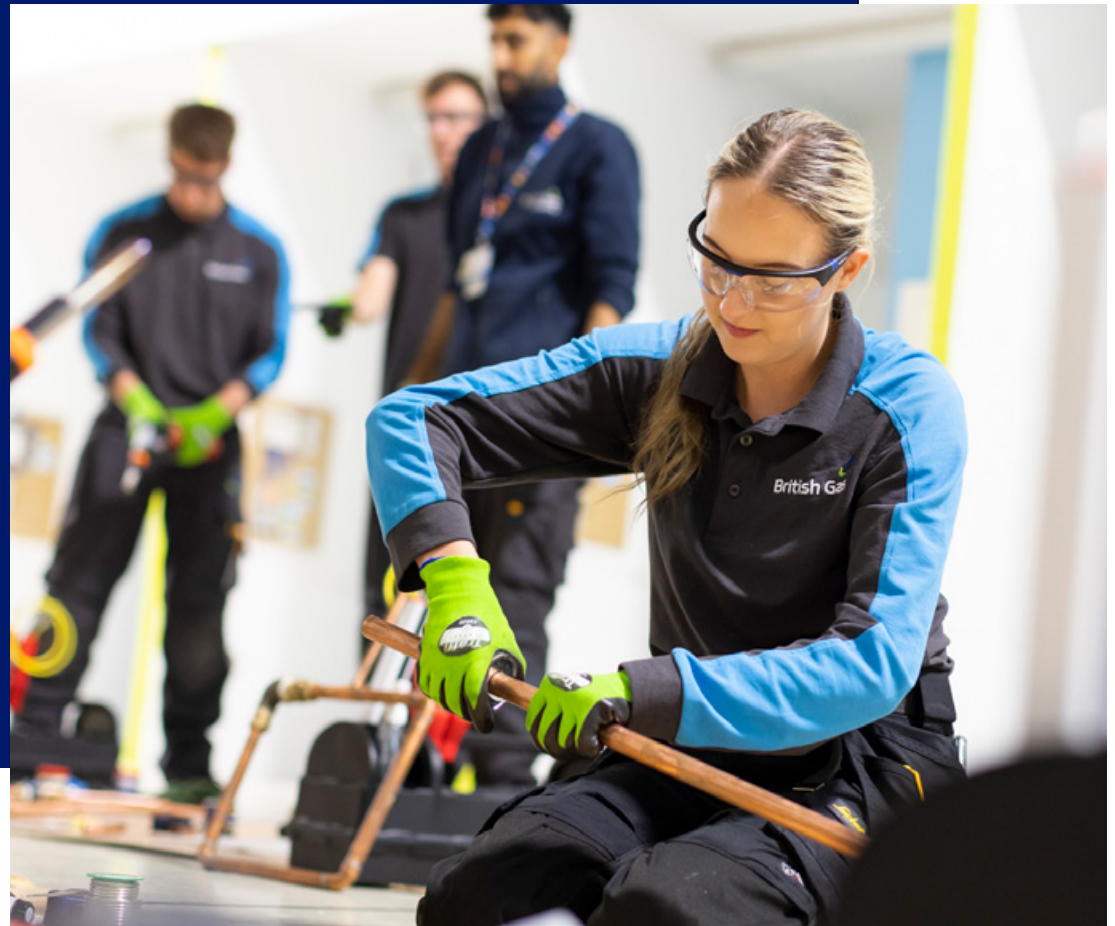


Our Gender & Ethnicity Pay Statement 2022 (UK)

Supporting every colleague
to be themselves and thrive



Enter →

centrica

Group Chief Executive introduction

To help our customers live sustainably, simply and affordably, we need the best team. And I'm a firm believer that the more diverse we are, the better our team will be.

This is because when different thoughts and experiences come together, it enables us to understand our customers better and create innovative solutions that not only meet their needs but moves us closer to delivering a fair and affordable transition to net zero for all. Key to this is not only attracting more diverse people, but cultivating the right environment where everyone can be themselves and succeed.

