

# Our Gender & Ethnicity Pay Statement 2021 (UK)

Supporting every colleague  
to be themselves and thrive



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**centrica**

# Chief Executive introduction



**We've a fantastic team and I'm determined to do all I can, to ensure that Centrica is a place where everyone feels they belong and can have a brilliant career. That's why diversity and inclusion is a top priority for me and the company.**

This isn't just the right thing to do; it's essential for our business. Because to help our customers live sustainably, simply and affordably, we need the best team – a diverse mix of people and skills, who understand and can deliver for our customers.

That's why in 2021, we took our commitment to diversity and inclusion (D&I) a step further. We introduced bolder goals to drive greater representation via our People & Planet Plan (see right), we co-created an action plan with colleagues to help deliver our goals, and we advanced transparency by being one of few companies to voluntarily publish its ethnicity pay gap. And through these efforts and more, I'm pleased to say that we're starting to see some strong progress – from achieving gender parity at a Board level and being on track with the ambition for 50% of our engineering apprentices to be women, to reducing our gender and ethnicity pay gap.

## Our People & Planet goals:

**Create an engaged team that reflects the full diversity of our communities by 2030<sup>1</sup>**

This means all company and senior leaders to be:

**47%** Women


**14%** Ethnically diverse

**15%** Disability

**3%** LGBTQ+

**3%** Ex-service

**Recruit 3,500 apprentices and provide career development opportunities for under-represented groups by 2030**

 **Read more on page 13 or explore our wider goals at [centrica.com/peopleandplanet](https://centrica.com/peopleandplanet)**

<sup>1</sup> In line with 2011 Census data for working populations.

Whilst colleagues tell me they feel more included and we're making the right steps, we know we can and must do more. So we've enhanced our commitment in 2022 and beyond, by further evolving our approach to ensure we attract more diverse talent, promote more diverse talent and lose less diverse talent (see page 11).

I'm under no illusions that further progress will be quick or easy, which might be disappointing to hear. The factors that contribute to inequality across society, the energy sector and our business, are complex and it'll take time to truly tackle these issues and ensure inclusion is part of our DNA. But I'm fully committed to making this happen and I'm confident that together, we can gradually close our pay gap and achieve a more inclusive and sustainable future for all.

“**We've enhanced our commitment in 2022 and beyond, by further evolving our approach to ensure we attract more diverse talent, promote more diverse talent and lose less diverse talent.**”

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





# Explaining the pay gap

## What is the pay gap?



- The **gender pay gap** measures the gap between the average pay for women against the average pay for men. It's a legal requirement to publish our pay gap in the UK.
- The **ethnicity pay gap** measures the difference between the average pay for ethnically diverse<sup>2</sup> and non-ethnically diverse colleagues, based on everyone who has disclosed their ethnicity. It's not a legal requirement for us to publish our ethnicity pay gap yet, but we think it's the right thing to do and have used the gender pay gap methodology to help us do it.
- **Pay gaps can be influenced** by business practices as well as long-standing societal factors, such as the subjects people typically chose at school or who tends to take on more family duties at home. This has led to persistent pay gaps in the UK and beyond.

**15%** UK average median gender pay gap<sup>3</sup>

**2%** UK average median ethnicity pay gap<sup>4</sup>

## How's it different to equal pay?



- Upholding equal pay is a legal requirement in the UK and we do just that.
- 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.
- So we use the Hay Job Evaluation methodology to standardise job grading and run equal pay audits amongst other activities annually.
- When comparing pay across equivalent roles, we have a negligible gap which demonstrates that we pay colleagues fairly.

**0.7%** Our median equal pay gap for gender

**-0.6%** Our median equal pay gap for ethnicity<sup>5</sup>

## What's the median?



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

## What's the mean?



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

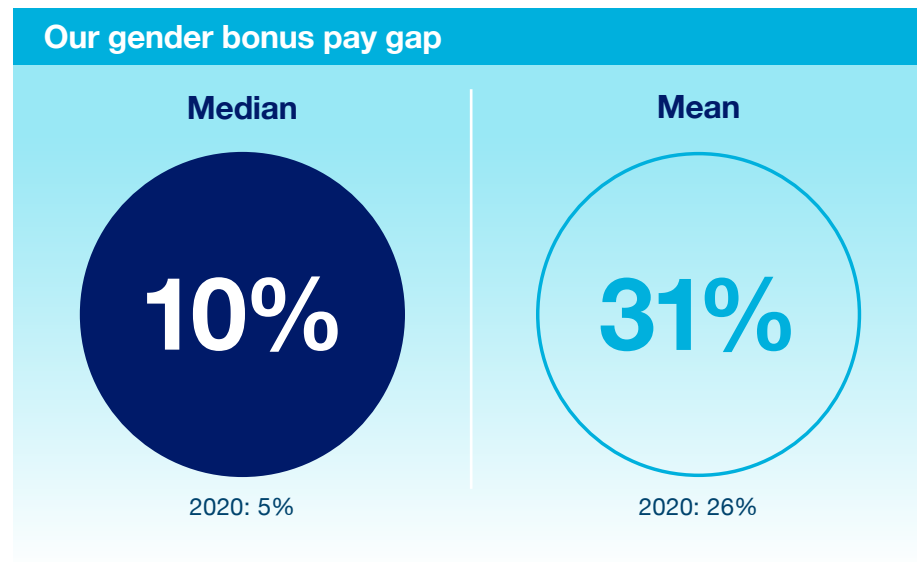
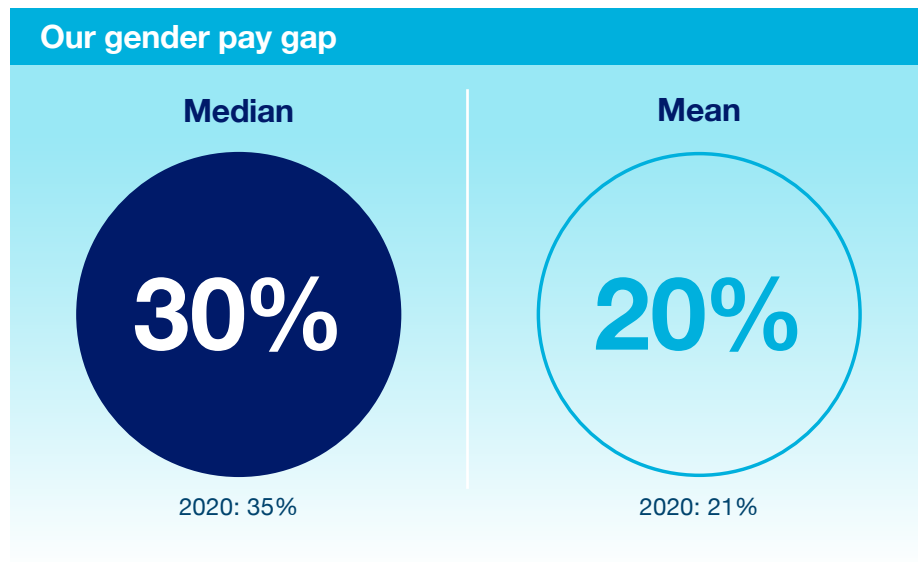
<sup>2</sup> Black, Asian and Minority Ethnic.

<sup>3</sup> ONS, October 2021. No mean equivalent available.

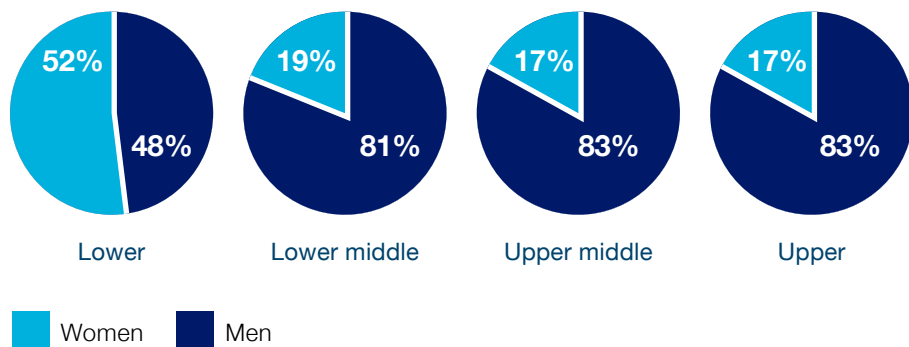
<sup>4</sup> ONS, October 2020 as analysis discontinued in 2021. No mean equivalent available.

<sup>5</sup> Negative figures indicate a positive pay gap which is negligible in this case.

# What's our gender pay gap?



Proportion of women and men in each pay quartile



Proportion of women and men receiving a bonus



Proportion of women in our team



# Understanding our gender pay gap

In 2021, our gender pay gap<sup>6</sup> improved by 5% to 30% median and by 1% to 20% mean.

## Our gap is primarily being driven by:

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

Given the shape of our company, we realistically expect to close our pay gap over the long-term. This is because with women making up around 2% of all gas safe registered engineers, there aren't enough engineers in the market that are women for us to hire. So it'll take time to develop a more diverse talent pipeline for our business and our sector, by encouraging more women into engineering through our apprenticeships which is exactly what we're doing (see page 13). In the meantime, we recognise that our pay gap may fluctuate year-on-year. This is because the pay gap calculation includes bonus payments which can go up or down (see overleaf).

<sup>6</sup> Based on hourly rates of pay for all colleagues at full pay (including bonus and allowances) at the snapshot date of 5 April 2021.

# 4%

Around 4% of our 7,000-strong engineering team are women

“We’ve a big pay gap and to tackle it, we need to topple gender stereotypes and provide a more inclusive culture that’ll inspire under-represented groups like women, to become the engineers of tomorrow. And whilst our gap isn’t materially impacted by us having less women than we’d like in our senior leadership and wider team, we’re working really hard to change this and ensure we reflect the full diversity of our communities. It’ll be a challenge, but I know that over time, we’ll get there.”

**Jill Shedden MBE,**  
Group Chief People Officer



## Our gender bonus gap<sup>7</sup> in 2021 increased by 5% to 10% median and by 5% to 31% mean.

### The gap is largely due to:

- Women with bigger bonus earning potential work in corporate and management roles which have bonus schemes closely linked to business performance and can therefore result in lower or no bonus being paid; versus
- More men work in specialist roles like engineering or trading which are less affected by business performance as they come with a variety of well-paid individual performance related bonuses.

Whilst the proportion of men and women receiving a bonus are relatively equal, bonus gaps vary from one year to another, given the link to business performance and how bonus schemes are structured, or when they're paid. Due to the impact of COVID-19 in 2020 for example, bonuses weren't paid to senior colleagues in 2021 which has caused our bonus pay gap to rise as this is where women with highest bonus earning potential sit within the business.



# 5%

Increase in our gender bonus pay gap

<sup>7</sup> Includes anyone receiving a bonus during the twelve months leading up to the snapshot date and who are still employed on this date. Bonuses can therefore relate to 2020 and 2021, depending on payment timing.

