

Helping you live sustainably, simply and affordably



Stakeholder Engagement

Stakeholder expectations are rising. They want us to deliver a better service and improved solutions, while contributing positively to society and the environment. Maintaining constructive relationships with stakeholders is therefore crucial as it ensures that our strategy is informed by their views. This helps us create better outcomes for society and our business, which ultimately enables us to help our customers live sustainably, simply and affordably. While our Directors are often responsible for making key decisions as a result of engagement with stakeholders, associated action can be delegated to senior leaders who are best placed to ensure the desired outcome is delivered. These pages set out some of the ways we've engaged key stakeholders on material issues and how they've informed our decisions during 2020.



Customers

Listening to customers helps us to understand their preferences so that we can be truly customer-focused and deliver what they need and want across issues such as customer service, energy efficiency, new products and pricing. Various methods of engagement are used including focus groups and surveys, as well as proposition and usability testing.

Our new purpose

The Board wanted to refresh our purpose to reflect who we are today and provide a stronger vision for the future – something that would speak to the heart of what our customers want, inspire and galvanise our colleagues to give their all and act as a north star for our strategy, while driving positive impact for stakeholders over the long term. And so we set out on a journey to co-create it with stakeholders. We had more than 300 conversations with customers and colleagues who told us that they wanted us to be a better customer champion, support a more secure future by solving problems for their homes and businesses, and help to create a more sustainable world. Using this feedback, over 3,600 customers and 3,200 colleagues selected our new purpose to be: 'Helping you live sustainably, simply and affordably'.

Colleagues

Feedback from colleagues is essential for developing a workplace where everyone is motivated and able to be themselves and deliver for our customers. Issues discussed include reward, development, inclusion and business transformation. Feedback was sought through channels such as townhalls, surveys, performance reviews and structured engagements with trade unions.

Navigating change

We engaged with colleagues and trade unions to ensure their views were considered during our business transformation. Members of the Board held multiple townhalls attended by around 17,000 colleagues to openly discuss why we need to become a simpler and more cost-effective business, and why we need to standardise our terms and conditions (T&Cs). The Board recognises that while it's tried to ensure the new T&Cs are fairer for everyone, a degree of compromise between differing views was required as the consultation drew to a close after 300 hours of negotiation. We made significant concessions including consolidating London weighting into base pay for engineers who would no longer be eligible for this benefit, and supporting colleagues through change by offering transition payments to those who would see benefits decrease. While we made great progress with trade unions and the majority of colleagues accepted the new T&Cs which protected base pay and pensions, GMB union leaders felt the concessions did not go far enough and this regrettably resulted in industrial action. We engaged in further talks with GMB under the auspices of Acas and on the 21 February, we reached an agreement that could be put to GMB Shop Stewards to progress through their agreed internal processes. We'll now move forward and work together through Acas to collectively overcome any remaining challenges, with the aim of rebuilding trust and developing positive and productive working relationships for the future.

➔ [Read more about our purpose on Page 8](#)

➔ [Read more about how we engaged customers on Pages 6, 13 and 32](#)

➔ [Read more about our business transformation on Pages 2 to 3 and 4 to 6](#)

➔ [Read more about how we engaged colleagues on Pages 5, 29, 32 and 52](#)



Investors

Shareholders and debt holders provide funds that help us run and grow our business and they expect a sustainable return. The Directors are conscious of the need to act fairly for all types of investors so when we update on our strategy, financial and operational performance alongside our Environmental, Social and Governance (ESG) issues, we aim to reflect the view of all types of investors to ensure its relevant and fair to them. We regularly engage investors through activities including investor roadshows, meetings and the Annual General Meeting (AGM), as well as responding to information requests and assessments from ratings agencies.

Climate change

Climate change is increasingly important to investors and we've held meetings specifically on this topic with a number of our largest shareholders. Our Group Chief Executive and Group Chief Financial Officer additionally held a roundtable with Climate Action 100+ (CA100+), who represent over 500 investors managing US\$52 trillion in assets. CA100+ supported our sign-up to the Task Force on Climate-related Financial Disclosures (TCFD) and encouraged the Board to strengthen its net zero commitment as well as publish its net zero transition plan later in 2021. We continue to proactively engage CA100+ on a range of issues including policy advocacy, our strategy for a just transition and embedding climate change in remuneration arrangements.

→ [Read more about our People & Planet Plan's net zero goals on Pages 30 to 31](#)

→ [Read more about how we engaged shareholders at the AGM on Pages 26 and 53](#)



Government and regulators

The Directors recognise the importance of a favourable regulatory environment where government or regulatory policy is developed in the interests of customers, and reflects an understanding of our impact on the community and environment. We share our expertise through extensive participation in consultation processes and regular meetings, to support policy development around topics like market design, employment and decarbonisation.

Electric vehicles

With transport being the most polluting sector in the UK, electric vehicles (EVs) are essential in driving us towards net zero. While we fully support the UK Government's ambition to adopt a low carbon transport system, we felt the shift could be accelerated and advocated to bring forward the ban on all new combustion engine vehicles being sold from 2040 to 2030. We discussed with the UK Government how this might be possible – from how our capabilities could help ramp-up the charging infrastructure, to how increased flexibility could reward customers for balancing the grid and keeping charging costs down. Following engagement from us and others, legislation was subsequently brought forward to 2030 although some hybrid vehicles will be allowed until 2035.

Grid flexibility

Harnessing technologies like storage and demand-side response in an open and competitive market for electricity flexibility, is critical to delivering net zero at the lowest cost for customers. After extensive engagement from ourselves and others about this topic with the UK's energy regulator, Ofgem, an obligation was introduced for Distribution Network Operators to procure flexibility before undertaking costly investments to relieve network constraints. This should encourage the continued growth of grid flexibility and ensure the existing infrastructure is fully utilised.