That's why we launched our [People & Planet Plan](#) in 2021 to achieve net zero whilst creating the diverse and inclusive team we need to get there – from 2030 goals that'll ensure we reflect the full diversity of our communities, to setting our sights on women making up 50% of our engineer apprentices. And to achieve it, we shared an open letter to colleagues with our diversity and inclusion action plan.



I'm pleased to say that despite 2022 being a really challenging year as we focused on providing urgent support to customers who needed help with their energy bills during the energy crisis, we've made solid progress in embedding our action plan which is helping us attract, promote and retain more diverse talent from our Boardroom, right through to our customer-facing teams.

But we've still a long way to go to become more diverse and have a truly inclusive culture. The factors that underpin inequality across our business, sector and society are deep rooted, so unfortunately closing our gender and ethnicity pay gap won't be quick or easy, and it'll require everyone to play their part as we play ours.

Within this Pay Statement, we summarise our current position and how we'll hold ourselves accountable for making change happen. Rest assured, my leadership team and I, are fully committed to do what it takes to achieve a more inclusive and sustainable future.

Chris O'Shea,
Group Chief Executive

Explaining the pay gap

What is the pay gap?



- **The gender pay gap** measures the gap between the average pay for women against the average pay for men. It's a legal requirement to publish our pay gap in the UK.
- **The ethnicity pay gap** measures the difference between the average pay for White colleagues, with ethnically diverse colleagues such as those who are from a Black, Asian, Mixed or Other ethnic background, and is based on everyone who's disclosed their ethnicity. It's not a legal requirement to publish our ethnicity pay gap, but we think it's the right thing to do and have used the gender pay gap methodology to do it.
- **Pay gaps can be influenced** by business practices as well as long-standing societal factors, such as the subjects people typically choose at school or who takes on more family duties at home. This has led to persistent pay gaps worldwide.

15% UK average median gender pay gap⁽¹⁾

2% UK average median ethnicity pay gap⁽²⁾

How's it different to equal pay?



- Equal pay is a legal requirement in the UK, which we uphold.
- Whilst the pay gap doesn't consider differences in role or seniority, an equal pay analysis shows whether people are paid the same for work of equal value.
- We use the Hay Job Evaluation methodology to standardise job grading and run equal pay audits amongst other activities annually.
- When comparing pay across equivalent roles, we have a negligible gap which demonstrates that we pay colleagues fairly.

0.9% Our median equal pay gap for gender

-1.4% Our median equal pay gap for ethnicity⁽³⁾

What's the median?



- It compares the 'middle' pay for women and men, or for ethnically diverse and non-ethnically diverse colleagues, when all wages are distributed from lowest to highest. The median is considered more meaningful as its less affected by outliers.

What's the mean?



- It measures the 'average' pay for women and men, or for ethnically diverse and non-ethnically diverse colleagues.

⁽¹⁾ ONS, October 2022.

⁽²⁾ ONS, October 2020. More recent data is not available, nor is a mean equivalent.

⁽³⁾ Negative figures indicate a positive pay gap which is negligible in this case.

What's our gender pay gap?

