



OUR GENDER & ETHNICITY PAY STATEMENT 2023 (UK)

Supporting every colleague
to be themselves and thrive

centrica

GROUP CHIEF EXECUTIVE INTRODUCTION

We're often drawn to people who look, sound and think like we do. But it's the differences between you, me and the next person, that provides a unique perspective which is so valuable.

That's why I want our team to be made up of different types of people. Because if we can think and do things differently, we can unlock huge opportunities that'll energise a greener and fairer future that works for everyone.

Key to this is making sure that Centrica is a place where everyone feels they belong and can have a fantastic career. The Centrica Leadership Team is therefore fully committed to making sure this is the case for every colleague, no matter who they are or how they're different from us. Towards this, we're working hard to evolve and embed our Diversity, Equity and Inclusion (DE&I) Positive Action Plans for each of our businesses which will help us attract, promote and retain more diverse talent whilst building a more inclusive culture. All of which will enable us to achieve our People & Planet Plan goal of reflecting the full diversity of the communities we serve at every level of the company by 2030⁽¹⁾.

I'm pleased to say that since we launched our People & Planet Plan together with our associated DE&I Positive Action Plans in 2021–22, we're making positive progress. We've not only grown the representation of women and ethnic diversity in our team, but we're gradually closing our gender and ethnicity pay gaps. Meanwhile, more and more colleagues are importantly telling us that they feel valued for who they are and are confident they won't be discriminated against at work.

Despite advances like these, I know we can sometimes all feel frustrated that further progress isn't being made more quickly, particularly when it comes to reducing our pay gaps. But the factors that contribute to inequality in our business, sector and society, are often deep rooted so it will take time and action from us all to make change happen. We therefore need to be unwavering in our commitment to keep listening, learning and improving, which is something I will always prioritise and I hope you'll join me on this exciting journey.

Chris O'Shea,
Group Chief Executive



(1) This means all company and senior leaders to be 48% women, 18% ethnically diverse, 20% disability, 3% LGBTQ+ and 4% ex-service in line with Census data for working populations.

EXPLAINING THE PAY GAP



What's the pay gap?

- The gender pay gap measures the difference between the average pay for all women and men. The ethnicity pay gap measures the difference between the average pay for White colleagues and those who are ethnically diverse such as colleagues who are Black, Asian, or have a Mixed/Multiple ethnic background. The pay gap is expressed as a percentage.
- We're required to publish our gender pay gap in the UK in line with UK law which is focused on gender rather than gender identity. We voluntarily publish our ethnicity pay gap because we think it's the right thing to do and we've used the gender pay gap methodology to do it. Whilst gender is a mandated field for colleagues to provide us, our ethnicity pay gap is based on voluntary disclosure. We currently have ethnicity disclosure of 74% of colleagues (see page 8).
- Pay gaps exist worldwide and can be influenced by business practices as well as long-standing societal factors, such as the subjects people choose to study at school or who takes on more family duties at home.



How's it different to equal pay?

- 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 implement equal pay checks amongst other activities annually, to ensure colleagues are paid fairly.

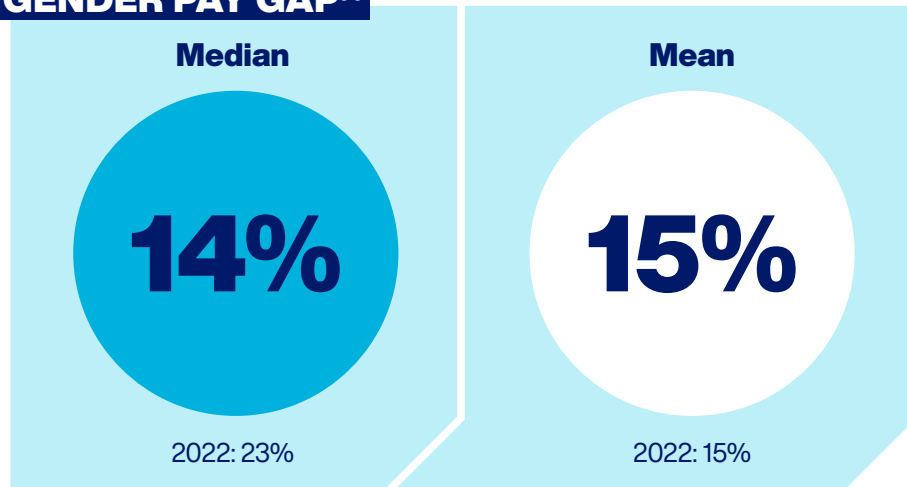


What's the mean and median?

