

# Modern Slavery Statement 2022

Taking a zero tolerance approach



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**centrica**



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# Chief Executive introduction

## Centrica is committed to conducting business responsibly and has zero tolerance for all forms of modern slavery across our operations and supply chains.

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 seventh statement, published in accordance with the Modern Slavery Act 2015, setting out the steps we've taken during the financial year ending 31 December 2022 to identify and prevent modern slavery in our supply chain. We continued to ensure that our robust controls operated effectively, which enable us to identify and mitigate any risks that arise, which is all the more critical at a time of rising social inequality and global economic uncertainty.



Over the last 12 months, we've advanced our responsible procurement programme by focusing on strengthening core compliance and delivering the commitments made in last year's Modern Slavery Statement. In particular, with the easing of COVID-19 restrictions, we re-launched our on-the-ground site audit programme and deployed remote workers surveys widely across suppliers, improving oversight within higher risk jurisdictions and sectors. We also conducted a deep dive risk assessment of battery storage systems, reviewed our Liquefied Natural Gas (LNG) activities and updated risk assessments for key suppliers, to ensure risk profiles remain up to date. We continued to collaborate with the Solar Energy UK and Solar Power Europe initiative, to improve transparency and tackle concerns about possible modern slavery risk in the manufacture of polysilicon used in solar panels.





I'm passionate about upholding the fundamental rights and freedoms of everyone who works for us or with us. Modern slavery is a growing and deeply troubling global issue that we, whether individually or collectively, have an important role to play in helping to eradicate.

Whilst I'm pleased that no evidence of forced or compulsory labour was found in our business or supply chain, I know that we must remain constantly vigilant and continue to do our best to ensure a more inclusive and sustainable future for all.

**Chris O'Shea,**  
Group Chief Executive

### A leader in transparency

We secured a top score of 94% in our voluntary response to the 2022 Workforce Disclosure Initiative, which is led by ShareAction and provides investors with an in-depth disclosure on key issues like pay, diversity, supply chain and human rights. We also received a special mention for our disclosure in the categories of 'Workforce action' and being the 'Most transparent'.



## Our business and supply chain

Centrica is an energy services and solutions company focused on helping our customers live sustainably, simply and affordably. Through trusted brands such as British Gas in the UK, Bord Gáis Energy in Ireland, and Centrica Business Solutions which mainly operates in the UK, Europe and America, we are active in energy supply, services and solutions, energy trading and optimisation. We also have an upstream division which includes our UK gas storage facility at Rough and our stake in nuclear power generation, alongside our remaining oil and gas Exploration & Production assets in the UK and Netherlands via our majority stake in Spirit Energy.

Centrica's activities are underpinned by our [People & Planet Plan](#) which helps us build a more inclusive and sustainable future through five Group-wide goals – from delivering net zero, to creating the diverse and inclusive team we need to get there and contributing to the communities we're all part of.

+ Read more at [centrica.com/about](https://centrica.com/about)

**20,406** Employees across our business

**3,500** Active suppliers

During 2022, Centrica's Procurement team continued to manage suppliers providing goods and services to our global operations. Our team aims to develop and strengthen relationships with a consolidated portfolio of suppliers who are required to share our commitment to doing business responsibly. Procurement managed around 3,500 active suppliers in 2022, with a spend of approximately £2 billion across materials, services and technology.



# Our policies

**Our suite of internal and external policies 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.**

Respect for human rights is embedded across our policies, due diligence and wider governance practices. Our policies are reviewed on a regular basis and supported by internal business processes and procedures, which help us to uphold commitments. We believe that adopting this integrated approach enables us to effectively reduce the risk of modern slavery or human rights issues occurring across our business and supply chain.

- **Our Code** – sets out our minimum expectations for all those we work with and applies to all Centrica colleagues, 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. Our Code is the foundation of our Ethics programme, supporting Our Values and laying down a shared sense of principles that enable us to make good choices and act with integrity.