Our gender pay gap⁽⁴⁾

Median



2021: 30%

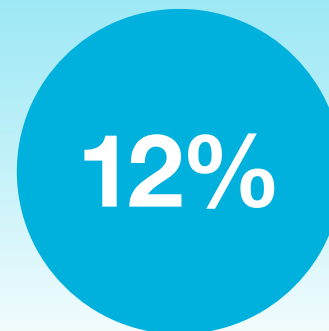
Mean



2021: 20%

Our gender bonus pay gap⁽⁵⁾

Median



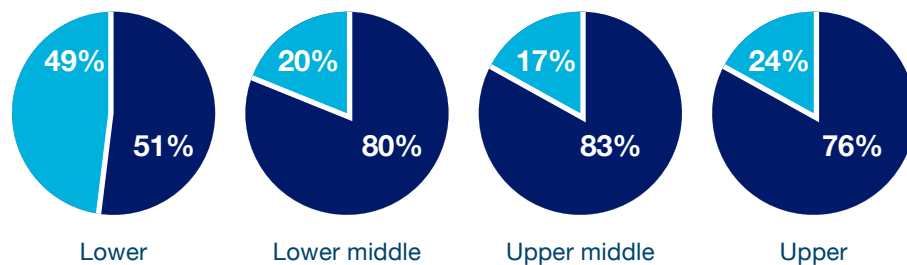
2021: 10%

Mean



2021: 31%

Proportion of women and men in each pay quartile

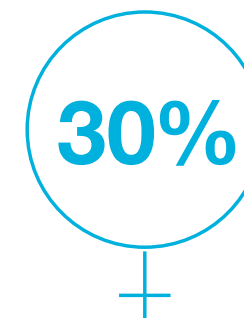


Women Men

Proportion of women and men receiving a bonus



Proportion of women in our team⁽⁶⁾



⁽⁴⁾ Based on hourly rates of pay for all colleagues at full pay (including annual bonus and allowances) at the snapshot date of 5 April 2022.

⁽⁵⁾ 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 2021 and 2022, depending on payment timing.

⁽⁶⁾ Based on year end data to align with latest annual reporting and therefore differs from page 16.

Understanding our gap

In 2022, our gender pay gap improved by 7% to 23% median and by 5% to 15% mean.

Our gap is largely being driven by:

- a significant number of men working in highly skilled and well-paid engineering jobs which form over 50% of our three upper pay quartiles; and
- a big proportion of women working in highly valued but lower paid roles like customer service and administration.

This means that on average for every pound earned by a man, women receive £0.77 based on the median and £0.85 using the mean. With a large engineering team that's heavily made up of men, the biggest thing we can do to address our pay gap is to get more women into engineering. But with women making up just 0.2% of gas safe registered engineers and 4% of our own engineering team, there aren't enough women in the market to hire. So we're developing a more diverse talent pipeline for our business and sector, by inspiring more women into engineering through our apprenticeships (see page 11). This is a big shift for our business and society which is why we expect to close our gap over the long-term.

Improvements in 2022 were mainly influenced by an increase in our employee energy allowance alongside changes to our annual pay review, which benefitted lower paid colleagues where there's more women. Our performance may fluctuate year-on-year due a range of factors including our response to changes in the labour market and bonus payments.

“**Our gender pay gap is still much bigger than I'd like which is why I'm focused on achieving gender parity at every level of our company by 2030. From breaking down gender stereotypes and breaking through the glass ceiling, I'm confident we can attract, promote and retain more diverse talent.**”

Jill Shedden MBE,
Group Chief People Officer



Our gender bonus gap changed slightly in 2022, increasing by 2% to 12% median and reducing by 1% to 30% mean.

The gap is predominantly due to:

- more men working in specialist roles like engineering, sales and trading which come with a variety of fixed bonuses or individual performance related pay that are well-paid and less affected by business performance; and
- a greater number of women with bigger bonus earning potential working in corporate and management roles which have bonus schemes closely linked to business performance which can vary.

In 2022, our bonus gap remained relatively consistent with the previous year. It continued to be affected by the underlying shape of our workforce and associated bonus structures which are mentioned above.

Whilst the proportion of men and women receiving a bonus remained relatively equal, bonus gaps can change from one year to another.



What can influence the bonus gap year-on-year?

- The link to business performance
- How bonus schemes are structured for specific jobs
- When bonuses are paid

What's our ethnicity pay gap?

Our ethnicity pay gap⁽⁷⁾

Median



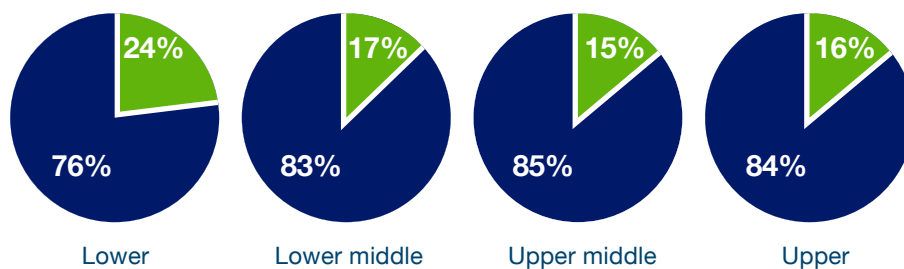
2021: 13%

Mean



2021: 0%

Proportion of ethnically diverse and non-ethnic diverse colleagues in each pay quartile



■ Ethnically diverse

■ Non-ethnically diverse

Our ethnicity bonus pay gap⁽⁸⁾

Median



2021: 12%

Mean



2021: 4%

Proportion of ethnically diverse and non-ethnically diverse colleagues receiving a bonus



Proportion of ethnically diverse colleagues in our team

14%

⁽⁷⁾ Based on hourly rates of pay for all colleagues at full pay (including annual bonus and allowances) at the snapshot date of 5 April 2022.

⁽⁸⁾ 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 2021 and 2022, depending on payment timing.

Understanding our gap

In 2022, our median ethnicity pay gap improved from 13% to 10% whereas our mean rose from 0% to 3%.

Based on colleagues who disclosed their ethnicity, our data shows that our gap is mainly driven by:

- an under-representation of ethnically diverse colleagues in our higher paid roles such as engineering, which form over 50% of our upper three pay quartiles; and
- a higher representation of ethnically diverse colleagues in lower paid jobs like customer service as well as junior roles within Information Systems (IS).

For every pound earned, the gap equates to ethnically diverse colleagues on average receiving £0.90 based on the median and £0.97 using the mean. In 2022, our Energy, Marketing and Trading (EM&T) business continued to perform strongly and led to colleagues in that part of the business receiving strong bonuses. With bonus included in the pay gap calculation and as we have a relatively high representation of ethnically diverse colleagues within EM&T, both our mean and median gaps remained relatively low. Our mean gap did, however, fluctuate upward due to individual changes in this small population of high earning traders.

Similarly to the gender pay gap, our median pay gap improved following an increase to our employee energy allowance alongside changes to our pay review approach, which particularly benefitted lower paid workers where we have more ethnically diverse colleagues.

We see a relatively large median pay gap for Asian and Minority Ethnic colleagues. This is because these colleagues are highly represented in lower paid customer service jobs. When we look at the mean, the gap reduces substantively for Asian colleagues as they are well represented in trading roles which are typically higher paid and come with a strong bonus earning potential. Meanwhile, Black colleagues have a fairly low median pay gap because a bigger proportion of Black colleagues are in our field engineering team, which are higher paid roles. Our data suggests that we had no Black colleagues in our most senior roles which we need to address via our #ThisIsMe campaign (see page 8) and our action plan (see pages 9 to 14).

We also see ethnically diverse women with a much higher mean pay gap compared to ethnically diverse men. This is largely due to women having a smaller presence in EM&T roles.

Our median ethnicity bonus gap increased by 11% to 23%, whilst our mean reduced by 4% to 0%.

Our bonus gap exists because we have:

- more ethnically diverse colleagues working in less senior roles or corporate and management functions like Finance and IS, which have bonuses linked to business performance; and
- less ethnically diverse colleagues working in higher paid roles like engineering, which have different bonus structures that are heavily linked to individual performance related pay and are less affected by business performance.

In 2022, a change in bonus structure for engineers had a positive impact for colleagues in these roles, but caused our median pay gap to rise because our engineering team isn't as diverse as we'd like. Meanwhile, our mean bonus gap improved following a strong bonus received by EM&T colleagues given we have a good representation of ethnic diversity in this part of the business.

“**Whilst I'm proud we're one of few companies who voluntarily publish their ethnicity pay gap, we want more colleagues to help us continually improve by disclosing their ethnicity. I know it isn't always easy or comfortable to share our personal information, but it will always be treated confidentially and will importantly help us to target action more effectively.**”

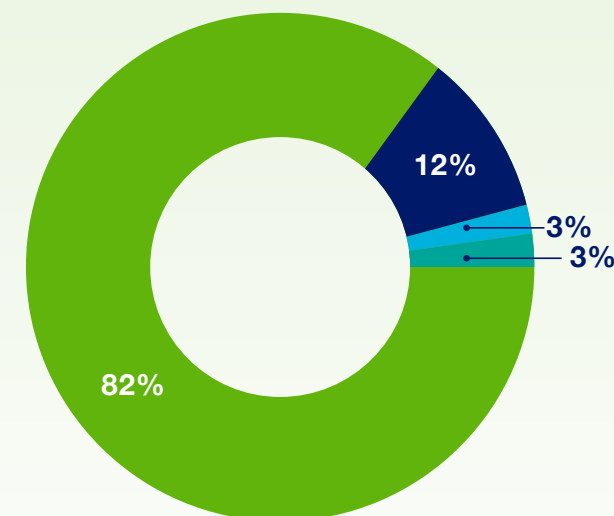
Raj Roy,
Group General Counsel & Company Secretary



What's our ethnicity pay gap based on?

Reporting our ethnicity pay gap isn't an exact science because unlike gender, we're reliant on colleagues disclosing their ethnicity. With our new and improved #ThisIsMe campaign successfully encouraging more colleagues to share more about who they are with us, we hope to continue to build on this in 2023 by focusing on creating an open and inclusive culture.

70% of colleagues disclosed their ethnicity as:



Asian Black Minority Ethnic White

Closing the gap

Closing our gender and ethnicity pay gap requires a fundamental shift in society and our business.

To drive the necessary action needed, we introduced an enhanced diversity and inclusion (D&I) action plan for 2022 and beyond which is focused in three key areas outlined in this section. The plan is gradually enabling us to attract, promote and retain more diverse talent so we'll continue to embed it in 2023, which will help us close our pay gap overtime.

1. Advancing our culture of inclusion

We want all of our colleagues to feel they belong, are valued, and can be themselves at work. Towards this we:

- Empowered colleagues to be changemakers – from our Shadow Board of diverse colleagues who meet with leaders quarterly and drive colleague-centric decisions, to supporting our colleague-led diversity networks who provide a vital source of support and advice for one another as well as our business. Leaders also host quarterly listening sessions to understand what's being done well, and where we can improve.
- Strengthened inclusive competencies so that we can better understand and support each other. For example, we've embedded guidance and toolkits on key issues including maternity leave, the menopause, domestic abuse and transitioning at work. To ensure leaders can role model inclusion, inclusive leadership and mental health training were also introduced. Moreover in 2022, our networks ran over 200 educational inclusion moments for colleagues via articles, panel discussions and townhalls. VOICE, our ethnicity network, additionally collaborated with us to create anti-racism training that'll be rolled out for all to complete in 2023.



- Continued to evolve flexible working to suit colleagues. Having launched FlexFirst in 2021, colleagues can now combine the flexibility of working from home to juggle personal commitments like the school run, with time in the office to connect and collaborate. This is improving work-life balance for colleagues as well as their ability to pursue development opportunities that otherwise wouldn't have been possible. In 2022 we built on this by trialling 'Choice Hours' for call centre colleagues (80% set shift, 20% choice hours). And following stronger engagement scores and better distribution to serve customers, we're gradually rolling it out and exploring opportunities for further flexibility.
- Gave world-class support to help colleagues be their best. Our Carers Policy provides up to six-weeks paid leave when matched with annual leave which helps colleagues better balance work and caring responsibilities. Leading fertility support is additionally offered with free fertility home testing kits, membership and consultation via the 24/7 Fertifa hotline, alongside discounted treatments. And we take a holistic approach to wellbeing which includes a company funded benefit healthcare plan for all, our 100-strong network of colleague mental health first aiders and our wellbeing app.

89%

Colleagues who say FlexFirst helps them keep the right work-life balance



“ I love my job and the carer's policy alongside FlexFirst has supported me do it, and care for my dad. He has Lymphoma and needs my company as well as my help with hospital appointments and the house. I'm a working mom with three shifts – full-time job, children, and my dad.”














Vicky Donovan,
Senior Deployment Lead



2. Building a diverse workforce for the future

We've a big opportunity to tap into the talent of under-represented groups to reflect our communities and serve our customers better.

