

Responsible Business 2017: **Building strong communities**

We are increasing the positive impact our presence has in society by working with communities to address key issues, while contributing to the local economy.

Developing local energy markets

Through our Distributed Energy & Power (DE&P) business, we are exploring the potential for local energy markets to put communities in control of their energy, drive down bills and unlock further renewable generation.

Towards this in 2017, Centrica Innovations acquired a stake in LO3, a start-up with a focus on developing peer-to-peer power market trading and were involved in the Brooklyn local energy market in New York.

Cornwall's energy ambitions

At the end of 2016, we announced a £19 million local energy market trial in Cornwall, UK. The three-year trial will test how flexible demand, generation and storage can reduce pressure on the electricity grid, enable the growth of renewables and avoid expensive network upgrades. Since then, over 300 homes and businesses registered to get involved and in 2017, we welcomed our first business to the trial – a working farm and holiday retreat. Pioneering battery storage technology was installed to help them better manage the energy generated by their solar panels. In 2018, we expect to roll-out storage and solar panels in 100 homes and commence larger installations of storage, renewables and distributed generation across 15 businesses.

We believe our trial will not only help Cornwall realise its energy ambitions, but lead the way for the UK and other countries to do the same.



Collaborating to help communities

Our strategic partnerships are building a better future – whether it's helping vulnerable households with their energy, or tackling bad housing and homelessness. To support these issues in 2017, we invested £156 million in mandatory, voluntary and charitable contributions while our people volunteered 57,300 hours in their local communities. A further £10 million has been committed to start-ups developing innovative energy ideas that benefit society, helping 38,000 people since 2013.

Making a difference through our flagship partnerships

Shelter

(2012–2017)

4m

People expected to benefit from joint campaigning that led to changes in law relating to the UK's private rented sector, including improvements in gas and electrical safety alongside protection from retaliatory evictions

FOCUS

Ireland

(2015–Ongoing)

1,000

Families in Ireland prevented from homelessness as a result of our €1.2 million (£1 million) partnership



(2014–Ongoing)

3.3m

Lives of children and their families improved across North America through our support of local hospitals

Boosting the economy

Our business depends on and creates value in the communities where we operate. During 2017, we generated £1,591 million in wages for our 33,140-strong workforce and we contributed £307 million in taxes. We also spent nearly £4 billion on goods and services, supporting 36,000 suppliers and thousands of jobs.

Distributed energy solutions have the potential to generate widespread economic benefits. It is estimated that these solutions could help the UK meet decarbonisation targets more effectively, saving £8 billion a year by 2030⁽¹⁾. Likewise, key sectors could save millions of pounds each year while boosting the economy.

If just 50% of the UK's Industry, Healthcare, and Hospitality & Leisure sectors utilised distributed energy solutions, the potential economic benefits to the UK would be:

£18.5bn

Gross value added to the economy

260,000

Jobs

1.5% boost

Economic output

£980m

Annual energy bill savings across Industry, Healthcare and Hospitality & Leisure

Centrica Business Solutions research supported by FTI Consulting, Modelling 2017.



Read the full report at centrica.com/economicfuture

Being a good corporate citizen

We are committed to working with integrity so that we can maximise the positive impact we have in society. To support this, we launched a new Company-wide set of values and a code of conduct in 2017/18. Taken together, our Values and Our Code, demonstrate our commitment to being a responsible business and bind us together in common pursuit of our strategy and purpose.

Through Our Code, we reaffirmed that we will ensure our business partners and third parties share our dedication to eliminate bribery and corruption. We do not condone any payments we feel to be improper and take particular care when offering or receiving gifts and hospitality. We prohibit all forms of fraudulent conduct or dishonest behaviour and will report any serious matters to the relevant authorities. We also set out that we respect and uphold the fundamental human rights and freedoms of everyone who works for us, with us or lives in our local communities. As part of our response to the Modern Slavery Act in the UK, we have taken action to reduce risk relating to forced or compulsory labour in our business and supply chain.

In 2017, we assessed 138 suppliers on their social, ethical and environmental standards to guard against risks such as human rights and bribery and corruption. This resulted in an average supplier sustainability score of 56 (low risk), which is better than the multi-industry average of 44 (medium risk). If suppliers receive a medium or high-risk rating, we will consider appropriate next steps which may include collaborating to raise standards or ending our relationship and reporting the abuse.



Read more about our Values and Our Code centrica.com/ourcode



Read more about our Modern Slavery Statement centrica.com/modernslavery



(1) National infrastructure commission, September 2016.