

# Our Gender and Ethnicity Pay Statement 2020 (UK)



**Chris O'Shea**  
Group Chief Executive

## Building a diverse and inclusive workplace that reflects society is key.

That's why I want to make Centrica a more inclusive place to work – one that reflects the communities we serve and one where everyone feels valued, motivated and at home. Not only is this the right thing to do, but it's a business imperative because we know that more inclusive organisations better understand and deliver for customers.

However, the impact of the global pandemic and the Black Lives Matters movement among other events in 2020, has been a wake-up call that we're a long way from living in a fair and equal society. We need to be anti-racist, anti-sexist and anti-anything else that impacts our rights or the rights of those around us.

And whilst we've made some progress on improving our diversity and inclusion at Centrica in recent years, it's clear that we need to do much more.

Having listened to colleagues' experiences and invited suggestions for how we can build a more inclusive place to work, I'm pleased that their feedback has shaped our introduction of bigger and bolder goals to drive progress, as well as an enhanced action plan.

With this step change, we've also chosen to voluntarily publish our ethnicity pay gap for the first time alongside our gender pay gap which we're already required to publish by the UK Government. This will importantly provide transparency to colleagues and others, while helping us gain the insight we need to improve our understanding of the gap and close it. While I'm under no illusion that closing our gender and ethnicity pay gaps will be easy and will require all of society to examine and address the long-standing practices and beliefs that contribute to them, I'm confident that we can deliver tangible change and close our pay gaps over time.

## What is the gender and ethnicity pay gap?

- The gender pay gap measures the gap between the average pay for all men and women across the company.
- The ethnicity pay gap is reliant on voluntary disclosure and calculates the gap between the average pay for ethnic minority colleagues<sup>(1)</sup>, with non-ethnic minority colleagues.
- While the gap can be influenced by business practices, it's also symptomatic of wider societal factors. This has led to persistent pay gaps in the UK<sup>(2)</sup> and beyond:

**16%**

UK average gender pay gap

**2%**

UK average ethnicity pay gap

## How is it different to equal pay?

- Whereas the pay gap doesn't consider differences in role or seniority, equal pay focuses on whether people are paid the same for work of equal value.
- To ensure we uphold equal pay, we use the Hay Job Evaluation methodology to standardise job grading and undertake an annual equal pay audit amongst other activities. When comparing pay across equivalent roles, our equal pay gap continued to be negligible:

**0.4%**

Our median equal pay gap for gender

**0.2%**

Our median equal pay gap for ethnicity

## What is the mean and median?

- The mean measures the average pay or bonus for a women and man, or for an ethnic minority and a non-ethnic minority colleague.
- The median compares the 'middle' pay or bonus for a woman and a man, or for an ethnic minority and a non-ethnic minority colleague, when all values are distributed from low to high. The median is generally considered more meaningful as its less affected by outliers.



(1) Black, Asian and Minority Ethnic.

(2) ONS, October-November 2020. No mean equivalent available.

# Explaining our gender pay gap



**“We continue to see our gender pay gap driven by more men working in traditionally male-oriented and higher paid technical roles like engineering. While it’s obviously disappointing to see our gap grow this year, it reinforces the scale of the challenge and the need to transform our business, sector and society over the long-term.”**

**Jill Shedden, MBE**  
Group Human Resources Director

**During 2019-20, our mean gender pay gap<sup>(1)</sup> increased by 7% while our median rose by 5% to:**

**21%**

Mean gender pay gap

**35%**

Median gender pay gap

Our pay gap is primarily driven by:

- more men in higher paid technical roles like gas and electrical engineering, which make up a significant proportion of our workforce; and
- a greater portion of women working in essential roles like customer service and administration which are lower paid.

Given the shape of our workforce, we expect to close our gender pay gap over the long-term but recognise it may fluctuate year-on-year. This is because addressing our gender imbalance in key roles like engineering is challenging and will require long-term action to overcome gender stereotypes and grow a more diverse talent pipeline, whereas changes in our performance and associated bonus payments are likely to affect our gap in the short term. For instance, annual bonuses for non-front line colleagues were not paid in April 2020 due to the impact of COVID-19. This disproportionately impacted women as they are highly represented in corporate and management roles and is the primary factor for our pay gap increasing in 2020.

**Our 2020 mean gender bonus pay gap<sup>(2)</sup> decreased by 3% while our median dropped by 18% to:**

**26%**

Mean gender bonus pay gap

**5%**

Median gender bonus pay gap

While the proportion of men and women receiving a bonus are relatively equal, bonus gaps can vary year-on-year given the link to business and individual performance.