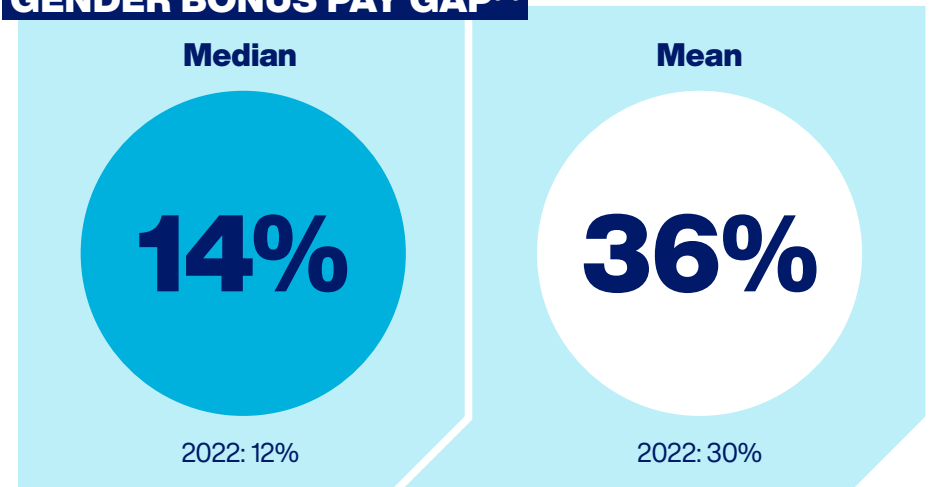
- Pay gaps are measured using the mean (average) and median (mid-point). The median is generally considered more accurate as the mean can be skewed by a small number of low or high paid employees.

WHAT'S OUR GENDER PAY GAP?

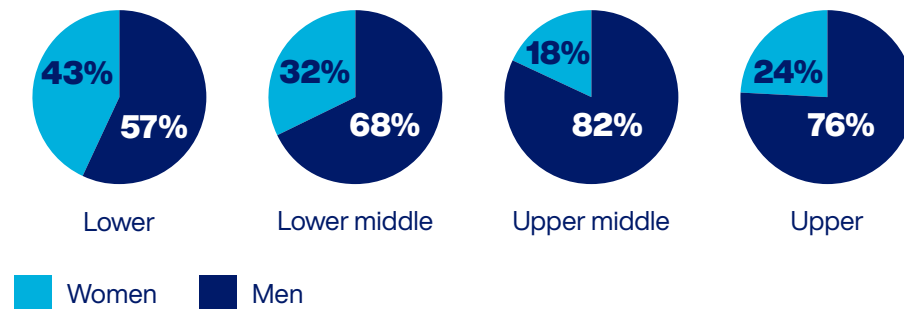
GENDER PAY GAP⁽¹⁾



GENDER BONUS PAY GAP⁽²⁾



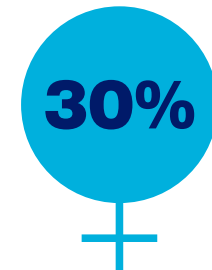
PROPORTION OF WOMEN AND MEN IN EACH PAY QUARTILE



PROPORTION OF WOMEN AND MEN RECEIVING A BONUS



PROPORTION OF WOMEN ACROSS OUR TEAM⁽³⁾



(1) Based on hourly rates of pay for all colleagues at full pay (including annual bonus and allowances) at the snapshot date of 5 April 2023.

(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 relate to 2022 or 2023, depending on payment timing.

(3) Based on year end data to align with wider annual reporting.

UNDERSTANDING THE GAP

In 2023, our median gender pay gap improved by 9% to 14%, which is in line with the UK national average⁽¹⁾. Meanwhile, our mean gender pay gap remained steady at 15%.

In monetary terms, this means that for every pound earned by a man, women on average receive £0.86 based on the median and £0.85 using the mean.