→ [Read more about EV's on Page 30](#)

→ [Read more about engagement with government and regulators on Pages 3 and 36](#)



Suppliers

The Directors fully support collaboration with suppliers to reduce risk in our supply chain and maintain high standards of business conduct, which benefits communities and the environment. We interact with suppliers in many ways such as tendering, surveys and site inspections. We seek to work with suppliers that are aligned to our values, with engagement covering topics like payment practices and strengthening social and environmental compliance.

Maintaining supply

Members of the Board recognised the unprecedented strain suppliers were under when COVID-19 hit, so the Company asked key suppliers how it might be able to help mitigate the immediate challenges. An example of this engagement involved the approval of an advanced payment to a personal protective equipment (PPE) provider, which gave their supplier the additional cash flow needed to pay employees for the unplanned increase in manufacturing. As a result, we not only helped protect wages in our supply chain but we also maintained essential supplies to serve our customers safely.



Communities and NGOs

We're passionate about sharing our expertise and working alongside charities, non-governmental organisations (NGOs) and community groups to create stronger communities. Through collaboration, the Board is armed with a greater understanding of community issues and has full regard of their views, as well as the likely consequences their decisions will have on them – from helping to tackle urgent social issues, to fighting climate change.

Stronger communities

COVID-19 ignited a desire for colleagues to get involved with the emergency response. Through engagement with colleagues and community groups, it was realised that our scale and passion could make a meaningful difference to The Trussell Trust in meeting the rapid rise in demand for food banks at the start of the pandemic. With Director support, British Gas engineers volunteered over 58,000 hours and delivered four million meals to those most in need during April to July. Following positive feedback from The Trussell Trust, MPs, NGOs and colleagues, we've decided to continue our relationship and foster stronger links between our charity partners to provide more holistic support.

➔ [Read more about our supply chain on Page 32](#)

🔗 [Find out more about how we engaged suppliers to safeguard human rights at \[centrica.com/modernslavery\]\(https://centrica.com/modernslavery\)](https://centrica.com/modernslavery)

➔ [Read more about our investment in communities on Pages 29 and 32](#)

🔗 [Find out more about the impact of our Trussell Trust partnership at \[centrica.com/trusselltrust\]\(https://centrica.com/trusselltrust\)](https://centrica.com/trusselltrust)

People and Planet

As society looks to rebuild from COVID-19 and as we emerge from years of business transformation, we have a huge opportunity to refocus and reshape our future to one that's fairer and supports the environment.

That's why we've introduced our People & Planet Plan to create a more inclusive and sustainable future that supports our communities, our customers and each other. The Plan builds on progress made as part of our outgoing Responsible Business Ambitions and accelerates action through five global goals that are focused in areas that matter deeply to our business and society, and where we're well-placed to make a difference.

For our people, we've strengthened our goals to provide a more engaging and inclusive place to work so that we can support every colleague to be themselves and thrive, as well as better serve our customers and communities. And for our planet, we've introduced bolder goals to fight climate change so that we can support every customer to live more sustainably by providing services and solutions that help them be net zero by 2050, while working to become a net zero business ourselves by 2045.

With this sharpened focus, we're confident that we're increasingly putting sustainability at the heart of our business which will empower us to better deliver our purpose of helping our customers live sustainably, simply and affordably, while contributing positively to the United Nations Sustainable Development Goals (SDGs).

Whilst we're on track with most of our goals now, we know that achieving our 2030 goals will be challenging and rightly so. Over the next decade, we'll therefore harness the collective expertise of our colleagues and collaborate with key stakeholders such as governments, partners and local communities, to further shape our plans and drive forward necessary action to deliver the change we all want and need together.

➔ **Explore a fuller list of our non-financial KPIs on**
Pages 222 to 224

🖱️ **Find out more about our People & Planet Plan, SDGs and SASB disclosure at**
centrica.com/sustainability

Our People & Planet Plan

Supporting communities, our planet and each other



People

Supporting every colleague to be themselves to better serve our customers and communities



Planet

Supporting every customer to live more sustainably

By 2030, we want to:

- Create an engaged team that reflects the full diversity of the communities we serve
- Recruit 3,500 apprentices and provide career development opportunities for under-represented groups

By 2045-50, we want to:

- Help our customers be net zero by 2050
- Be a net zero business by 2045

Inspire colleagues to give 100,000 days to build inclusive communities

Doing business responsibly
Underpinned by strong foundations that ensure we act fairly and ethically – from customer service to human rights

People

Colleagues & Communities

Supporting every colleague to be themselves to better serve our customers and communities

Key: Progress against goals ▲ On track ▼ Behind

By 2030, we want to:

Create an engaged team that reflects the full diversity of the communities we serve⁽¹⁾

2020 Progress

	Senior leaders ⁽²⁾	All company
Female	28% ▼	28% ▼
Ethnic minority	13% ▲	13% ▲
Disability	1% ▲	1% ▲
LGBTQ+	1% ▲	1% ▲
Ex-service	1% ▲	1% ▲

(1) This means all company and senior leaders to reflect 47% female, 14% ethnic minority, 15% disability, 3% LGBTQ+ and 3% ex-service by 2030.

(2) Senior leaders includes colleagues above general management and spans senior managers, the Centrica Leadership Team and the Board.

Having an engaged and inclusive team where everyone feels motivated, valued and able to reach their potential, is key to helping us deliver for our customers. That's why we've broadened our inclusion goals to more fully reflect the diverse company we want to be. 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 (see table below), and is a key reason why our female representation in 2020 was lower than we'd like. We're seeking to address this through attracting more women into apprenticeships over the next decade.

Following the Black Lives Matters movement, we listened to colleagues to truly understand how we can create a more diverse and inclusive place to work. As a result, we made a series of commitments to colleagues which included:

- introducing bolder goals to accelerate inclusion (see above) and running a #CountMeIn campaign to encourage the sharing of personal information to better understand our workforce and target action;

- setting up a 'Shadow Board' of diverse colleagues to meet leaders and drive continuous improvement;
- inspiring more leaders into reverse mentoring to grow the skills of diverse talent; and
- mandating unconscious bias training for everyone to help ensure equality.

Our efforts have been recognised by leading indexes such as The Times Top 50 Employers for Women and the Financial Times Top Diversity Leaders in which we featured in the top 100.

