 2016-17 relating to our direct operations.

This statement was approved by the Safety, Environment and Sustainability Committee of the Board and by the Centrica plc Board of Directors on 9 February 2021.

For and on behalf of Centrica plc and its subsidiaries.

**Chris O’Shea**  
Group Chief Executive Officer

Our performance during 2020	
Modern slavery awareness training	<b>72</b> Procurement employees received specific supply chain risk training, and 96% of our workforce undertook the annual Our Code training
Volume of supplier desktop reviews completed	<b>63</b>
Number of high-risk suppliers independently audited and sites inspected	<b>5</b>
Number of remedial actions agreed in respect of audit findings	<b>5</b> action plans, relating to health, safety, environment and labour practices
Number of questionnaires deployed to suppliers, to mitigate reduced site visits due to COVID-19 restrictions	<b>9</b>
Number of factories that have made improvements to their labour and health and safety practices following the implementation of action plans (since 2017)	<b>31</b>



## This statement covers the following subsidiary companies:

British Gas Trading Ltd, British Gas New Heating Ltd, British Gas Social Housing Ltd, British Gas Insurance Ltd, British Gas Services Ltd, Dyno-Rod Ltd, Centrica Hive Ltd, Centrica Energy Ltd, Centrica Energy Marketing Ltd, Centrica Energy (Trading) Ltd, British Gas Energy Procurement Ltd, Centrica LNG Company Ltd, Centrica LNG UK Ltd, Neas Energy Ltd, Centrica Business Solutions UK Ltd, Centrica Offshore UK Ltd, Centrica Storage Ltd and Centrica Services Ltd.