In 2021, we launched ambitious goals to accelerate diversity with our [People & Planet Plan](#). In 2022, we embedded these goals alongside tailored business unit action plans. This enabled us to progress strongly towards most of our goals, but we're behind on some of our shorter-term milestones. So we'll continue to drive momentum via our plan and encourage disclosure via our #ThisIsMe campaign (see page 8).

An area that's particularly challenging is growing diversity amongst engineering which across the sector, is traditionally made up of men. To tackle this, we're recruiting 3,500 apprentices with the ambition that 50% will be women by 2030. And having run a targeted recruitment campaign, we've recruited 1,033 apprentices with 20% of Smart Energy Apprentices being women which is above the 0.2% gas engineer average in the UK. To build on this, we're reviewing our marketing and recruitment strategies whilst incentivising people from other parts of our business like customer experience, to become an apprentice by not dropping pay whilst they train.

2030 People goals	2022 Milestones	2022 Performance	
<p>Create an engaged team that reflects the full diversity of the communities we serve by 2030⁽⁹⁾:</p> <ul style="list-style-type: none"> • 47% women • 14% ethnically diverse • 15% disability • 3% LGBTQ+ • 3% ex-service 	<p>By the end of 2022:</p> <ul style="list-style-type: none"> • 30% women • 13% ethnically diverse • 4% disability • 3% LGBTQ+ • 3% ex-service 	<p>All company:</p> <ul style="list-style-type: none"> • 30% women  - 41% excluding field engineers  • 14% ethnically diverse  • 3% disability  • 3% LGBTQ+  • 2% ex-service  	<p>Senior leaders:</p> <ul style="list-style-type: none"> • 33% women  - 32% excluding field engineers  • 9% ethnically diverse  • 3% disability  • 0% LGBTQ+  • 3% ex-service 
<p>Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (baseline 2021)</p>	<p>1,000 apprentices by the end of 2022</p>	<p>• 1,033 apprentices </p>	

Key: Progress against goals
 On track  Behind

⁽⁹⁾ In line with 2011 Census data for working populations. Beyond gender, 2022 progress is based on voluntary disclosure of 70% of colleagues. 2021 Census data has now been released and for 2023 annual reporting onwards, we'll be working towards 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service.

We also:

- Continued to implement more inclusive recruitment practices including refusing all-male shortlists in leadership roles and using diverse interview panels wherever possible. And in 2022 specifically, we worked on ensuring more inclusive job descriptions and removed educational requirements.
- Provided more talent and development opportunities than ever before with over 150 people from under-represented groups taking part. This includes upskilling colleagues to progress their careers by introducing new programmes like Everywoman Women in Leadership, Step Up and the Black Leadership Academy. We also expanded mentoring via programmes such as the 30% Club and Mission Include, whilst revamping our in-house reverse mentoring programme which pairs leaders with more junior colleagues to learn from each other.

70% Reverse mentors said the programme had surpassed expectations



“With the ingenuity it took to become a fully qualified Smart Energy Engineer, I’ve proudly joined a community of problem solvers. Thanks to my apprenticeship, I’m really excited about helping customers on their net zero journey, supported by smart technology.”

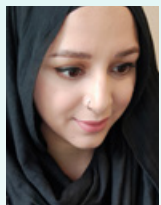
Isaura Johnston,
Smart Energy Engineer

Hear from colleagues about our development programmes



“Through Everywomen in Leadership, it was great to meet other women in both my own and other organisations, and hear their powerful stories. It allowed me to really understand my approach to leadership and how I can build on this with great tools and techniques.”

Rachel Mckim,
Senior Project Manager, Energy Change Delivery



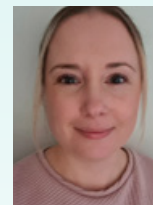
“Me and my mentee connected well and had valuable chats where I was able to provide my insight and experience. My mentee is an inspiring leader which has made me ambitious and develop myself. We’ve built a long-lasting friendship.”

Smera Ahmed,
Capability Analyst



“Being one of Centrica’s inaugural Black Leadership Academy cohort was inspiring. It helped me broaden my skills toolbox, focused my career planning, bolstered my resilience, and introduced me to a supportive network of like-minded professionals who I still regularly meet.”