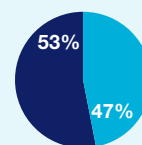
Our gender bonus pay gap is largely caused by:

- more women in corporate and management roles that have bonus schemes closely linked to business performance; while
- more men work in technical roles like engineering that come with a variety of fixed bonuses and individual performance-related pay, which are less affected by business performance.

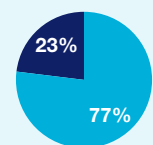
The decrease in the bonus gap in 2020 was mainly due to an increase in some of the annual bonuses paid to women coupled with a change to the timing of some other bonuses made in a male-dominated area of our business. More broadly, our gender bonus pay gap continues to be affected by a greater share of women working part-time. This widens the bonus gap as the calculation uses prorated figures while the gender pay gap adjusts for part-time working by using an hourly rate.

**Proportion of females and males in each pay quartile**

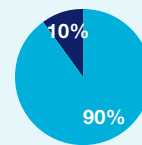
Lower



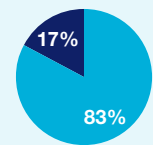
Lower middle



Upper middle



Upper



■ Female ■ Male

**Representation of women across our workforce<sup>(3)</sup>**

**44%**

Board

**28%**

Senior leaders

**28%**

All company

**9%<sup>(4)</sup>**

Field engineer operations

**Proportion of females and males receiving a bonus**



(1) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot date of 5 April 2020.  
 (2) Includes anyone receiving a bonus during the twelve months leading up to the snapshot date and who are still employed on this date. Bonuses can therefore relate to 2019 and 2020, depending on payment timing.  
 (3) As at 31 December 2020 to align with wider annual reporting. In February 2021, female Board representation rose to 50%.  
 (4) Of this, only 4% of females are in engineering roles with the rest in support roles.

# Explaining our ethnicity pay gap



“Publishing our ethnicity pay gap is a key part of our commitment to be a more open and inclusive place to work. Rather than shy away from the figures, we want to recognise them and use them to drive more honest conversations about workplace practices as well as encourage more of our colleagues to share their ethnicity data. Only with insight like this can we take the necessary action to ensure that Centrica is a company where everyone can truly thrive and, in so doing, drive enduring change.”

**Raj Roy**  
General Counsel and Company Secretary

## Introducing the ethnicity pay gap

Our voluntary publication of our ethnicity pay gap is calculated in line with the methodology used for mandated gender pay gap reporting. Reporting our ethnicity pay gap is, however, more challenging than our gender pay gap as 65% of our people have chosen to disclose their ethnicity, whereas our data return for gender is 100% as it's not reliant on voluntary disclosure. This means we have an incomplete picture of our workforce which limits the accuracy of our reporting as well as our ability to fully understand and tailor action to close the gap. To improve this, we're running campaigns throughout the year to encourage more of our people to share their personal information.

## Our ethnicity pay gap<sup>(1)</sup> in 2020 was:

**8%**

Mean ethnicity pay gap

**14%**

Median ethnicity pay gap

The overall reasons for our ethnicity pay gap are similar to our gender pay gap. Our data shows that ethnic minority colleagues are:

- over-represented in lower paid roles like customer service and junior Information Systems (IS) roles; and
- under-represented in our higher paid roles, particularly across engineering.

With over half of our engineers not disclosing their ethnicity, we recognise this may adversely widen our pay gap given engineers form a significant portion of our higher paid workforce. We therefore need to explore the barriers to their disclosure and improve it over time.

While we have a reasonable ethnic minority representation in our senior management team<sup>(2)</sup>, our data shows that we have no Black colleagues in these higher paid senior roles which has led to the mean pay gap being biggest for Black people. Meanwhile, our median pay gap is largest among Asian colleagues due to their strong representation in lower paid roles like customer service. We also see the gender pay gap affect ethnic minority women, with a pay gap that's more than double that of ethnic minority men.

## In 2020, our ethnicity bonus pay gap<sup>(3)</sup> was:

**14%**

Mean ethnicity bonus pay gap

**16%**

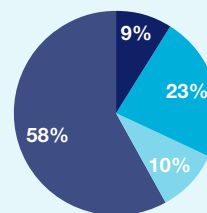
Median ethnicity bonus pay gap

A similar proportion of ethnic minority and non-ethnic minority colleagues received a bonus in 2020. As with the gender bonus pay gap, the ethnicity bonus gap is due to a higher number of ethnic minority colleagues working in less senior roles and in corporate and management functions like Finance and IS, which have different bonus structures compared to engineers.