By 2030, we want to:

Recruit 3,500 apprentices and provide career development opportunities for under-represented groups

We've repositioned our STEM (Science, Technology, Engineering and Maths) goals as the pipeline of people we wanted to reach wasn't strong enough. We'll now focus on building a more inclusive pipeline to improve entry into STEM careers for people from under-represented groups, including those from disadvantaged backgrounds. Having provided over 500 schools with lessons on energy and the environment via TechWeCan in 2020, we'll broaden development opportunities in 2021 through initiatives such as our world-class apprenticeships and the Movement to Work programme which were paused during COVID-19. Progress against the goal will be reported in 2021.

By 2030, we want to:

Inspire colleagues to give 100,000 days to build inclusive communities⁽³⁾

2020 Progress

10,548 days ▲

(3) Baseline 2019.

Volunteering is an inclusive way of building engagement while strengthening local communities. Between 2019 and 2020, our volunteering days rose by 230% to an all-time high. This was driven by the success of our new partnership with The Trussell Trust to help the foodbank charity deliver four million meals to those most in need during the pandemic. Being able to make a difference in our communities is empowering for colleagues and 98% of volunteers said they felt proud to work for us (read more on page 24).

Our wider diversity breakdown

	Gender ⁽⁴⁾				Ethnicity ⁽⁵⁾	
	2020		2019		2020	2019
	Female Headcount %	Male Headcount %	Female Headcount %	Male Headcount %	Ethnicity Headcount %	Ethnicity Headcount %
Board of Directors	4 (44%)	5 (56%)	2 (17%)	10 (83%)	1 (11%)	3 (25%)
Senior executives and direct reports	44 (37%)	75 (63%)	35 (34%)	67 (66%)	16 (13%)	11 (11%)
Senior leaders	164 (28%)	415 (72%)	224 (29%)	561 (71%)	75 (13%)	81 (10%)
All employees	6,530 (28%)	16,670 (72%)	7,420 (29%)	18,507 (71%)	2,987 (13%)	3,126 (12%)
Field engineer operations ⁽⁶⁾	812 (9%)	8,428 (91%)	304 (6%)	4,399 (94%)	559 (6%)	256 (6%)

(4) Headcount as at 31 December differs from numbers referenced elsewhere in the Annual Report and Accounts due to different methodologies. To accurately reflect the full diversity of our workforce, we use overall headcount numbers rather than a headcount based on their full-time equivalent. In February 2021, female Board representation rose to 50%. Read more about Board diversity on page 52.

(5) Based on 65% of employees in 2020 and 63% of employees in 2019, who voluntarily disclosed that they were from a Black, Asian, Mixed/Multiple or other ethnic group across the UK and North America, which constituted the majority of our workforce in 2020.

(6) Of this, 4% of females are in engineering roles with the rest in support roles.

Planet

Climate Change

Supporting every customer to live more sustainably

Key: Progress against goals ▲ On track ▼ Behind

By 2050, we want to:	2020 Progress
Help our customers be net zero (28% reduction by 2030) ⁽¹⁾	18% reduction ▲

(1) Carbon intensity of our customers' overall energy use including electricity and gas with a 2019 baseline normalised for divestments. Target aligned to the Paris Accord and based on science, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century.

With around 90% of our total carbon emissions coming from our customers, the biggest thing we can do to fight climate change is to help them use energy more sustainably. In 2020, our services and solutions enabled customers to reduce their emissions by 4.9% on average. To further accelerate progress, we set a new target that supersedes this and will help customers be net zero by 2050. We made good progress towards our new goal with the carbon intensity of our customers' energy use reducing by 18% compared to 2019 – equivalent to 4.9mtCO₂e or the annual emissions of 1.7 million UK households. This reduction was delivered through energy efficiency and optimisation solutions, alongside renewable and low carbon energy tariffs.

To help our customers journey towards net zero in 2020, we:

- launched a 'Green Future' renewable energy tariff which is one of the greenest tariffs on the market for green gas and renewable electricity;
- continued to be a leader in developing a low carbon transport system by installing nearly 17,700 electric vehicle charge points since 2013, and joining forces with Volkswagen to deliver installations and tariffs at scale;
- concluded our £19 million Cornwall Local Energy Market trial whereby over 200 homes and businesses generated, traded and stored renewable energy over three years, and is now a blueprint for a smarter, flexible grid that can support more renewables while avoiding expensive network upgrades; and
- partnered to build the world's first net zero industrial cluster in the UK by 2040 using hydrogen, carbon capture and storage technology.



Net zero fleet

We've brought forward our target to electrify our 12,000-strong British Gas fleet by 2025 from 2030, and introduced plans to never purchase another combustion engine vehicle. We've ordered 3,000 electric vehicles (EVs) with Vauxhall, the largest commercial EV order of its kind in the UK, and will order more once availability allows.

We also provided 2.6GW of flexible, distributed and low carbon technology and a route-to-market for renewables with 11GW under management.

By 2045, we want to:	2020 Progress
Be a net zero business (40% reduction by 2034) ⁽²⁾	18% reduction ▲

(2) Scope 1 (direct) and 2 (indirect) greenhouse gas emissions based on operator boundary and normalised for acquisitions and divestments against a 2019 baseline, with target aligned to the Paris Accord and based on science. This differs from total carbon emissions set out in the table below, which includes all emissions at time of ownership.

As part of our strategic transformation, we produce over 80% less carbon than we did a decade ago (see Strategy overleaf). Towards our new target to be net zero by 2045, our total carbon emissions⁽²⁾ in 2020 decreased by 18% from 2019, with savings largely linked to less upstream generation and production as a result of COVID-19 and outages. Meanwhile our internal carbon footprint across property, fleet and travel declined by 30% largely due to reduced travel and property use during the pandemic. Savings were also achieved through low carbon fleet initiatives like installing GPS and 'right sizing' vehicles to smaller and more efficient models, delivering property efficiencies across lighting, heating and cooling systems, alongside savings arising from the restructuring of our business. This brings our overall reduction to 58% against our 35% target for 2015-25, and we'll now retire this measure to focus on our new net zero goal.

Our energy and carbon emissions

	2020	2019
Total carbon emissions (Scope 1 and 2)	1,925,747tCO ₂ e [†]	2,512,141tCO ₂ e ⁽³⁾
Scope 1 emissions	1,885,449tCO ₂ e [†]	2,474,794tCO ₂ e ⁽³⁾
Scope 2 emissions	40,299tCO ₂ e [†]	37,347tCO ₂ e
Scope 3 emissions ⁽⁴⁾	115,828,220tCO ₂ e	127,209,632tCO ₂ e
Total carbon intensity by revenue	92tCO ₂ e/£m ⁽⁵⁾	111tCO ₂ e/£m ⁽⁶⁾
Total energy use	8,331,421,261kWh ⁽⁷⁾	10,095,173,370kWh ⁽⁸⁾

We report on an equity basis with practices drawn from WRI/WBCSD Greenhouse Gas Protocol, IPIECA's Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions and Defra's Environmental Reporting Guidelines. We will transition to an operational basis from next year.

† Included in DNV GL Business Assurance Services UK Limited (DNV)'s independent limited assurance report. See page 222 or centrica.com/assurance for more details.
 (3) Restated due to availability of improved data. (4) Includes emissions associated with gas and power sold to customers, purchased goods and services alongside business travel and commuting which was expanded to include emissions from colleagues working from home during COVID-19. All emissions are calculated in line with the methodologies set out by the Greenhouse Gas Protocol's technical guidance, apart from working from home emissions which are based on methodology set out in EcoAct's homeworking emissions whitepaper. (5) Comprises UK 85tCO₂e/£m and non-UK carbon intensity by revenue 99tCO₂e/£m. Total is a weighted average of component parts. (6) Comprises UK 116tCO₂e/£m and non-UK carbon intensity by revenue 107tCO₂e/£m. (7) Comprises UK & Offshore 2,678,890,009kWh and non-UK energy use 5,652,531,252kWh. (8) Comprises UK & Offshore 3,130,631,079kWh and Non-UK energy use 6,964,542,291kWh.

Task Force on Climate-related Financial Disclosures

Climate change is one of the greatest challenges facing society. The energy sector has a key role to play in helping the world transition to net zero and we're committed to playing our part. That's why we became signatories of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020, and why we're working hard to improve our disclosure and more fully align with the framework when it becomes mandated in 2021.

Governance

The Board has direct oversight of climate-related issues. It agrees our position and commitments on climate change with the support of its Committees, and works alongside senior managers in Group Strategy & Environment who develop our climate strategy, as well as Group Risk who manage integration into the Enterprise Risk Management (ERM) process. In 2020, the Board's Safety, Environment and Sustainability Committee (SESC), formerly the Safety, Health, Environment, Security and Ethics Committee, met to review performance against climate targets as well as the opportunity to strengthen our net zero commitments, which were later approved by the Board. To continuously improve governance in this area, Board members will receive climate change training during 2021.

Strategy

We're focused on helping our customers live sustainably, simply and affordably. As part of our net zero goals (see previous page), we'll drive emissions out of our business through a range of initiatives including completing our strategic transformation to focus on the customer by exiting interests in exploration and production, converting our fleet to electric, and expanding energy efficiency, onsite generation and green tariffs across our sites. For our customers, we'll help cut carbon across power, heat and transport with the roll-out of energy efficiency and optimisation solutions like Hive, fuel switching with technologies including electric vehicle charging solutions, hybrid heat pumps and hydrogen, while providing cleaner energy through products such as green tariffs, demand side response and a cleaner fuel mix. During this period, we recognise that gas will be an important transition fuel.

We've assessed the strategic risks and opportunities of decarbonisation and made good progress on scenario analysis using the National Grid Future Energy Scenarios in addition to our own in-house model. For example, we've assessed various scenarios including 1.5°C, that explore alternative technology pathways such as electrification and hydrogen, together with the financial risks and opportunities these pose to our main businesses. Based on modelling so far, we believe we're well positioned to offset potential adverse impacts by adapting our technical capabilities and engaging our customers to harness opportunities as we transition to net zero. We'll publish our net zero transition plan in 2021 and continue to assess our strategy in line with the needs of the energy transition, as well as the views of our stakeholders (see page 23).

Risk management

Climate change risks in 2020 were primarily managed through our ERM process. Risk profiles were produced at a business level with Board-level oversight of climate-related risks maintained by the SESC. The Group Strategy & Environment team additionally provided horizon scanning, testing and calibration. Meanwhile, we enhanced our understanding of longer-term risks relating to our scenario analysis and shared them at the annual Board Planning Conference, which considers how the market environment, technology and policy are influenced by climate change.



TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Became signatories of the
**Task Force on Climate-related
Financial Disclosures in 2020**

CDP
DISCLOSURE INSIGHT ACTION

Rated 'A' for leadership in
action and disclosure on
climate change by CDP

Our near- and long-term climate-related risks include:

- **transitional risks** which mainly relate to potential policy and regulatory changes that are considered 'high' in terms of significance and likelihood over the longer term. For example, policy development could trigger changes that affect our range of customer offerings and revenue. These include market and technology changes that shift demand such as customers moving to electric heating which would reduce the demand for gas and related products like gas boilers or, it could adversely affect the longer term viability of products like Combined Heat and Power units (CHPs) which are a viable transition technology but reliant on fossil fuels; and
- **physical risks** are low in the near term and 'low-to-medium' in the longer term for significance and likelihood. Changes in temperature, for instance, could impact energy demand for heating and cooling, while less predictable weather might limit the accuracy of demand forecasting. Both risks could adversely affect revenue.

Significant opportunities have also been identified. These include areas where we already have a leadership position or where we're well-placed to ramp up our involvement when the time is right – from the installation and maintenance of EV charge points, heat pumps and hydrogen boilers, to hydrogen storage and trading.

Metrics and targets

We were early adopters of best practice reporting of greenhouse gas emissions and have a strong track record in setting and achieving climate-related targets. We monitor and report our global scope 1, 2 and 3 emissions and in 2020, strengthened existing targets to help our customers and business be net zero by 2045-50 (see previous page). These goals are aligned to the Paris Accord which is a global agreement to keep temperature rise well below 2°C above pre-industrial levels, and pursue efforts to limit the increase to 1.5°C. Delivering our targets is in part dependent on having a policy and regulatory environment that supports our net zero objectives, and so we have continued to advocate for positive policy development relating to issues like the decarbonisation of heat, transport and increased flexibility.

Our Foundations

Our People & Planet Plan is underpinned by strong foundations that ensure we act fairly and ethically

Customers

2020 was a challenging year for many customers and we wanted to be there for them. We spent £216 million in mandatory and voluntary contributions to help those who struggled to pay for their energy. For example, over 570,000 customers were supported through the UK's Warm Home Discount Scheme while additional assistance was prioritised for those impacted by the pandemic. This included over 80,000 of British Gas' most vulnerable customers receiving extra help through advance credit (prepayment customers) or deferred payments (credit customers). And on top of providing energy advice and grants for customers and non-customers via the British Gas Energy Trust, the Trust also created an £800,000 COVID Response Fund to support frontline money and energy advice organisations. Good customer service levels were additionally maintained to help us solve customer issues (see pages 13 to 15).

Colleagues

We want our people to feel safe, engaged and rewarded. There were no process safety Tier 1 or 2 events in 2020 and our total recordable injury frequency rate (TRIFR) improved by 3% to 1.03 per 200,000 hours. During COVID-19, all field workers were also provided with personal protective equipment (PPE) and operated in line with government guidance to keep themselves and our customers safe. We strive to continuously improve our safety performance by working to ensure that safety is front-of-mind and reinforcing a strong safety culture, while improving controls and monitoring. Alongside physical health, we were mindful of the impact COVID-19, coupled with the reorganisation of our business, could have on mental health. We helped provide peace of mind by ensuring everyone had the flexibility to adjust working hours to accommodate caring responsibilities and temporarily amended policies to ensure COVID-related absence wouldn't impact pay. We additionally ran campaigns that talked about the importance of being open about mental health, encouraged use of our mental health suite which includes the 'Unmind' Wellbeing app and support available via our Mental Health First Aiders. The reorganisation also regrettably contributed to our engagement score declining by 1% to 42% favourable. We have a big opportunity to improve engagement following our transformation by connecting colleagues with our purpose while creating a more inclusive and supportive place to work.

We reward our people fairly. This includes paying at least the Living Wage in the UK and upholding equal pay. Our gender pay gap rose by 5% to 35% median and continues to be due to more men working in higher paid senior and technical roles like engineering. To improve transparency, we also voluntarily published our ethnicity pay gap which was 14% median and is driven by similar factors to our gender pay gap. Tackling the pay gap is not quick or easy, and we expect our performance to fluctuate in the short term as we transform our business and as our People & Planet Plan gets fully underway (see page 29).

Communities

Our Code and Our Values help us operate in a way that's beneficial to society by setting out the high standards and behaviours we expect from those who work for us or with us. For example, Our Code includes our commitment to uphold and protect human rights. We take action to ensure our people and workers in our supply chain are safeguarded from abuses through activities like undertaking human rights training, due diligence and monitoring



Supporting mental health

Our 130-strong network of Mental Health First Aiders provide vital support and encourages preventative action

of supplier selection and renewal, as well as conducting site inspections across our supply chain and, to date, we've found no instances of modern slavery. Clear guidance is also provided on avoiding bribery and corruption. We prohibit any improper payments, including facilitation payments, regardless of value or the jurisdictions in which we operate, and exchange gifts and hospitality responsibly. To further reduce risk, anti-bribery training is provided to colleagues in higher risk roles and our Financial Crime team run third-party risk management screening to reduce threats. We also undertake due diligence and monitoring across supplier selection, contract renewals and our gifts and hospitality and conflicts of interest registers. During 2020, 96% of colleagues completed refresher training on Our Code and confirmed they would uphold its standards and principles. A confidential Speak Up helpline is available to anyone who suspects Our Code is being violated. In 2020, we had 1.43 reports per 100 employees which is largely in line with the external benchmark of 1.40 per 100 employees, and demonstrates that colleagues feel safe to speak up. All reports are investigated by the Ethics & Compliance team, with quarterly monitoring via the SESC and the Audit and Risk Committee, with matters being brought to the attention of the Board as appropriate.

We want to be a force for good in our communities. Towards this in 2020, we donated over £3 million in charitable contributions which includes support for our flagship partners The Trussell Trust, Carers UK and Focus Ireland (see page 24). We also assessed a further 63 suppliers on their social and environmental standards which includes human rights. Overall, our sustainability score remains healthy at 54 (low risk) which is better than the multi-industry average of 45 (medium risk). If suppliers receive a high-risk rating, we consider appropriate action which may involve conducting a site visit to better understand the level of risk, or ending our relationship and reporting the abuse. By the end of 2020, five site visits/revisits had been completed in China, Bangladesh, Pakistan and Cambodia to review labour standards which included human rights and was down from nine site visits/revisits in 2019 due to the impact of COVID-19. Findings from the site visits were reassuring and resulted in five action plans to help our suppliers continuously raise standards. To maintain appropriate oversight during the pandemic, we've targeted questionnaires to our highest risk suppliers and will roll out remote worker surveys in 2021.

Environment

We closely monitor and manage our wider environmental impact. During 2020, our water consumption dropped by 41% to 306,361m³ while our waste declined 26% to 27,299 tonnes. The main factors behind this decline were reduced activity and occupancy levels during the pandemic alongside our exit from two power stations.

Non-Financial Information Statement

In line with the Non-Financial Reporting Directive, we have set out where the relevant information we need to report against can be found.


This includes an explanation of the relevant Group policies which relate to the below matters and an overall summary of their effectiveness, including specific examples of how these policies are implemented, any due diligence processes conducted and outcomes.


Reporting requirement	Section	
Business model	Business Model – Pages 10 to 11	
Reporting requirement and policy position	Due diligence and outcome	Impact of COVID-19
Our Code represents a high-level summary of our key policies and forms the foundation for how we do business. Read more at centrica.com/ourcode		
<p>Colleagues</p> <p>Our policy states that we work collaboratively to create a workplace that has a respectful and inclusive culture while offering fair reward and recognition. We're also committed to working safely and provide proactive support to ensure colleague's health and wellbeing.</p>	<ul style="list-style-type: none"> Stakeholder Engagement – Pages 22 and 26 People and Planet – Pages 29 and 32 Principal Risks and Uncertainties: Capability of People, Process & Systems and Health, Safety, Environment: Process Containment – Pages 38 and 39 Key Performance Indicators (KPIs) – Pages 13, 29, 32, 222 and 223 	<ul style="list-style-type: none"> Chairman's Statement – Pages 2 to 3 Stakeholder Engagement – Pages 22, 26 and 27 People and Planet – Page 32 Principal Risks and Uncertainties: Health, Safety, Environment: Process Containment – Page 39
<p>Environmental matters</p> <p>The policy sets out that we endeavour to understand, manage and reduce our environmental impact. Towards this, we will play our part in the transition to net zero.</p>	<ul style="list-style-type: none"> Stakeholder Engagement – Page 23 Principal Risks and Uncertainties: Weather Risk – Pages 36 and 38 People and Planet – Pages 30 and 31 KPIs – Pages 30, 222 and 224 	<ul style="list-style-type: none"> People and Planet – Pages 30 and 32
<p>Social matters</p> <p>Our policy states that we will treat all of our customers fairly. As part of this, we strive to provide services and solutions that meet their needs as well as care for customers who need extra support. We also want to make a difference and help create more inclusive communities. We partner with community organisations on key issues and inspire colleagues to volunteer.</p>	<ul style="list-style-type: none"> Stakeholder Engagement – Pages 22, 24 and 27 People and Planet – Pages 29 and 32 KPIs – Pages 13 to 15, 29, 32 and 223 to 224 	<ul style="list-style-type: none"> Chairman's Statement – Pages 2 to 3 Stakeholder Engagement – Pages 24 and 26 People and Planet – Page 32 Principal Risks and Uncertainties: COVID-19 and Legal, Regulatory & Ethical Compliance – Pages 35 and 39
<p>Human rights</p> <p>The policy commits that wherever we work in the world, we respect and uphold the fundamental human rights and freedoms of everyone who works for us or with us.</p>	<ul style="list-style-type: none"> Stakeholder Engagement – Page 24 People and Planet – Page 32 KPIs – Pages 32 and 223 	<ul style="list-style-type: none"> Stakeholder Engagement – Page 24 People and Planet – Page 32
<p>Anti-bribery and corruption</p> <p>Our policy commits us to working with integrity, within the laws and regulations of all the countries in which we operate and in accordance with recognised international standards. This includes not offering or accepting bribes or other corrupt practices. We will not tolerate any form of bribery or corruption from suppliers.</p>	<ul style="list-style-type: none"> People and Planet – Page 32 Principal Risks and Uncertainties: Legal, Regulatory and Ethical Compliance – Page 39 Based on materiality, KPIs specific to anti-bribery and corruption are not reported externally 	<ul style="list-style-type: none"> No material impact

People and Planet – Performance Measures

We engaged DNV GL Business Assurance Services UK Limited (DNV) to undertake a limited assurance engagement using the International Standard on Assurance Engagements (ISAE) 3000 (Revised): ‘Assurance Engagements Other Than Audits or Reviews of Historical Financial Information’. DNV has provided an unqualified opinion in relation to four KPIs that are identified with the symbol ‘†’ and feature on pages 30 and 224. It is important to read the responsible business information in the Annual Report and Accounts 2020 in the context of DNV’s full limited assurance statement and Centrica’s Basis of Reporting, which are available at centrica.com/assurance.














 [Read more about our People & Planet Plan on Pages 28 to 33](#)

 [Read more about our wider non-financial performance at centrica.com/datacentre](http://centrica.com/datacentre)

 [Read more about our SASB disclosure at centrica.com/sustainability](http://centrica.com/sustainability)

Progress against our People & Planet Plan

Key: Progress against Ambitions  On track  Behind

Goal	Milestone	2020 Progress ⁽ⁱ⁾	
Create an engaged team that reflects the full diversity of the communities we serve by 2030 – this means all company and senior leaders to be:	All company and senior leaders to be by 2022:	All company⁽ⁱⁱ⁾:	Senior leadership⁽ⁱⁱⁱ⁾:
<ul style="list-style-type: none"> • 47% female • 14% ethnic minority • 15% disability • 3% LGBTQ+ • 3% ex-service 	<ul style="list-style-type: none"> • 30% female • 13% ethnic minority • 4% disability • 3% LGBTQ+ • 3% ex-service 	<ul style="list-style-type: none"> • 28% female  • 13% ethnic minority  • 1% disability  • 1% LGBTQ+  • 1% ex-service  	<ul style="list-style-type: none"> • 28% female  • 13% ethnic minority  • 1% disability  • 1% LGBTQ+  • 1% ex-service 
Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030 (baseline: 2021)	1,000 apprentices by 2022	– ⁽ⁱⁱⁱ⁾	
Inspire colleagues to give 100,000 days to build inclusive communities by 2030 (baseline: 2019)	20,000 days by 2022	10,548 days	
Help our customers be net zero by 2050 ^(iv) (baseline: 2019)	28% carbon intensity reduction by 2030	18% reduction	
Be a net zero business by 2045 ^(v) (baseline: 2019)	40% carbon reduction by 2034	18% reduction	

(i) Our People & Planet Plan was introduced in 2021 to accelerate action in areas where we can make the greatest difference. The Plan builds on our 2030 Responsible Business Ambitions and where our outgoing goals directly support our new goals, we have provided 2019 performance to transparently demonstrate progress: 29% female representation in senior leadership, 10% ethnic minority representation in senior leadership, 29% female representation across all company, 12% ethnic minority representation across all company, 362 young people from under-represented groups supported with skills, 2,452 volunteering days, 3.9% customer carbon emission reduction and 39% internal carbon footprint reduction since 2015. More detail on our outgoing climate goals are on page 224.