# What's our ethnicity pay gap?

## Our ethnicity pay gap

Median



2020: 14%

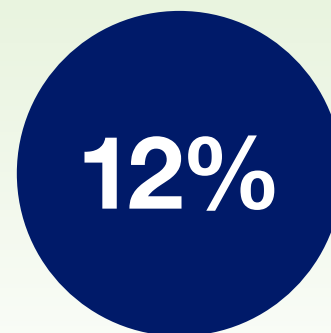
Mean



2020: 8%

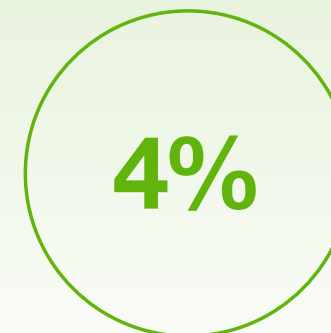
## Our ethnicity bonus pay gap

Median



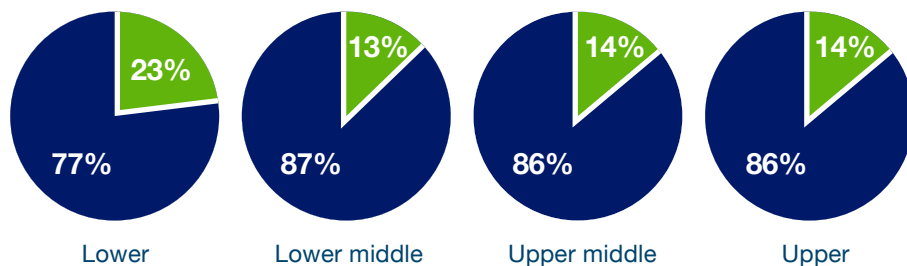
2020: 16%

Mean



2020: 14%

## 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

Ethnically diverse

95%

Non-ethnically diverse

96%

## Proportion of ethnically diverse colleagues<sup>8</sup>

15%

<sup>8</sup> Relates to the 65% of colleagues who have disclosed their ethnicity and which our analysis is therefore based. This figure goes to 12% if we look at the wider Centrica population.



# Understanding our ethnicity pay gap

**In 2021, our ethnicity pay gap improved by 1% to 13% median and by 8% to 0% mean.**

## Our ethnicity data shows that our gap is largely driven by:

- An under-representation of ethnic diversity in higher paid roles like engineering which form over 50% of our upper three pay quartiles; and
- An over-representation of ethnically diverse colleagues in lower paid roles such as customer experience and junior Information Systems (IS) roles.

Due to our Energy, Marketing and Trading (EM&T) business performing strongly, colleagues within that part of the business received bigger bonuses than the previous year. Because bonus payments are included in the overall pay gap calculation, this caused our pay gap to reduce due to the relatively high representation of ethnically diverse colleagues within EM&T. In particular, this disproportionately impacted the mean gap and we expect it may increase next year.

<sup>9</sup> Senior leadership ethnic diversity was 9% in 2021 which compares to a 14% overall national average for working populations.

Whilst the gap is smallest among colleagues who say they're from a Minority Ethnic background, the gap is greatest for Black colleagues. Despite having a reasonable representation of ethnic diversity in our senior leadership team<sup>9</sup>, our data suggests that we've no Black colleagues in our most senior roles. And because Asian colleagues are highly represented in customer experience jobs which tend to be lower paid, they also have a prominent median pay gap. We additionally see ethnically diverse women with a much higher mean pay gap compared to ethnically diverse men, mainly due to their smaller presence in EM&T roles which tend to be higher paid and come with a strong bonus earning potential.



## Our ethnicity bonus gap improved by 4% to 12% median and by 10% to 4% mean.

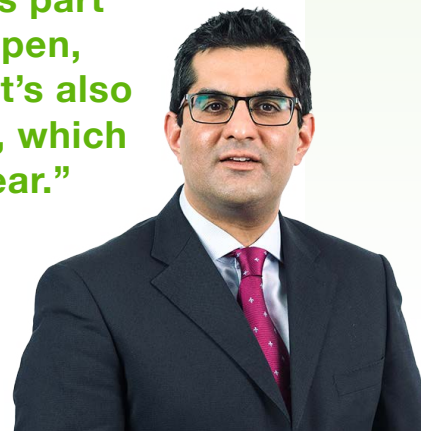
### This gap is due to:

- More ethnically diverse colleagues work in less senior roles or corporate and management functions like Finance and IS, which have bonuses linked to business performance; versus
- Different bonus structures for engineers and colleagues in EM&T, who receive a variety of individual performance related pay which are less affected by business performance.

The gap primarily reduced in 2021 due to a strong bonus received by EM&T colleagues, where we have a higher proportion of ethnic diversity.

“ I’m really proud that we’re one of few companies to have published our ethnicity pay gap, which forms part of our commitment to grow a more open, transparent and inclusive company. It’s also really positive to see our gap reduce, which we are determined to build on this year.”

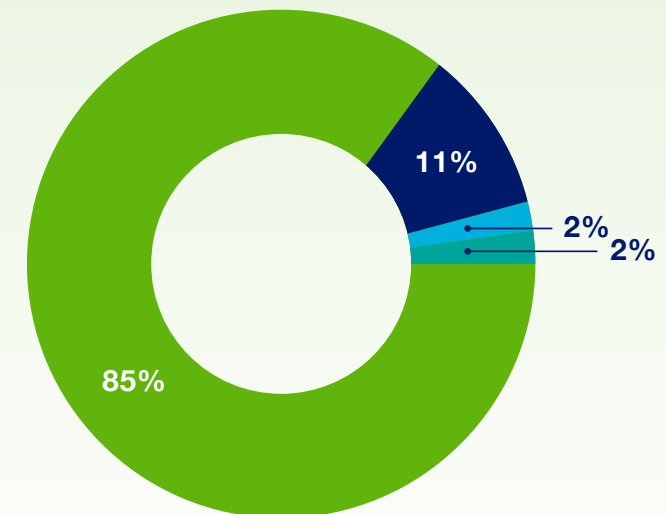
**Raj Roy,**  
Group General Counsel & Company Secretary



## What’s our ethnicity pay gap based on?

Unlike gender, reporting our ethnicity pay gap is challenging as we’re reliant on colleagues to disclose their ethnicity. We’re working to inspire more colleagues to share their ethnicity with a new #ThisIsMe campaign, which we hope will further improve reporting accuracy as well as our ability to fully understand and tailor action to close the gap (see page 12).

### 65% of colleagues disclosed their ethnicity as follows:



# What we're doing to close the gap

**Closing our gender and ethnicity pay gap requires a fundamental shift in society and our business, which won't be quick or easy.**

In recognition of the challenge ahead and to ensure we have a long-term sustainable approach to drive action in 2022 and beyond, we've introduced an enhanced diversity and inclusion (D&I) action plan to create a more inclusive environment and attract, promote and retain diverse talent.

## 1. Advancing our culture of inclusion

**It's essential that every colleague feels they belong, are valued, and can be themselves at work. Towards this we:**

- Educated ourselves on D&I by requiring all new colleagues to undertake unconscious bias training and running awareness campaigns, like those linked to International Women's Day and Black History Month. In 2022 we'll build on this with a range of activities, such as ensuring inclusion is discussed at team meetings at least monthly, to help create a more open environment.
- Built inclusive leadership competencies through toolkits to empower better support for colleagues on key issues like maternity leave and the menopause. In 2022, we'll additionally run inclusion training and allyship workshops for leaders amongst other initiatives.
- Supported forums that help us become a more inclusive company – from establishing our Shadow Board of diverse colleagues to meet with leaders and drive colleague-centric decisions, to our employee-led diversity networks who provide a vital source of support and advice for colleagues as well as our business.



- Launched 'Flexible First' which gives colleagues the opportunity to combine the flexibility of working from home to balance personal commitments like the school run, with time in the office to connect and collaborate. Working parents have said it's improved their wellbeing and empowered them to pursue development opportunities that wouldn't otherwise be possible.
- Provided inclusive benefits for colleagues that can help them be their best. This included continuing to raise awareness of our Carers Policy which plays a huge difference in helping colleagues balance work and caring responsibilities, as well as our best practice fertility support with free fertility home testing kits alongside membership and consultation via the 24/7 Fertifa hotline with discounted treatments. In 2022, we launched a recognition programme to reward inclusive behaviours and will look to enhance wider benefits.
- Encouraged colleagues to update their personal information in our HR management system, so that we can better understand our workforce diversity, and target action. We're aiming to increase participation with our new and improved self-identification #ThisIsMe campaign in 2022.

## World-class carers policy

Up to six weeks paid leave when matched with annual leave



“Flexible First has transformed my ability to balance work and caring. I'm now able to work without the stress of being away from home too much and can really focus on work as well as access development opportunities that would've been extremely difficult before.”

**Marie McCann,**  
Customer Service Advisor



## 2. Building a diverse workforce for the future

We want to tap into new talent that reflects the rich diversity of our communities and helps us serve our customers better, by ensuring equal access to opportunities for under-represented groups and growing leadership accountability.

As part of this, we launched bolder goals to drive greater diversity across the company with our People & Planet Plan in 2021. This includes:

2030 Goal*	2021 Performance
<p><b>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:</b></p> <ul style="list-style-type: none"> <li>• 47% Women</li> <li>• 14% Ethnically diverse</li> <li>• 15% Disability</li> <li>• 3% LGBTQ+</li> <li>• 3% Ex-service</li> </ul>	<p><b>All company:</b></p> <ul style="list-style-type: none"> <li>• 28% Women ▼</li> <li>• 12% Ethnically diverse ▼</li> <li>• 1% Disability ▼</li> <li>• 2% LGBTQ+ ▲</li> <li>• 2% Ex-service ▲</li> </ul> <p><b>Senior leaders:</b></p> <ul style="list-style-type: none"> <li>• 28% Women ▼</li> <li>• 9% Ethnically diverse ▼</li> <li>• 1% Disability ▼</li> <li>• 1% LGBTQ+ ▼</li> <li>• 2% Ex-service ▲</li> </ul>

**Key:** Progress against goals

▲ On track    ▼ Behind

\* In line with 2011 Census data for working populations. Towards this, we're working to achieve 30% women, 12% ethnically diverse, 4% disability, 3% LGBTQ+ and 3% ex-service by the end of 2022.

These goals are ambitious and whilst we're currently behind where we'd like to be, aiming high is the right approach to deliver the change that's needed, and we hope to get back on track with our goals via our enhanced action plan in 2022 and beyond. An area that's particularly challenging is growing diversity amongst our engineering team which is traditionally male. So in 2021, we started to recruit 1,000 apprentices over two years against our 2030 goal of 3,500 apprentices. And having run a targeted recruitment campaign aimed at women looking for a career change during COVID-19, we're on track with 30% of new recruits being women which is a significant increase from previous years. To build on this, we're also incentivising people from other parts of our business like customer experience, to become an apprentice by not dropping their pay whilst they train.





“I’m looking forward to becoming the best I can be and the opportunities for progression that may follow, such as cross-skilling in new areas like heat pump and electric vehicle charge point training.”

**Racheal Olorode,**  
Smart Energy Expert Apprentice

### We also:

- Mapped our People goals to each of our business units and in 2022, leaders will be accountable for the implementation of positive action plans that deliver progress.
- Strengthened recruitment processes to attract more diverse talent by actively recruiting from diverse communities, along with inclusive job descriptions, diverse shortlists and interview panels. In 2022, we’ll embed these further as well as re-launch a more inclusive Careers’ hub and reduce inequity in hiring which includes removing educational requirements.
- Expanded opportunities for colleagues from diverse backgrounds to grow their personal and professional development with over 100 colleagues taking part in mentoring – from in-house reverse mentoring that pairs senior leaders with junior workers, to mentoring via the cross-sector 30% Club and Mission Include. And in 2022, we’ll advance development opportunities with the launch of Everywoman’s Women in Leadership programme to enable more women into leadership positions, alongside a Step Up Leaders programme to help talented under-represented groups achieve the next step in their career.

**100** Number of colleagues taking part in mentoring

### 3. Enhancing innovation and business performance

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

- Started to develop a more inclusive marketing strategy to help attract more diverse customers and colleagues, which we'll progress in 2022.
- Advanced action to help address the mounting levels of abuse customer-facing colleagues within our business and in other organisations face on a daily basis, such as shouting and swearing or racial abuse and threats. Towards this, we've signed up to the Institute of Customer Service's #ServicewithRespect campaign, which advocates for Government to introduce a new offence for those who abuse people in customer-facing roles. We've also run campaigns internally to encourage colleagues to report abuse to line managers so that we can ensure a zero tolerance approach for customers who don't treat colleagues with respect.
- Partnered with organisations that help us grow a more diverse talent pipeline – from supporting over 650 schools via Tech We Can to inspire under-represented young people to take-up a career in energy, to working with the POWERful Women Energy Leaders' Coalition to attract, develop and retain more diversity across the sector.
- Started to undertake steps that help us better understand the diversity of our supply chain with new onboarding and tendering criteria, which we'll continue to evolve and enhance.

“It was great to use my two-day volunteering allowance to help young people broaden their horizons and hopefully consider engineering as a career they can pursue, irrespective of who they are or where they're from.”

**Aitziber Marco,**  
Solution Development Engineer



“We are delighted that Centrica has joined the Energy Leaders' Coalition, a collaborative space for the heads of the largest UK energy employers to learn what works best when it comes to putting diversity and inclusion into practice. A public commitment like this, is incredibly important for driving and influencing change.”

**Nick Wayth,**  
Chief Executive of the Energy Institute and POWERful Women Energy Leaders' Coalition Board Member



# How we govern our performance

## Monitoring our progress

We monitor and analyse our gender pay gap alongside wider diversity measures related to pay, so that we can better understand and target action to reduce imbalance. In 2021, strategic updates across our diversity and inclusion action plans alongside performance related to our People goals and pay gaps, were reported to Centrica's Leadership Team (CLT), the Safety, Environment and Sustainability Committee (SESC) and the Board. Our gender pay gap calculations are accurate and meet the methodology set out in The Equality Act 2010 (Gender Pay Gap information) Regulations 2017.



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



**Jill Shedden MBE,**  
Group Chief People Officer





## Disclosing by legal employing entity

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

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

<sup>10</sup> A negative number indicates a gender pay or bonus gap in favour of women.

<sup>11</sup> Constitutes all of our UK legal employing entities set out in the table below, irrespective of whether the legal entity has 250 employees or not. As part of the simplification of our business in 2021, we've consolidated and reduced the number of legal employing entities to just six in the UK compared to ten the previous year.

Company	Number of applicable colleagues	Proportion of women and men (W/M) (%)	Median gender pay gap (%)	Mean gender pay gap (%)	Proportion of women and men in the lower pay quartile (W/M) (%)	Proportion of women and men in the lower middle pay quartile (W/M) (%)	Proportion of women and men in the upper middle pay quartile (W/M) (%)	Proportion of women and men in the upper pay quartile (W/M) (%)	Median gender bonus pay gap (%) <sup>10</sup>	Mean gender bonus pay gap (%)	Proportion of women and men receiving a bonus (W/M) (%)
Centrica Group – UK <sup>11</sup>	19,071	26/74	30	20	52/48	19/81	17/83	17/83	10	31	97/96
British Gas Services	7,265	3/97	6	13	5/95	2/98	4/96	1/99	27	20	89/99
British Gas Social Housing Ltd	480	15/85	53	45	48/52	5/95	4/96	3/97	38	69	99/76
British Gas Trading Ltd	5,638	50/50	2	10	54/46	54/46	59/41	35/65	17	54	99/98
Centrica PLC	4,976	36/64	7	25	45/55	32/68	34/66	32/68	11	48	96/94
Centrica Storage Ltd	199	15/85	35	32	41/59	4/96	4/96	9/91	28	16	97/97
Spirit Energy	513	27/73	10	11	40/60	19/81	29/71	19/81	-3	16	84/85

## Centrica plc

Registered office:  
Millstream  
Maidenhead Road  
Windsor  
Berkshire  
SL4 5GD

Company registered  
in England and Wales  
No. 3033654

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

## Our key commitments:

**POWERful** WOMEN