OUR GAP IS LARGELY CREATED BY:

- more men working in highly skilled and well-paid engineering roles; and
- more women working in valued but lower paid jobs like customer service and administration.

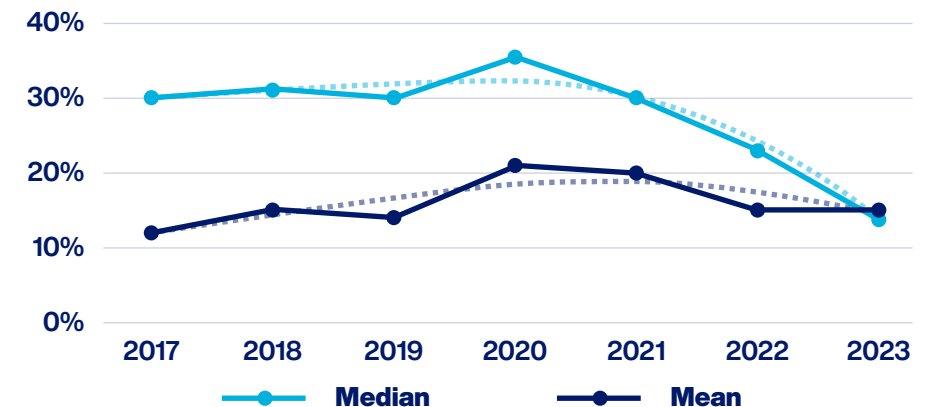
With our 7,000-strong engineering team making up over half of our upper three pay quartiles and women filling around 4% of these roles, the biggest thing we can do to reduce our pay gap is to inspire more women into engineering. This may sound simple but with women forming 0.2% of gas safe registered engineers in the UK, we can't hire more women engineers from the market. So, alongside our efforts to attract, promote and retain more women into junior and senior roles more broadly, we're crucially investing in growing our apprenticeship programme to get more women into engineering (see pages 10–11). Changing the types of roles people typically choose to do is a big shift, which is why we believe it will only be possible to close our pay gap over the long-term.

(1) ONS, October 2023.

Pay gap improvements in 2023 were predominantly influenced by a range of factors including our annual pay review alongside our profit share and energy allowance for colleagues, which particularly benefitted lower paid colleagues where there's more women.

Reducing our pay gap

Whilst pay gaps can fluctuate year-on-year, we're starting to see an overall positive downward trend in our mean and median gender pay gap since we first published in 2017. We remain fully committed to continue to reduce our pay gap in the years ahead.



Our equal pay analysis in 2023 shows that we continue to pay men and women the same for work of equal value, with our median and mean gap both being negligible at less than 1%.

Our median gender bonus gap in 2023 reduced by 2% to 14% whilst our mean rose by 6% to 36%.

THE GAP IS DUE TO:

- a lot of men working in specialist roles like engineering, sales and trading, which come with higher bonuses or performance related pay; and
- a bigger proportion of women with strong earning potential working in corporate and management roles, where the bonus can fluctuate as it's linked to business performance.

In 2023, we therefore continued to see the bonus gap influenced by the types of roles men and women do and the associated bonus structures in place to drive performance.

For both men and women, 98% received a bonus during the year. In general, the bonus awarded increased substantially, due to strong performance across the business alongside two cost of living payments we made to help colleagues through this challenging time.

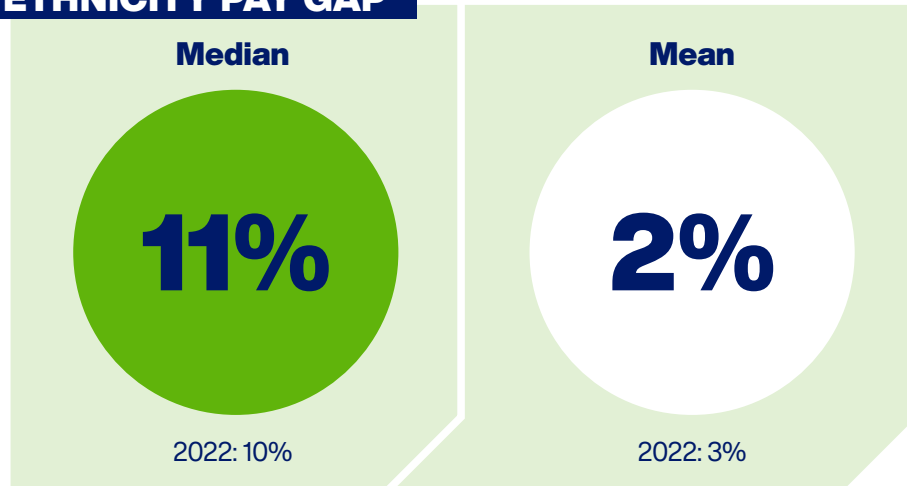


WHAT CAN INFLUENCE THE BONUS GAP YEAR-ON-YEAR?