## Proportion of our workforce who voluntarily disclosed their ethnicity

**65%**

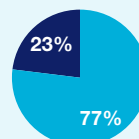
### Breakdown of the 65% of colleagues who have disclosed their ethnicity



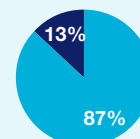
■ Black ■ Asian ■ Minority Ethnic ■ White

## Proportion of ethnic minority and non-ethnic minority colleagues in each pay quartile

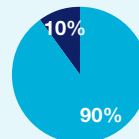
Lower



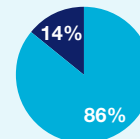
Lower middle



Upper middle



Upper



■ Ethnic minority ■ Non-ethnic minority

## Proportion of ethnic minority and non-ethnic minority colleagues receiving a bonus



- (1) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot date of 5 April 2020.
- (2) UK ethnic minority representation in our senior management is 13% which is slightly down from the 14% population average.
- (3) Includes anyone receiving a bonus during the twelve months leading up to the snapshot date and who are still employed on this date.

# What we're doing to close our gender and ethnicity pay gaps

Closing our gender and ethnicity pay gap will not be quick or simple. But we're committed to take the necessary action to close our pay gaps which is why we've introduced an enhanced action plan in 2021 that's focused around three areas and will help us become a more inclusive organisation over the longer term.



## 1. Accelerate diversity at all levels

We need to reflect the diversity of our communities so that we can better understand and serve their needs.

At the start of 2021, we launched bolder and broader goals to drive greater diversity across the company which includes:

By 2030, we want to:		
Create an engaged team that reflects the full diversity of the communities we serve <sup>(1)</sup>		
2020 Progress		
	Senior leaders	All company
Female	28% ▼	28% ▼
Ethnic minority	13% ▲	13% ▲
LGBTQ+	1% ▲	1% ▲
Ex-service	1% ▲	1% ▲

Key: Progress against goals

▲ On track ▼ Behind

These goals are ambitious, but we feel that aiming high is the right approach to deliver progress. Boosting female representation will be particularly challenging given our large field engineer team is traditionally male oriented and is a key reason why our female representation is lower than we'd like. So, we'll work to increase female hiring to 50% of our apprenticeship intake by 2022. We'll also recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030.

(1) This means all company and senior leadership to reflect 47% female, 14% ethnic minority, 15% disability, 3% LGBTQ+ and 3% ex-service by 2030 which will evolve in line with the latest Census data for workplace populations.

## 2. Make access to opportunities fairer

We want to ensure equal access to opportunities so that everyone can thrive in their careers.

Towards this, we're:

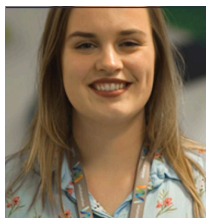
- strengthening recruitment processes to mitigate bias and widen inclusion with diverse shortlists and interview panels for every role with the aim of adopting the 40:40:20 rule (40% female, 40% male and 20% under-represented groups), alongside trialling blind-screening of CVs for senior leadership roles. This is on top of already using more inclusive language in job adverts and requiring all recruiters to complete unconscious bias training;
- introducing diversity scorecards to broaden our talent pipeline via our graduates, apprentices and school leavers, while providing them with opportunities to develop their skills as well as inspire them to one day become part of our leadership team;
- working with over 500 schools via TechWeCan to develop essential STEM (Science, Technology, Engineering and Maths) skills to grow our talent pipeline among under-represented groups; and
- empowering colleagues from diverse backgrounds to enhance their personal and professional development through mentoring – from in-house reverse mentoring that pairs senior leaders with junior workers, to mentoring via the cross-sector 30% Club and Mission Include.

## 3. Create a culture which promotes and values difference

We'd like to create an inclusive environment where colleagues feel valued, motivated and welcome.