- **Responsible Sourcing Policy** – covers suppliers that operate on behalf of Centrica and includes Our Supplier Charter which lists the terms that must be complied with; these include respecting, upholding and advancing the protection of human rights. Suppliers must not use any form of involuntary labour or child labour, ensuring overtime is voluntary and not excessive, must provide a safe and inclusive workplace free from discrimination or abuse, and offer fair reward and recognition. Contractual arrangements ensure that our suppliers share our commitments to meeting these requirements and where they fail to comply with our terms, they will be required to take steps to remediate, or agreements may be terminated. In 2022, we added further clarity within the policy to our commitment to paying the Real Living Wage to third party contractors.
- **Resourcing Policy** – applies to all our people, setting out our standards of recruitment to ensure we reflect the full diversity of the communities we serve, whilst upholding equality and fairness. Commitments include conducting appropriate checks for permanent and non-permanent workers before they join Centrica, to ensure they can legally work for us. These checks safeguard human rights by minimising the risk of directly recruiting someone who is being forced to work or being trafficked whilst enabling us to comply with the Agency Workers Regulations, which aim to protect low paid workers from exploitation. The policy is a key resource for helping managers and our Human Resources team recruit responsibly.

+ [Read more](https://centrica.com/policies) at [centrica.com/policies](https://centrica.com/policies)

**Speak Up** – our online and phone-based system for colleagues, suppliers and business partners to raise concerns confidentially in relation to improper, unethical or illegal practices. All concerns raised are reviewed by our Group Ethics and Compliance and Employee Relations teams, who decide how the matter should be managed. We don't tolerate any form of retaliation against people who raise concerns in good faith. In 2022, there were 160 Speak Up reports and 179 reported grievances, giving a total of 339 concerns raised, or around 1.5 per 100 employees. This largely aligns with the external benchmark of 1.3 reports per 100 employees, and illustrates a positive culture where colleagues feel safe and able to speak up.



# How we reduce and manage risk

## Due Diligence

**We undertake initial due diligence before deciding to contract with suppliers; this consists of a series of robust onboarding checks that take account of risks including product type, country of origin risk and financial crime indicators.**

Suppliers are required to complete a responsible sourcing questionnaire at onboarding or when participating in a tender. We utilise our ethical risk assessment system, provided by Sedex, to determine the level of risk associated with the supplier.



Once a contract is in place, we provide ongoing monitoring by producing a dynamic risk profile for the supplier which involves risk rating them using a country and sector risk segmentation tool that considers the product or service being offered together with any slavery risk. The risk profile determines what checks and controls need to be deployed. Suppliers identified as high risk because of the product or geographic market in which they operate are subject to enhanced regular risk assessments which evaluate their sustainability standards, including labour and workers' rights. Where necessary, suppliers will then be subject to additional scrutiny in the form of on-site visits from a third-party assessor reviewing human rights, labour, and health and safety practices. Risks identified through due diligence are shared with the Procurement team, so they are effectively managed and monitored throughout the lifecycle of the relationship.

**84%** Key supplier ethical risk profiles updated in 2022 as part of our ongoing management process of strategic and high-risk suppliers, with the rest due for completion in 2023



## Areas of focus

We use Sedex to help us identify our areas of focus in our supply chain, determining where we have suppliers linked to jurisdictions, goods or services with a higher prevalence of modern slavery.

Our ethical risk assessment system scores categories of spend against a wide number of factors, including inherent country and commodity risk, to identify high risk areas. This becomes a key input into which suppliers are subject to on-site ethical audits.

### Examples include:

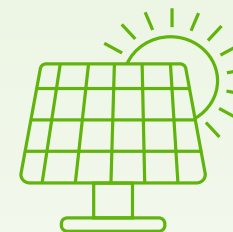
#### Garment manufacturers

The manufacture of our engineer uniforms in Bangladesh, Cambodia, China and Pakistan



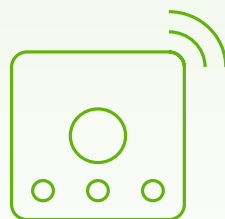
#### Solar panels

Specifically polysilicon production which is a key component in solar photovoltaic (PV) panels which occurs in China



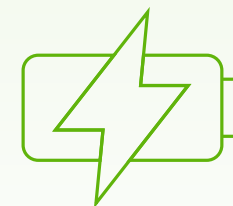
#### Smart technology products

The manufacture of branded goods such as our Hive home solutions in China



#### Battery systems

The manufacture of battery systems and cells linked to raw materials like cobalt and lithium in countries such as China and the Democratic Republic of the Congo



## Site visits and audits

We expanded our ethical audit programme in 2022. Whilst COVID-19 disrupted our ability to run on-the-ground site audits, we continued to work with our partner to deploy remote worker surveys to ensure appropriate oversight over higher risk areas. As the level of restrictions relating to COVID-19 diminished, we were able to resume on-site visits to conduct assessments of working practices. Using the Sedex 'SMETA' 4-Pillar Audit, each audit is conducted by an independent auditor across four defined areas of labour standards, health and safety, business ethics and environmental performance. The auditor gains first-hand experience of conditions by exploring the site and speaking with workers.

The audit seeks to identify improvement opportunities, with the auditor subsequently producing an improvement plan with recommended timeframes that are discussed with the supplier and put into practice. Improvement opportunities are then tracked using the Sedex platform and our Procurement team monitor progress to ensure improvements are delivered.

In the event of modern slavery practices being identified, or the supplier being unable to raise standards when required to do so, we'll take action which may result in termination of the business relationship and reporting to the relevant authorities where appropriate.

In 2022, nine audits were conducted on the ground at sites located in Bangladesh, Cambodia, China, Hong Kong, Pakistan and the UK. In addition, 7,245 remote worker surveys were deployed to supply chain workers at six supplier sites, responsible for garment manufacturing and electrical products.

The audits undertaken in 2022 did not identify any instances of modern slavery across supplier sites and additionally through the audits a number of improvement opportunities (61) were proposed on areas including site safety, which have been agreed and embedded into supplier action plans. Resolution of these improvements will help ensure that we continue to make a positive contribution in raising standards across labour as well as health and safety. Of the 61 remedial opportunities tracked during the year, 23 have been resolved, 25 await validation and sign off by the auditor and the remaining 13 are on track for completion in 2023.

**61** Improvement opportunities identified and agreed with suppliers

We've continued to deploy the remote worker surveys widely across our suppliers, in conjunction with on-site audits, because of the valuable insight they provide into working conditions at our supplier sites. Hearing first hand from workers, who respond directly to the surveys through their preferred method of communication, not only informs our supplier relationship management practices, but also our ongoing dialogue with suppliers. The response rate for surveys deployed in 2022 was 27%, which is ahead of the external benchmark of 20% for positive participation. To further build on its effectiveness, we revised the content of the survey to bring further clarity and simplicity to the questions.

## Deep dive risk assessments

To support our regular due diligence activities, we conduct deep dive risk assessments on areas that we determine require more attention. This involves in-depth desktop research and analysis alongside engagement with industry working groups, to assess the end-to-end lifecycle of commodities and associated labour, which helps to ensure that all risks are identified and effectively mitigated.

In 2022, we refreshed our risk assessment of the modern slavery risk associated with Centrica's Liquefied Natural Gas (LNG) activities. In line with our strategy to grow our LNG portfolio, as LNG takes on a critical role in providing security of supply for energy consumers at a time of geopolitical instability, we're procuring long-term supply agreements and transacting in shorter-term cargoes. We acknowledge the modern slavery risk existing within the shipping sector, which often employs temporary and low skilled workers who may be more vulnerable to exploitation.

We also recognise the increased likelihood of modern slavery in economically unstable jurisdictions or where the legal frameworks do not incorporate wider human rights considerations. However, we assess the risk of modern slavery occurring within our supply chain as low: cargoes are dropped off or picked up at sophisticated terminals, at which health, safety and environment standards are applied and audits conducted by local energy regulators; operations are heavily automated and managed by subject matter experts, as opposed to requiring low-skilled, manual labour; and activities such as stevedoring (the manual loading/offloading of cargo from a ship) which are more susceptible to modern slavery risk are not required. Robust contractual terms and due diligence checks on vessels, vessel owners and third parties to all transactions further mitigate modern slavery risk.

In support of our continued ambition to invest in low carbon and transition assets, we conducted a new risk assessment into commercial and industrial battery systems in 2022. Our assessment highlighted the emerging modern slavery risks associated with key components within the battery cells which primarily relate to the extraction of cobalt and lithium. In 2023, we will continue to work closely with leading battery system providers to ensure that the controls they have in place across the supply chain remain robust, proactive and support their suppliers to make positive contributions towards sustainable development.

In 2023, we'll also refresh our assessment of major spend categories to identify if there are additional goods and/or services that warrant a risk deep dive.





## Recruitment and fair pay

Our recruitment practices are designed to uphold equal opportunities, compliance with local legislation and ensure the labour we're using is free from modern slavery. In the UK for example, colleagues who work directly for us are subject to various HR processes – from diverse shortlists and recruitment panels, to checks on whether they've the right to work in the country. Temporary labour is also managed via our in-house recruitment team who replicate the same checks to safeguard against modern slavery. If we source labour through external agencies that provide labour for specific jobs, such as security or on-site maintenance, we work with the agencies to ensure our employment requirements are met. These include right to work screening and adopting the “employer pays” principle, so that temporary and permanent workers don't have to pay to work for us.

Outside of the UK, we comply with local rules and regulations to ensure that our colleagues have the right to work in the country. Where permissible by local laws, we apply the same standards to protect against modern slavery as in the UK.

If we acquire a new business that has its own employees, our mergers and acquisitions integration practices verify that everyone has the right to work in the country where they are based.

We also ensure that people who work for us are rewarded fairly. This includes paying at least the Real Living Wage in the UK and upholding equal pay, whilst striving to understand and reduce ethnicity and gender pay gaps.

+ [Read more](https://centrica.com/paygap) at [centrica.com/paygap](https://centrica.com/paygap)

## Training and awareness

Our people play a key role in mitigating risk of modern slavery within our business and supply chain. In 2022, we deployed our mandatory Our Code annual training, which reminds colleagues of the obligation to respect human rights, protect those we work with from any forced or compulsory labour and to address adverse human rights impacts if they occur, amongst other commitments (see page 5). Our Code training was supported by wider communication campaigns tied to key dates like Anti-Slavery Week to help raise awareness of modern slavery by sharing how to identify and report modern slavery concerns. We continued to provide enhanced modern slavery and human rights training to our Procurement colleagues, through workshops and face-to-face training. In line with our target expectations, 75 colleagues received enhanced training during the year, representing 91% of the team. Our Responsible Sourcing Champions continued to provide guidance and support to embed responsible sourcing practices across the Procurement team.

**98%** Colleagues completing  
Our Code training

## Collaboration with partners

As part of our commitment to continuous improvement, we remained engaged with cross-industry initiatives and specialist organisations. We continued our partnerships with the Responsible Sourcing Council and the Institute of Business Ethics to collaborate and improve our responsible business practices. We also engaged with the Utilities Against Slavery working group which includes the Slave Free Alliance, to drive forward collective action to reduce the risk of modern slavery. Additionally, we maintained close collaboration with Solar Energy UK and Solar Power Europe alongside other businesses, to improve transparency across the solar supply chain (see case study).

We continued to share best practice information and resources with suppliers via our online Responsible Labour Practice Toolkit and on our supplier portal at [centrica.com/suppliers](https://centrica.com/suppliers). The portal enables existing and prospective suppliers to access information about our supplier strategy, associated policies and our People & Planet Plan.



### Case study

## Industry-wide collaboration on solar PV panels

Whilst solar panels are a key technology to support the transition to net zero, we're aware of the industry-wide concerns relating to the potential use of forced labour in the solar supply chain.

The risk specifically relates to the manufacturing of solar panels containing polysilicon originating from the Xinjiang region of China, where there are potential links to human rights abuses.

Recognising that the challenge is not one faced by us alone, we've collaborated with others to drive transparency, material traceability and accountability within the supply chain. In 2022, we continued to co-sponsor an industry initiative with Solar Energy UK in partnership with Solar Power Europe, to develop a traceability framework. By the end of 2023, the initiative aims to have established a Code of Conduct, Audit Guidance and a Toolkit, that'll enable a chain of custody solution to be adopted throughout the manufacturing of solar panels that'll help reduce risk by improving transparency and raising standards.

The procurement of polysilicon based solar panels continues to be a key area of focus for us and is subject to careful supplier selection and due diligence, as we continue in our efforts to establish transparency in the solar supply chain.

# How we measure effectiveness

## Governance

Our strategy to manage modern slavery is subject to regular oversight and scrutiny by the Centrica Board's Safety, Environment and Sustainability Committee (SESC), which is comprised of independent non-executive directors. The SESC and the Board are responsible for reviewing and approving the content of the Modern Slavery Statement. In 2022, the SESC reviewed progress against key metrics, and plans relating to our Responsible Sourcing strategy, management of modern slavery risk in supply chain and the 2023 supplier audit plan.

Our Procurement team plays a key role in managing modern slavery risk, with responsibility for mitigating supplier risks identified through due diligence, delivering our audit action plans and embedding responsible business practices into sourcing activity. The work of our Procurement team is supported by our Modern Slavery Governance Group, comprised of representatives from Procurement, Ethics, Responsible Business, Legal, HR and appropriate commercial teams to maintain oversight at management level of the progression of the modern slavery strategy and set the approach for compliance across the business.

## Tracking our progress

We measure the success and performance of our responsible sourcing activities by tracking key data insights. We continue to evolve our set of insights to enable us to track the effectiveness of our modern slavery programmes.

Key data insights	2022
Modern slavery incidents identified	<b>0</b>
On-the-ground site audits completed	<b>9</b>
Sites completing remote worker surveys	<b>6</b> (7,245 surveys deployed)
Response rate to remote worker surveys	<b>27%</b> (against benchmark 20%)
Colleagues completing Our Code training	<b>98%</b>
Procurement colleagues undertaking modern slavery training	<b>91%</b>



# Next steps

In 2023, we aim to further strengthen our approach to managing modern slavery risk. We plan to:

Review and further update the remaining risk profiles for strategic and high-risk suppliers



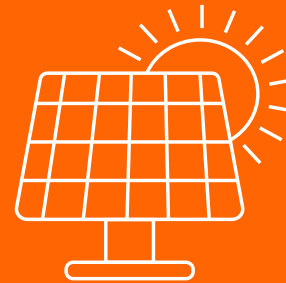
Continue to support the Solar Energy UK and Solar Power Europe initiative to develop the necessary standards and frameworks to manage modern slavery risk in the solar supply chain

Our Modern Slavery Statement was approved by the SESC on 13 February 2023 and by the Board of Directors on 14 February 2023.

For and on behalf of Centrica plc and its subsidiaries, Chris O'Shea, Group Chief Executive, 14 February 2023.



Expand the scope of the site audit programme to include battery systems and solar manufacturers



Continue to deploy and improve our remote worker survey programme across our high-risk suppliers



Refresh our assessment of all major spend categories to identify if there are additional goods and/or services that warrant a deep dive risk assessment



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**[centrica.com/peopleandplanet](https://centrica.com/peopleandplanet)**

### **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, 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, Centrica Services Ltd and Pioneer Shipping Ltd

View Spirit Energy's Modern Slavery Statement at **[spirit-energy.com](https://spirit-energy.com)**

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