(ii) Ethnicity is based on 65% of colleagues in 2020 and 63% of colleagues in 2019 who voluntarily disclosed whether they are from a Black, Asian, Mixed/Multiple or other ethnic group across the UK and North America. Senior leaders includes colleagues above general management and spans senior managers, the Centrica Leadership Team and the Board.

(iii) Performance against the goal will be reported in full from 2021. This is because our apprenticeship goal is a new focus for 2021 onwards, while many wider training opportunities were paused in 2020 due to COVID-19.

(iv) Carbon intensity of our customers’ overall energy use including electricity and gas with a baseline normalised for divestments. Target aligned to the Paris Accord and based on science, corresponding to a well below 2°C pathway initially and 1.5°C by mid-century.

(v) Scope 1 (direct) and 2 (indirect) greenhouse gas emissions based on operator boundary and normalised for acquisitions and divestments, with target aligned to the Paris Accord and based on science. This differs from total carbon emissions reported on page 224 which includes all emissions at time of ownership.

Progress against our Foundations

People

Metric	2020	2019	What's next
Customers			
Brand net promoter score (NPS) ⁽ⁱ⁾	+13.8⁽ⁱⁱ⁾	+15.1 ⁽ⁱⁱⁱ⁾	Continue to deliver new services and solutions that help our customers live sustainably, simply and affordably
Complaints per 100,000 customers ⁽ⁱ⁾	2,569^(iv)	3,429 ^(v)	Maintain focus on driving down complaints by improving customer service
Vulnerable customers helped through the UK Warm Home Discount Scheme	570,304	618,881	Ensure customers in vulnerable circumstances receive the help they need to stay warm, safe and debt-free
Customer safety incident frequency rate per 1,000,000 jobs completed	3.85	2.85	Consistently follow existing controls as well as encourage customers to maintain distance from work areas

(i) Measure linked to Executive Director remuneration arrangements. See pages 70 and 73 for more information.

(ii) Aggregated scores across British Gas Home +8, Direct Energy Home +32, Bord Gáis Energy -5, Hive +40, British Gas Business -1 and Direct Energy Business +39, weighted by customer numbers.

(iii) Business divisions have been updated to better align with how we now operate. Aggregated scores across British Gas Home and Dyno +8 (previously combined under the outgoing UK Home division reported prior to 2020), Direct Energy Home +29, Bord Gáis Energy +23, Hive +39, British Gas Business +1 and Direct Energy Business +32, weighted by customer numbers.

(iv) Aggregated scores across British Gas Energy Supply 3,616 as reported to Ofgem, British Gas Home Services 2,234 as reported to the FCA, Bord Gáis Energy 5 as reported to the Commission for Regulation of Utilities, Water and Energy (CRU), Direct Energy Home Energy 42 as reported by various regulatory bodies, British Gas Business 3,369 as reported to Ofgem and Direct Energy Business 17 as reported by various regulatory bodies and weighted by customer accounts.

(v) Aggregated scores across British Gas Home Energy Supply 5,182 as reported to Ofgem, British Gas Home Services 2,388 as reported to the FCA, Bord Gáis Energy 4 as reported to the Commission for Regulation of Utilities, Water and Energy (CRU), Direct Energy Home Energy 65 as reported by various regulatory bodies, British Gas Business 3,825 as reported to Ofgem and Direct Energy Business 27 as reported by various regulatory bodies and weighted by customer accounts.

Metric	2020	2019	What's next
Colleagues			
Employee engagement ⁽ⁱ⁾	42% favourable	43% favourable	Endeavour to improve employee experience which includes connecting colleagues with our purpose and enabling them to perform at their best
Gender pay gap ⁽ⁱⁱ⁾	21% mean 35% median	14% mean 30% median	Drive action through our People & Planet Plan to create an engaged team that reflects the full diversity of the communities we serve
Gender bonus gap ⁽ⁱⁱⁱ⁾	26% mean 5% median	29% mean 23% median	
Ethnicity pay gap ^{(iii) (iv)}	8% mean 14% median	– ^(vi)	
Ethnicity bonus gap ^{(iii) (iv)}	14% mean 16% median	– ^(vi)	
Retention	85%	80%	Support employees through restructuring and improve retention by enhancing employee experience and talent development
Absence per full-time employee ^(vii)	15 days	14 days	Strive to reduce absence through good management practices alongside proactive support and education on the importance of overall health, and how physical and mental health are connected
Total recordable injury frequency rate (TRIFR) per 200,000 hours worked ⁽ⁱ⁾	1.03	1.06	Drive down TRIFR and LTIFR by keeping safety front-of-mind and reinforcing a strong safety culture while adhering to existing controls and monitoring
Lost time incident frequency rate (LTIFR) per 200,000 hours worked	0.72	0.58	
Process safety incident frequency rate (Tier 1 and 2) per 200,000 hours worked ⁽ⁱ⁾	0.00	0.08	Continue to ensure robust operational controls and operator competencies, timely safety-critical maintenance programmes and effective performance management
Significant process safety events (Tier 1)	0	0	
Fatalities	0	0	Maintain zero fatalities

(i) Measure linked to Executive Director remuneration arrangements. See pages 70 and 73 for more information.

(ii) Measured through responses to annual survey asking employees to rate their level of advocacy, pride, loyalty and satisfaction.

(iii) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot dates of 5 April 2018 and 2019. Read our Gender and Ethnicity Pay Statement to find out more at centrica.com/paygap.

(iv) Includes anyone receiving a bonus during the 12-month period leading up to the pay gap snapshot date and who are still employed on the snapshot date.