As part of this, we've:

- learnt valuable feedback from focus groups and listening sessions with colleagues following the Black Lives Matters movement in 2020, which helped us create this action plan. We want to continue to empower colleagues to find solutions to inclusion issues and drive continuous improvement. So in 2021, we'll set up a 'Shadow Board' of colleagues to meet with leaders on a quarterly basis, while leadership teams will additionally host quarterly listening sessions with their business;
- continued to support our employee networks that span women, ethnicity, sexuality, disability, parents, fertility and ex-service personnel, to provide a vital source of advice and a forum for improving workplace practices;
- evolved policy positions on key issues that can affect colleagues from all backgrounds. This included launching transitioning at work guidelines and continuing to offer best-in-class support to carers so that they can better balance work with caring responsibilities by providing up to six weeks paid carers leave when matched with annual leave;
- tackled bias by rolling out mandated unconscious bias training to all senior leaders in 2020 which extends to all colleagues in 2021; and
- ran #CountMeIn campaigns to encourage everyone to update their personal information in our HR management system so that we can better understand our workforce diversity and target action.



**“The experience with my reverse mentee has been invaluable. I've learnt so much which is helping me progress my career. It also feels amazing to have my ideas, thoughts and feelings acknowledged and acted upon.”**

**Meredith Fowler**  
Conduct and Vulnerability Analyst

Partnered with the Managing Director of Centrica Business Solutions on our reverse mentoring scheme

# How we govern our performance

## Monitoring our progress

We monitor and analyse our gender pay gap alongside wider diversity measures related to pay, so that we can better understand and target action to reduce imbalance. In 2020, strategic updates across our diversity and inclusion action plans alongside performance related to our goals and pay gaps were reported to Centrica's Group Leadership Team, HR Operations Committee and the Board's Safety, Environment and Sustainability Committee<sup>(1)</sup>.

Our gender pay gap calculations are accurate and meet the methodology set out in The Equality Act 2010 (Gender Pay Gap information) Regulations 2017.

**Chris O'Shea**  
Group Chief Executive

**Jill Shedden, MBE**  
Group Human Resources Director



**“As Chair of our ethnicity network, I want to help educate and support others so that everyone can prosper, irrespective of how you identify. I'm proud that our network provides a place to talk and access support, as well as drive positive change.”**

**Abhishek Kulkarni**  
Proposition Lead (Warranties)

Chair of ethnicity network VOICE  
(Valuing our Identity, Culture & Ethnicity)

(1) Formerly, the Safety, Health, Environment, Security and Ethics Committee.

Read more at  
[centrica.com/sustainability](http://centrica.com/sustainability)

## Disclosure by legal employing entity

To provide a more meaningful picture of our gender and ethnicity pay gap, we've led the statement with our overall UK pay gap which better reflects how we operate as a business and is calculated by combining results from across all of our legal employing entities. As required by law, our gender pay gap performance for each of our eight legal employing entities with 250 or more employees is provided below.

Legal employing entity – UK	Number of relevant employees in entity	Proportion of men and women (F/M) (%)	Mean gender pay gap (%)	Median gender pay gap (%)	Proportion of men and women in the lower pay quartile (F/M) (%)	Proportion of men and women in the lower middle pay quartile (F/M) (%)	Proportion of men and women in the upper middle pay quartile (F/M) (%)	Proportion of men and women in the upper pay quartile (F/M) (%)	Mean gender bonus pay gap (%) <sup>(2)</sup>	Median gender bonus pay gap (%) <sup>(2)</sup>	Proportion of men and women receiving a bonus (F/M) (%)
Centrica Group – UK <sup>(3)</sup>	20,731	26/74	21	35	47/53	23/77	10/90	17/83	26	5	98/97
British Gas Services	8,550	16/84	29	39	48/52	9/91	2/98	4/96	-29	-56	99/99
British Gas Services (Commercial) Ltd	396	15/85	32	43	51/49	4/96	3/97	1/99	2	83	81/95
British Gas Trading Ltd	7,772	35/65	32	44	51/49	53/47	28/72	7/93	44	35	99/100
Centrica PLC	1,879	36/64	24	15	45/56	41/59	33/67	24/76	66	33	95/94
Centrica Services Ltd	818	38/62	8	9	43/57	47/53	31/69	28/72	20	26	99/95
Centrica Storage Ltd	223	16/84	38	46	50/50	2/98	2/98	9/91	34	25	92/100
PH Jones	477	17/83	38	41	56/44	7/93	2/98	4/96	75	76	84/56
Spirit Energy Production UK Ltd	491	25/75	16	13	42/58	16/84	26/74	16/84	15	-12	80/87

(2) A negative number indicates a gender pay or bonus gap in favour of women.

(3) Constitutes all of our UK legal employing entities set out in the table above, together with all of our UK legal employing entities with less than 250 employees which includes Dyno Rod Ltd and British Gas New Heating Ltd.

## A few of our inclusion credentials and collaborations we're proud of: