

Our Gender Pay Statement 2018 – UK



Having a vibrant and diverse workforce that reflects the world around us is key to understanding and satisfying the changing needs of our customers.

We are passionate about creating a diverse, inclusive and agile place to work where everyone can be themselves and build a successful and fulfilling career.

We are proud of the progress we have made towards becoming a more inclusive company and we are determined to do what it takes to grow further in this area.

That is why we have introduced a range of programmes, policies and goals to accelerate our progress. This includes steps to increase the representation of women in senior and STEM (science, technology, engineering and maths) roles which will help us reduce the gender pay gap over time.

In support of our commitment to diversity and inclusion, we welcome laws introduced by the UK Government for companies to transparently disclose their gender pay gap from 2018.

We believe that by shining a light on this important issue, it will help us, other companies and wider society to take action to close the gender pay gap.

Our transparent disclosure and commitment to close the gender pay gap was recognised by the ICSA in 2018, who awarded us 'Gender Pay Gap Reporting of the Year'.

 [Explore more about what Diversity & Inclusion means to us at centrica.com/ourdiversity](http://centrica.com/ourdiversity)



“It’s essential to have a diverse workforce, an inclusive culture and fully meritocratic processes. This enables our people to bring their whole selves to work and thrive.”

Iain Conn
Group Chief Executive

What is the difference between equal pay and the gender pay gap?

Equal pay measures whether men and women are paid the same for performing work of equal value. Upholding equal pay is a legal requirement and we have robust processes in place to ensure we pay our people fairly. This includes undertaking equal pay audits and using the Hay Job Evaluation methodology to standardise our approach to job grading and reward. When comparing pay across equivalent roles, our equal pay gap is 2% mean and 1% median, with the difference attributed to factors mainly relating to experience.

2%

Mean equal pay gap

1%

Median equal pay gap

The gender pay gap is different. It measures the difference between the average pay for all men and women across the business, regardless of their role or seniority. There is a gender pay gap in most organisations which has led to an average gender pay gap of 18%⁽¹⁾ in the UK.

What is the mean and the median?

The mean measures the average pay or bonus for a woman against the average for a man.

The median compares the 'middle' pay or bonus for a woman with the 'middle' for a man when all values are distributed from low to high. The median is less affected by outliers than the mean.

(1) UK Office for National Statistics, 2018. Calculated using a median average – a comparable mean score is not available.

Explaining our gender pay gap

Our gender pay gap is not due to unequal pay. It is driven by a greater proportion of men in traditionally male-dominated and higher-paid technical roles, such as gas and electrical engineering.

Since 2017, our mean gender pay gap⁽¹⁾ has increased from 12% to 15% while our median gender pay gap increased from 30% to 31%. A number of factors contributed to the change in performance, including a shift in population following a 10% reduction in headcount as part of our strategic transformation to become a customer-facing business. We are actively taking steps to close our gender pay gap but recognise that substantive progress will occur over the long term, with annual performance likely to fluctuate due to changes in the composition of our workforce and how our business performs.

Our gender pay gap is mainly driven by two factors:

- The energy sector is traditionally male-dominated which has led to more men working in technical roles like engineering that are higher paid and form a significant portion of our workforce.
- A larger number of women work in customer service and administrative roles which are less technical and lower paid.

Our mean gender bonus gap⁽²⁾ reduced to 15% from 22%⁽³⁾ while our median bonus gap increased slightly to 9% from 8%. Bonus gaps will similarly vary year-on-year given bonuses are linked to the performance of individuals as well as our business.

The gender bonus gap is influenced by two key drivers:

- There are more men in roles that have a higher proportion of performance related pay such as trading and sales.
- The bonus pay gap calculation uses prorated bonus which widens the gap because more women work part-time than men. This does not impact calculations for the gender pay gap as values are converted to an hourly rate.

The proportion of employees receiving a bonus is relatively consistent between men and woman.



Our gender pay

15%

Mean gender pay gap

31%

Median gender pay gap

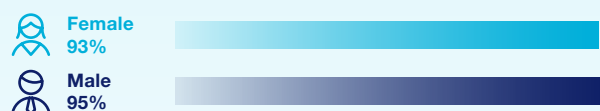
15%

Mean gender bonus pay gap

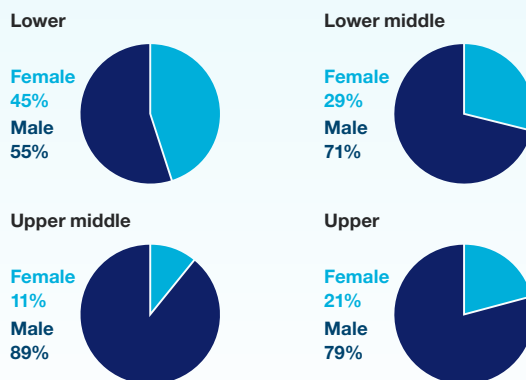
9%

Median gender bonus pay gap

Proportion of employees receiving a bonus



Proportion of males and females in each pay quartile



Our business

Across our 30,000-strong energy and services company, women globally make up⁽⁴⁾:

29%

Overall workforce

28%

Senior management

42%

Graduate programme

17%

Board

(1) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot date of 5 April 2018.
 (2) Includes anyone receiving a bonus during the twelve months leading up to the snapshot date.
 (3) Restated following improvements in calculation.
 (4) As at 31 December 2018 to align with wider annual reporting. In February 2019, female representation on the Board increased to 25%.

What we're doing to close the gap

We want to close the gender pay gap by building a more diverse and inclusive workplace.

Closing the gender pay gap will take time and will require a concerted effort from everyone. That is why we are accelerating our Diversity & Inclusion plans to attract, develop and retain a more diverse and inclusive workforce. With this focus, we believe that over time, we will reduce our gender pay gap.

Attract

We are growing a pipeline of female talent to address gender imbalance.

- We are changing the perception of engineering and inspiring the next generation of young girls to take up STEM subjects and become the engineers of the future. We are doing this by running competitions with Talent 2030 to develop STEM skills and working with the Royal Academy of Engineering, to showcase strong female role models that demonstrate how exciting a career in energy can be for women as well as men.
- Our collaboration with businesses and key professional stakeholders such as Energy UK and the Women's Business Council, is enabling a growing number of women to enter and succeed in the workplace by sharing and supporting best practice.
- Recruitment processes have been strengthened to attract more diverse candidates – from using inclusive language in job adverts and having diverse recruitment panels, to challenging recruiters to draw-up gender balanced shortlists and undergoing unconscious bias training.
- Leadership teams have set clear goals and track progress towards improving diversity across senior leadership and STEM roles.



“I've got a PhD in thermostats and usability and that's led me to a fantastic career. I've seen women leading teams, women leading projects and now I'm doing it myself and hopefully for other young girls in the team, I'm a bit of a role model.”

Nicola Combe
Global Project Lead

Develop

We are building the skills our people need to thrive.

- Over 2,300 women across the business are learning new skills through development programmes, strengthened with the launch of our Career Development Hub and Learning Academies in 2018.
- Our membership of the 30% Club, a cross-company, cross-sector mentoring programme is helping mid-career women secure senior leadership roles.
- The 700-strong Centrica Women's Network offers a forum to foster and expand professional development by providing access to cross-functional mentoring, role models and practical learning.
- Unconscious bias training continues to be rolled-out to managers, ensuring our decisions are grounded in fairness.

Retain

We are ensuring employees experience an inclusive culture to stay in work.

- World-class support is provided to carers which includes offering a generous paid leave allowance to carry out carer responsibilities, while our 1,000-strong Carers Network provides a vital source of support and advice. In 2018, we launched a new charity partnership with Carers UK that will explore more ways that we can make life better for carers.
- Our people have the right to request flexible working from day one of their employment which enables them to better balance work with family commitments or professional development. For example, we increasingly support employees who need to shift their work times, work fewer hours or take a sabbatical.
- Returning to work after starting a family can be challenging. To ensure our people have the support they need, we plan to roll-out toolkits for managers that improve the experience of maternity returners and offer enhanced shared parental leave to encourage more men to take-up childcare responsibilities.
- We are starting an enhanced programme to support people return to work following a long career break with a particular focus on getting women into STEM and carers back to work, with the view to secure permanent employment at the end.

How we govern our performance

Monitoring our progress

We monitor and analyse our gender pay gap to better understand and target action to reduce it. Strategic updates on progress across Diversity & Inclusion, talent and responsible business, are reported to Centrica's Group People Committee and the Centrica Executive Committee throughout the year.

In 2018, we also started to expand our monitoring of wider diversity measures related to pay. This is providing invaluable insight to identify improvements that will make our workforce more inclusive.

Our declaration

Our gender pay gap calculations are accurate and meet the methodology set out in The Equality Act 2010 (Gender Pay Gap information) Regulations 2017.

Iain Conn

Group Chief Executive

Jill Shedden

Group Human Resources Director



“I’m all things; I’m a mum, an employee, a daughter and a carer. Throughout my ups and downs as a carer, my manager has been golden. The support Centrica has given me has been invaluable; it’s helped me stay and progress my career.”

Lynne Pool

Senior Developer, Business Intelligence and Big Data

Disclosure by legal employing entity

To provide a more meaningful picture of our gender pay gap, we have led our statement with our overall UK gender pay gap which better reflects how we operate as a business. Our overall UK gender pay gap has been calculated by combining results from across all of our legal employing entities in the UK, irrespective of whether they have 250 or more employees. As required by law, our performance for each legal employing entity with 250 or more employees is provided below.

Legal employing entity – UK	Number of relevant employees in entity	Proportion of men and women (M/W) (%)	Mean gender pay gap (%)	Median gender pay gap (%)	Proportion of men and women in the lower quartile for pay (M/W) (%)	Proportion of men and women in the lower middle quartile for pay (M/W) (%)	Proportion of men and women in the upper middle quartile for pay (M/W) (%)	Proportion of men and women in the upper quartile for pay (M/W) (%)	Mean gender bonus pay gap ⁽¹⁾ (%)	Median gender bonus pay gap ⁽¹⁾ (%)	Proportion of men and women receiving a bonus (M/W) (%)
Centrica Group – UK ⁽²⁾	25,673	73/27	15	31	55/45	71/29	89/11	79/21	15	9	95/93
Centrica PLC	2,574	66/34	20	13	58/42	64/36	69/31	71/29	39	25	81/79
British Gas Trading Ltd	10,595	63/37	3	4	51/49	68/32	70/30	62/38	12	21	98/98
British Gas Services (Commercial) Ltd	395	86/14	37	50	55/45	98/2	93/7	97/3	-4	-73	73/26
British Gas Services	10,537	85/15	27	38	57/43	89/11	98/2	96/4	4	7	99/98
Spirit Energy Production UK Ltd	469	76/24	22	18	58/42	83/17	84/16	81/19	33	19	89/84
Centrica Services Ltd	273	55/45	2	2	55/45	49/51	53/47	62/38	1	-1	100/97
Centrica Storages Ltd	298	86/14	33	41	64/36	92/8	96/4	92/8	33	32	89/82
PH Jones Ltd	388	80/20	40	43	46/54	79/21	98/2	97/3	32	79	54/14

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

(2) Constitutes all of our UK legal employing entities set out in the table above, together with all of our UK legal employing entities with less than 250 employees which includes Dyno Rod Ltd and British Gas New Heating Ltd.