(v) Based on 65% of colleagues who confirmed whether they are from a Black, Asian, Mixed/Multiple or other ethnic group.

(vi) We voluntarily published our ethnicity pay gap for the first time in 2020 and so there is no 2019 performance available.

(vii) Relates to absence from sickness rather than wider forms of absence such as bereavement.

Metric	2020	2019	What's next
Communities			
Total community contributions	£219.7 million⁽ⁱ⁾	£167.0 million ⁽ⁱⁱ⁾	Help create more inclusive communities and grow colleague engagement via our flagship charity partnerships with the Trussell Trust, Carers UK, British Gas Energy Trust and Focus Ireland
Average sustainability risk score (score out of 100) ⁽ⁱⁱⁱ⁾	54 (low risk)	59 (low risk)	Continue to monitor and raise standards to reduce risk across our supply chain, particularly among higher risk strategic suppliers
Ethical site inspections undertaken for higher risk suppliers	5	9	
Colleagues committed to Our Code	96%	82%	Ensure all colleagues uphold Our Code as part of our commitment to doing the right thing and acting with integrity

- (i) Comprises £216.4 million in mandatory and £0.5 million in voluntary contributions which largely support vulnerable customers, alongside £2.8 million in charitable donations which includes £0.3 million in contributions from third parties such as employee fundraising.
- (ii) Restated due to availability of improved data. Comprises £164.0 million in mandatory and £0.3 million in voluntary contributions alongside £2.8 million in charitable donations which includes £0.5 million in contributions from third parties such as employee fundraising. Aggregated component values differ from total due to rounding.
- (iii) A score near 100 is low risk. High-risk companies have limited or no tangible actions on sustainability, medium-risk companies take partial tangible action on selected sustainability issues, low-risk companies have a structured sustainability approach with policies and action to manage major sustainability issues while lowest-risk companies have strong sustainability credentials and reporting embedded across their business.

Planet

Metric	2020	2019	What's next
Carbon			
Total carbon emissions (Scope 1 and 2) ⁽ⁱ⁾	1,925,747tCO₂e[†]	2,512,141tCO ₂ e ⁽ⁱⁱ⁾	Measure and reduce our emissions and those of our customers through our People & Planet Plan, whereby we aim to be a net zero business by 2045 and help our customers be net zero by 2050
Scope 1 emissions	1,885,449tCO₂e[†]	2,474,794tCO ₂ e ⁽ⁱⁱ⁾	
Scope 2 emissions	40,299tCO₂e[†]	37,347tCO ₂ e ⁽ⁱⁱⁱ⁾	
Scope 3 emissions ^(iv)	115,828,220tCO₂e	127,209,632tCO ₂ e	
Total carbon intensity by revenue	92tCO₂e/£m^(v)	111tCO ₂ e/£m ^(vi)	Continue to analyse the impact of our strategy on decoupling carbon from value creation
Annual customer carbon savings from measures installed	4,419,549tCO₂e	3,045,458tCO ₂ e ^(vii)	Deliver services and solutions that help our customers achieve net zero by 2050
Total energy use	8,331,421,261kWh^{† (viii)}	10,095,173,370kWh ^(ix)	Remain focused on energy efficiency as we strive to be a net zero business by 2045
Help our customers reduce emissions by 25% by direct (3%) and indirect action (baseline: 2015)	4.9%	3.9%	Our outgoing Responsible Business Ambitions were all on track by the end of 2020 – these goals have since been superseded by our People & Planet Plan which amplifies our commitment to help our customers be net zero by 2050 and be a net zero business by 2045
Deliver 7GW of flexible, distributed and low carbon technologies as well as provide system access and optimisation services	2.6GW	2.6GW ^(x)	
Reduce our internal carbon footprint by 35% by 2025 and be net zero by 2050 (baseline: 2015)	58% reduction (38,368tCO₂e)	39% reduction (55,145tCO ₂ e) ⁽ⁱⁱⁱ⁾	
Water, waste and non-compliance			
Total water use	306,361m³	516,836m ³	Effectively monitor, manage and reduce our water use and waste production, as well as our incidence of environmental non-compliance
Total waste generated	27,299 tonnes	36,814 tonnes ^(vi)	
Environmental non-compliance ^(x)	9	42	

† Included in DNV's limited assurance scope referenced on page 222.

(i) Comprises Scope 1 and Scope 2 emissions as defined by the Greenhouse Gas Protocol.

(ii) Restated due to availability of improved data. Previous figures included in PwC's limited assurance scope for the 2019 Annual Report were: Total carbon emissions 2,283,514tCO₂e, Scope 1 emissions 2,246,167tCO₂e, Scope 2 emissions 37,347tCO₂e and Flexible capacity 2.7GW. See centrica.com/responsibility/downloads to view PwC's assurance statement and Centrica's Basis of Reporting.

(iii) Included in PwC's limited assurance scope for the 2019 Annual Report.

(iv) Includes emissions associated with gas and power sold to customers, purchased goods and services alongside business travel and commuting which was expanded to include emissions from colleagues working from home during COVID-19. All emissions are calculated in line with the methodologies set out by the Greenhouse Gas Protocol's technical guidance, apart from working from home emissions which are based on methodology set out in EcoAct's homeworking emissions whitepaper.

(v) Comprises UK 85tCO₂e/£m and non-UK carbon intensity by revenue 99tCO₂e/£m. Total is a weighted average of component parts.

(vi) Restated due to availability of improved data.

(vii) Comprises UK 116tCO₂e/£m and non-UK carbon intensity by revenue 107tCO₂e/£m. Total is a weighted average of component parts.

(viii) Comprises UK & Offshore 2,678,890,009kWh and non-UK energy use 5,652,531,252kWh.

(ix) Comprises UK & Offshore 3,130,631,079kWh and Non-UK energy use 6,964,542,291kWh.

(x) Includes breaches of environmental authorisation including permit, licence and consent coupled with wider environmental legislation where we are either required to notify the regulator or where an authority or regulator is involved. The majority of incidents relate to offshore activities.