Mark Gooding,
Head of HSE Systems & Reporting



“The Everywomen Immersive programme has given me much needed time and space to reflect on myself and my own development with an incredible group of women from across Centrica. I’ve really felt the benefit of this, and I’m determined to keep it going.”

Debbie Hamilton,
Hydrocarbon Accounting Manager

3. Enhancing innovation and business performance

We're collaborating across our business and sector, to spark innovative solutions that create a more inclusive world for colleagues and customers. With this focus, we've:



- Strengthened our support for front-line colleagues who face discriminatory behaviour. We continued to support the Institute of Customer Service's #ServicewithRespect campaign which advocates for Government to introduce a new offence for people who abuse those in customer-facing roles. We also encouraged abuse to be reported to line managers so that we can ensure a zero-tolerance approach for customers who don't treat colleagues with respect.
- Following our joint campaign with Carers UK which advocated for the UK Government to enable all workers to receive carers leave, the bill is now making its way through the legislative process and we expect it to become law in 2023.
- Partnered to grow a more diverse talent pipeline for our business and sector. We worked ever more closely with the POWERful Women Energy Leaders' Coalition to share best practice to raise the bar on diversity and inclusion. And we're inspiring the next generation to explore a career in energy by supporting Tech She Can's educational programme, Tech We Can, which has directly reached over 18,000 students. Meanwhile, our women engineers take part in media campaigns and colleagues volunteer with schools to encourage more diverse people into the sector.
- Put inclusion at the heart of our marketing strategy and redeveloped our Careers website to attract more diverse customers and colleagues, which we'll continue to work on in 2023.

Governing performance

Monitoring our progress

We monitor and analyse our gender and ethnicity pay gap alongside wider diversity KPIs, so that we can better understand and target action to reduce imbalance. Strategic updates related to our diversity and inclusion action plans alongside performance related to our People goals and pay gap in 2022, were reported to Centrica's Leadership Team (CLT), the Safety, Environment and Sustainability Committee (SESC), the Remuneration Committee as well as the Board.

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 Chief People Officer



Disclosing 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 our legal employing entities. As required by law, our gender pay gap performance for each of our five legal employing entities with 250 or more employees is provided below.

For transparency, we've also included our Centrica Storage Ltd legal entity which falls below this headcount threshold.

⁽¹⁰⁾ A negative number indicates a gender pay or bonus gap in favour of women.

⁽¹¹⁾ Constitutes all our UK legal employing entities set out in the table below, irrespective of whether the legal entity has 250 employees or not.

Company	Number of applicable colleagues	Proportion of women and men (W/M) (%)	Median gender pay gap (%)	Mean gender pay gap (%)	Proportion of women and men in the lower pay quartile (W/M) (%)	Proportion of women and men in the lower middle pay quartile (W/M) (%)	Proportion of women and men in the upper middle pay quartile (W/M) (%)	Proportion of women and men in the upper pay quartile (W/M) (%)	Median gender bonus pay gap (%) ⁽¹⁰⁾	Mean gender bonus pay gap (%)	Proportion of women and men receiving a bonus (W/M) (%)
Centrica Group – UK ⁽¹¹⁾	18,801	28/72	23	15	49/51	20/80	17/83	24/76	12	30	95/92
British Gas Services	7,585	4/96	22	17	9/91	2/98	2/98	3/97	55	47	79/90
British Gas Social Housing Ltd	482	14/86	48	41	44/56	4/96	6/94	1/99	-390	23	99/77
British Gas Trading Ltd	5,903	51/49	3	15	55/45	54/46	57/43	37/63	14	58	96/98
Centrica PLC	4,150	39/61	13	23	44/56	42/58	37/63	31/69	16	47	97/96
Centrica Storage Ltd	199	16/84	45	35	48/52	8/92	0/100	9/91	33	10	91/95
Spirit Energy	482	29/71	12	14	37/63	28/72	26/74	22/78	-7	19	89/91

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Our key commitments:

POWERful WOMEN



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