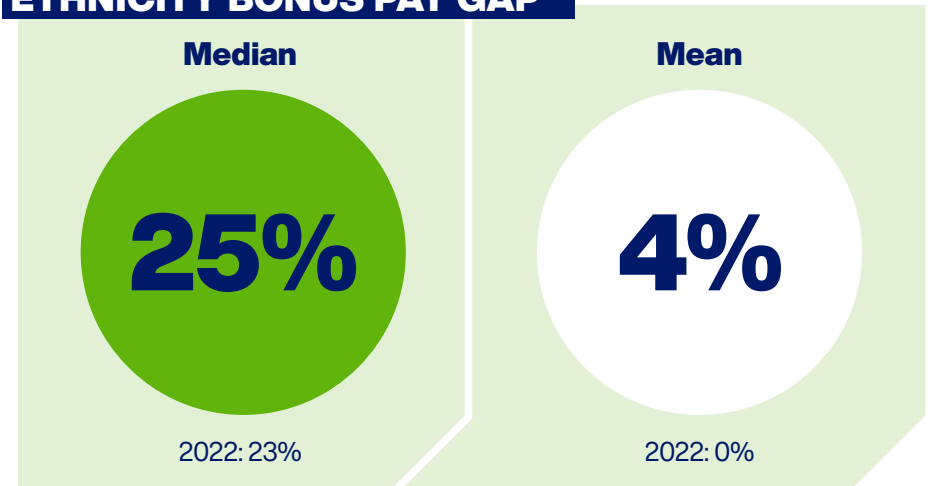
- The link to business performance
- How bonus schemes are structured for specific jobs
- When bonuses or one time payments are paid

WHAT'S OUR ETHNICITY PAY GAP?

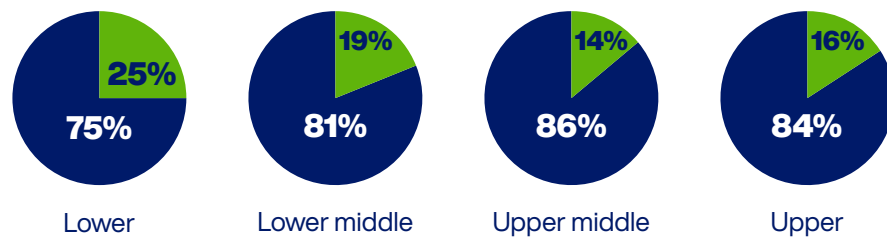
ETHNICITY PAY GAP⁽¹⁾



ETHNICITY BONUS PAY GAP⁽²⁾



PROPORTION OF ETHNICALLY DIVERSE AND NON-ETHNICALLY DIVERSE COLLEAGUES IN EACH PAY QUARTILE



■ Ethnically diverse ■ Non-ethnically diverse

PROPORTION OF ETHNICALLY DIVERSE AND NON-ETHNICALLY DIVERSE COLLEAGUES RECEIVING A BONUS



15%

PROPORTION OF ETHNICALLY DIVERSE COLLEAGUES ACROSS OUR TEAM⁽³⁾

Data based on colleagues who have shared their ethnicity with us (see page 8). (1) Based on hourly rates of pay for all colleagues at full pay (including annual bonus and allowances) at the snapshot date of 5 April 2023. (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 relate to 2022 and 2023, depending on payment timing. (3) Based on year end data to align with wider annual reporting.

UNDERSTANDING OUR GAP

Based on colleagues who disclosed their ethnicity in 2023 (see next page), our ethnicity pay gap remained relatively level with the previous year. The median increased by 1% to 11% whilst the mean improved by 1% to 2%⁽¹⁾.

In monetary terms, this means that for every pound earned by a non-ethnically diverse colleague, ethnically diverse colleagues on average receive £0.89 using the median and £0.98 with the mean.

OUR DATA SHOWS THE GAP IS LARGELY DUE TO:

- fewer ethnically diverse colleagues working in higher paid jobs like engineering, which form over 50% of our upper three pay quartiles; and
- more ethnically diverse colleagues working in valued but lower paid roles such as customer service, as well as junior roles across IS (Information Systems).

Overall, we see our mean and median pay gap remain relatively low. This is because we have a prominent representation of ethnically diverse colleagues working in our high-performing trading business, which reduces the gap as these roles received a strong bonus last year which is included in the calculation. The 2023 pay increase, profit share distribution and colleague energy allowance, additionally contributed to this relatively small gap, as the initiatives particularly benefitted lower paid colleagues where there is more ethnic diversity.

When we look at specific ethnicity pay gaps, we see a larger median pay gap for Asian and Black colleagues, who are more highly represented in lower paid customer service roles. With the mean, the gap reduces substantively for Asian colleagues and those from a Mixed/Multiple ethnic background because they are well-represented in our trading team, which comes with a strong remuneration package. The mean gap for Black colleagues, however, is relatively high as our data suggests that we have no black senior leaders or traders. Additionally for ethnically diverse women there is a much higher mean pay gap compared to ethnically diverse men, given their smaller presence in trading roles.

As we haven't reported our ethnicity pay gap for as long as our gender pay gap, it's too early to see a strong reduction trend. Our 2023 performance is, however, better than the 14% median and 8% mean ethnicity pay gap first reported in 2020.

Our 2023 equal pay analysis demonstrates that we continue to pay ethnically diverse and non-ethnically diverse colleagues the same for work of equal value, with our median gap being negligible at -1% median and -2% mean⁽²⁾.

(1) Unlike gender, there is no national average available for 2023.

(2) A negative number indicates a slight gap in favour of ethnically diverse colleagues which is negligible overall.

Our ethnicity bonus gap increased in 2023, rising by 2% to 25% median and from zero to 4% mean.

OUR BONUS GAP IS DUE TO:

- a higher proportion of ethnically diverse colleagues working in less senior jobs or corporate and management functions like Finance and IS, where bonuses are linked to business performance; and
- an overall lower proportion of ethnically diverse colleagues working in higher paid roles like engineering, which can come with higher bonuses or individual performance related pay.

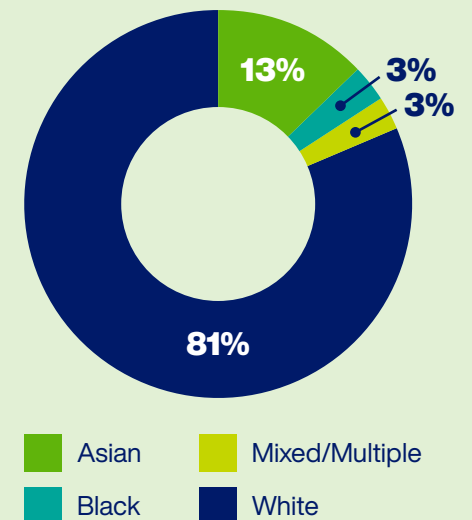
Similarly to the previous year, a change in bonus structure for engineers in 2021–2022 made a big difference to colleagues in these roles as they were able to earn bigger bonuses, but led to our median pay gap increasing because our engineering team doesn't include many ethnically diverse colleagues. Meanwhile, the increase in the mean bonus gap was related to small changes in the distribution of individual bonuses across the trading team.



WHAT'S OUR ETHNICITY PAY GAP BASED ON?

Unlike gender, we're reliant on colleagues disclosing their ethnicity. We therefore encourage colleagues to share who they are with us via our #ThisIsMe campaign, so that we can gain a more accurate picture of who is working for us and where we need to target action to grow diversity. Currently 74% of colleagues have disclosed their ethnicity, with 23% preferring not to say and 3% leaving the field blank. Having achieved a 4% disclosure improvement in 2023, we hope that more and more colleagues will continue to feel comfortable to share this information with us in the years ahead.

Of the 74% who disclosed:



CLOSING THE GAP



Jill Shedden MBE,
Group Chief People Officer

“Although we’re gradually closing our gender and ethnicity pay gaps, there’s more work we can and must do to make our business, our sector and our society more inclusive. So, to energise a greener and fairer future for all, we’re targeting more diverse talent at all levels of our company whilst encouraging more women to pursue a career in engineering which has been male-dominated for too long. Delivering these goals and closing our gender and ethnicity pay gaps won’t be easy and will require systemic change, but we’ll undoubtedly be a stronger and better business for it. We remain committed to making progress.”



At Centrica, we want every colleague to feel they belong, are valued and can thrive. To achieve this, we’ve introduced, evolved and embedded, tailored Diversity, Equity & Inclusion (DE&I) Positive Action Plans for each of our businesses, focused in three key areas:

1. DIVERSITY OF REPRESENTATION

Attracting, promoting and retaining more diverse talent.

2. EQUITY OF OPPORTUNITY

Ensuring fairness for everyone in everything we do.

3. VALUING DIFFERENCE

Growing our culture of inclusion and a sense of belonging.

1. DIVERSITY OF REPRESENTATION

Attracting, promoting and retaining more diverse talent.

By 2030, we want to:	2023 Performance	
<p>Create an engaged team that reflects the full diversity of the communities we serve⁽¹⁾:</p> <ul style="list-style-type: none"> • 48% women • 18% ethnically diverse • 20% disability • 3% LGBTQ+ • 4% ex-service 	<p>All company⁽²⁾</p> <ul style="list-style-type: none"> • 30% women ● • 41% women excl. Field engineers ● • 15% ethnically diverse ● • 3% disability ● • 3% LGBTQ+ ● • 2% ex-service ● 	<p>Senior leaders⁽²⁾</p> <ul style="list-style-type: none"> • 32% women ● • 32% women excl. Field ● • 9% ethnically diverse ● • 2% disability ● • 2% LGBTQ+ ● • 2% ex-service ●
<p>Recruit 3,500 apprentices and provide career development opportunities for under-represented groups</p>	<p>1,198 apprentices ●</p>	<p>Key: Progress against goals ● On track ● Behind</p>

(1) Updated at the start of 2023 to align with newly released 2021 Census data for working populations. Towards this, we aim to be 40% women, 16% ethnically diverse, 10% disability, 3% LGBTQ+ and 3% ex-service by the end of 2025.

(2) Beyond gender, data is based on voluntary disclosure of 74% ethnic diversity, 45% disability, 51% LGBTQ+ and 3% ex-service.

In 2021, we launched our People & Planet Plan to help us get to net zero and create the diverse and inclusive team we need to get there. With the subsequent introduction of our DE&I Positive Action Plans in 2022 to help us achieve these goals, we've made strong progress as better recruitment and retention practices provided an initial boost to the majority of our diversity goals with improvements of up to 4%.



“During 15 years at British Gas, I've completed my apprenticeship to become a fully qualified engineer and now have two fantastic children. British Gas has really helped me along the way – from giving me the right support to develop my career, to helping me return from maternity leave and work flexibly around childcare. It's not always easy but I feel really lucky to do a job I love and be there for my kids at the same time.”

Katie Passey,
British Gas Smart Energy Engineer

Our performance in 2023, however, remained relatively static and indicates that it may take time to deliver systemic change across our business and society. In particular, diversifying senior levels and growing disability representation are areas for us to work on. Attracting more women into engineering is also challenging given our large Field engineering team reflects the existing male-dominated market, which impacts our overall Group performance that would otherwise be on track.

As part of our efforts to tackle this, we:

- Further embedded tailored DE&I Positive Action Plans and dashboards for each business, with progress reviewed quarterly to drive improvement and accountability.
- Worked towards our ambition to have 50% of Smart Energy Apprentices to be women by 2030. In 2023, 14% of Smart Energy Apprentices were women which was down from 20% in 2022 but is substantially better than the 0.2% gas engineer average in the UK. Having slowed apprenticeship recruitment to focus on operational stability in 2023, reduced opportunity impacted our progress but we've plans to ramp-up our apprenticeship intake from 2024, which will help us inspire more women into engineering and get back on track with our overarching goal to recruit 3,500 apprentices by 2030. As part of this, we'll target marketing and recruitment campaigns at diverse talent whilst incentivising colleagues from other parts of our business like customer experience, to become an apprentice by not dropping pay as they pursue an apprenticeship.

14% **OF OUR SMART ENERGY APPRENTICES ARE WOMEN AND OUR AMBITION IS TO ACHIEVE GENDER PARITY BY 2030**

- Provided better support to women engineers to ensure they stay with us once fully qualified. We've introduced Women-in-Field network events and mentoring to enable stronger support, advice and career progression. And we've worked with our clothing supplier to create female-fit safe workwear, including menopause, maternity and religious garments.
- Continued to implement more inclusive recruitment practices across the business. This includes refusing all-male shortlists and embedding succession plans for leadership roles, whilst using diverse interview panels wherever possible, providing more inclusive job ads and removing educational requirements where they're not essential.
- Broke down barriers and stereotypes to attract more diverse talent into the sector. For example, we worked closely with the POWERful Women Energy Leaders' Coalition to share and drive best practice on how we can make the sector more inclusive. We additionally reached over 60,000 students from diverse backgrounds via Tech She Can's educational programme, Tech We Can, which aims to inspire the next generation to choose a career in energy. To show that anyone can have an exciting and fulfilling career at Centrica, our diverse engineers and colleagues in professional roles also take part in awareness campaigns and volunteer at schools.

2. EQUITY OF OPPORTUNITY

Ensuring fairness for everyone in everything we do.

- Grew our targeted talent and development opportunities to drive greater diversity in more senior roles. Programmes included Everywoman and Step Up as well as the Black Leadership Academy and Cross Company Mid Career Talent Accelerator. We also ran mentoring via programmes like the 30% Club and Mission Include, alongside our reverse mentoring scheme which pairs leaders with junior colleagues so that they can learn from one another. Over 150 colleagues from under-represented groups took part in these talent development programmes in 2023, and we're aiming to maintain this high level in 2024.
- Provided industry-leading support to help colleagues thrive. For example, Our Carers Policy provides up to six-weeks paid leave when matched with annual leave, enabling colleagues to better balance work with caring responsibilities. We additionally provide leading fertility support which includes free fertility home testing kits, membership and consultation via the 24/7 Fertifa hotline as well as discounted treatments. And we provide a comprehensive suite of wellbeing support – from a company funded benefit healthcare plan for all and a 24/7 helpline, to our 100-strong network of mental health first aiders. In 2024, we plan to review policies and procedures to ensure we continue to support colleagues in the best way we can.



“The Talent Accelerator programme has exceeded my expectations. I’ve learnt a lot and found it really interesting, particularly around how to articulate and leverage performance success strategies as well as build and sustain trust across differences. The future looks bright indeed.”

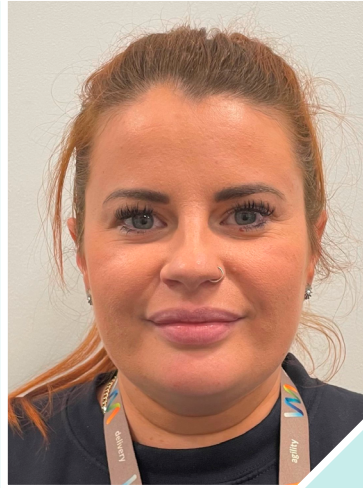


Eric Mboura,
Centrica Project & Programme Manager

- Enabled colleagues to benefit from greater flexibility to optimise how we all work together. With FlexFirst for office-based colleagues, they can enjoy the flexibility of working from home to juggle personal commitments like the school run, with time in the office to connect and collaborate. Not only has FlexFirst improved work-life balance, but it has enabled colleagues to pursue development opportunities too. Meanwhile at our call centres, we continued to expand 'Choice Hours' (80% set shift, 20% choice hours), which gives greater flexibility for colleagues working in our call centres as well as greater service availability for our customers.

“I loved my time at Stockport call centre helping customers, but I'd been in the role for a while and was keen to learn something new. I'm now in an exciting new role that would've previously been based in the South East, so FlexFirst and the ability to work from home has opened up career opportunities that simply wouldn't have been possible before.”

Laura Tweed,
Responsible Business Co-ordinator



3. VALUING DIFFERENCE

Growing our culture of inclusion and a sense of belonging.

- Empowered colleagues to play an active role in creating a more inclusive workplace. For instance, our Shadow Board of diverse colleagues meet with leaders quarterly and are passionate about driving colleague-centric decisions on key issues across the business. In 2023, this included solutions to better support and grow managers as well as engineers. Meanwhile, our colleague-led networks focused on women, ethnicity, disability, LGBTQ+, ex-service, carers, parents, and fertility, provide a vital source of support and advice for colleagues and our business. As part of this, the networks ran over 250 engagements throughout the year to celebrate difference and grow allyship – from Carers Week to Pride Month and more.
- Strengthened inclusive competencies. Building on guidance created with the networks for maternity, domestic abuse, carers leave and the menopause, we worked with our networks in 2023 to enhance our transitioning at work guidelines whilst launching a new online training module called Courageous Conversations about Race. Individuals undertake the training module before discussing it with their teams, with the aim of educating colleagues and making them feel confident to challenge unacceptable behaviour. Leaders are further supported with inclusive leadership and mental health training to ensure they have the skills needed to nurture their teams in recognition of the fact that different people need different support. In 2024, we'll review some of our wider guidelines and plan to launch our Great Minds programme to help normalise and better support neurodiversity.

Raj Roy,

Group General Counsel
and Company Secretary



“If we can help people feel more comfortable talking about race and challenging unacceptable behaviour, we can play our part in tackling racism and bias and creating an environment in which individuals are able to flourish. I feel deeply privileged to have sponsored our Courageous Conversations about Race module and would like to pay tribute to our Ethnicity Network, VOICE, and other colleagues across the company, for their courage and hard work in creating this valuable resource.”

75%

**COLLEAGUES COMPLETING
COURAGEOUS CONVERSATIONS
ABOUT RACE TRAINING DURING 2023,
WITH MORE TO COMPLETE IN 2024**

GOVERNING PERFORMANCE

Monitoring our progress

Monitoring, analysing and reporting our gender and ethnicity pay gaps alongside our wider diversity goals and KPIs, is a top priority because it enables us to review progress and target action where it's needed. Strategic updates relating to these matters were reported to Centrica's Leadership Team (CLT), the Safety, Environment and Sustainability Committee (SESC), the Remuneration Committee and the Board throughout the course of 2023, ensuring appropriate awareness and challenge.

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 six legal employing entities with 250 or more employees is provided below.

Company	Number of applicable colleagues	Proportion of women and men (W/M) (%)	Median gender pay gap (%) ⁽¹⁾	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 (%) ⁽¹⁾	Mean gender bonus pay gap (%) ⁽¹⁾	Proportion of women and men receiving a bonus (W/M) (%)
Centrica Group - UK⁽²⁾	19,482	29/71	14	15	43/57	32/68	18/82	24/76	14	36	98/98
British Gas Services	7,448	4/96	0	5	6/94	2/98	4/96	4/96	41	42	99/99
British Gas Social Housing Ltd	481	17/83	1	5	8/92	33/67	18/82	10/90	-1,706	-44	96/97
British Gas Trading Ltd	6,577	52/48	-1	11	50/50	51/49	57/43	49/51	10	46	97/96
Centrica PLC	4,332	40/60	12	30	49/51	42/58	37/63	34/66	12	54	98/97
Centrica Storage Ltd	222	14/86	34	29	40/60	4/96	9/91	4/96	18	36	100/97
Spirit Energy	422	26/74	7	8	32/68	26/74	23/77	22/78	-16	3	97/97

(1) A negative number indicates a gender pay or bonus gap in favour of women. The large median bonus gap in favour of women at British Gas Social Housing Ltd is due to office-based workers (predominantly women) having moved onto a structured quarterly incentive programme compared to engineers (predominantly men) continuing to be incentivised primarily via piece work which forms part of their regular pay.

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

CENTRICA PLC

Registered office:
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Company registered
in England and Wales
No. 3033654

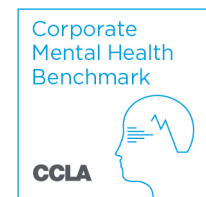
centrica.com/peopleandplanet

OUR KEY COMMITMENTS AND AWARDS

POWERful WOMEN

CHANGE THE
RACE
RATIO

WE ARE COMMITTED TO
CHANGE THE RACE RATIO



centrica