

Our Gender Pay Statement 2019 – UK

Building a diverse and inclusive workforce that reflects society, is key to satisfying the changing needs of our customers and enabling a lower carbon future.

We believe that having a diverse and inclusive workplace is not only the right thing to do; it makes business sense. Diversity is a strength and we know that when we bring different people with different experiences and ideas together, we can create services and solutions that respond to the changing needs of our customers. And we know that when we create an inclusive culture where everyone feels engaged and able to reach their full potential, we can attract and retain the talented team we need to succeed.

That’s why we’re passionate about building a more diverse and inclusive workforce. In 2019, we enhanced policies, programmes and introduced 2030 Responsible Business Ambitions to accelerate our progress. By focusing on increasing gender representation in senior leadership and STEM (Science, Technology, Engineering and Maths) roles, while providing vital support to employees with carer responsibilities, we are confident that we can reduce our gender pay gap over time.

Closing the gender pay gap is, however, complex. It requires all of society to examine and address the long-standing practices and beliefs that contribute to the gap. The UK Government’s requirement for companies to transparently disclose their gender pay gap helps us on this journey; providing important insight to target action and close the gap together.

“We need to address the barriers facing women in the workplace and ensure they have the opportunity to flourish at all stages of their career.”



Iain Conn
Group Chief Executive

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

Equal pay is a legal and moral responsibility to pay men and women the same for undertaking work of equal value. We do not have an equal pay issue and use the Hay Job Evaluation methodology to standardise job grading, as well as conduct an equal pay audit to monitor performance. When comparing pay across equivalent roles, our equal pay gap is negligible:

0.5%

Mean equal pay gap

0.3%

Median equal pay gap

The gender pay gap is different to equal pay. It measures the gap between the average pay for all men and women across the business, regardless of role or seniority. The gap is influenced by wider structural and social factors which has led to an average UK gender pay gap of 17%¹.

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 and a man, when all values are distributed from low to high. The median is less affected by outliers.



We’ve set 2030 Responsible Business Ambitions to build the workforce of the future. We will:

- inspire and develop 100,000 people with essential STEM skills;
- attract and develop more women into STEM with 40% of STEM recruits to be female;
- aspire for senior leadership to reflect the full diversity of our labour markets; and
- help one million carers stay in or return to work via active promotion of carer-positive policies.

[Find out more on page 3](#)

(1) UK Office for National Statistics, 2019. Calculated using a median average – a comparable mean score is not available.

Explaining our gender pay gap

“We continue to see our gender pay gap driven by more men working in traditionally male-dominated and higher paid technical roles like engineering. We’re pleased to have made some improvement this year and look forward to building on this over the long-term, as the positive impact from our diversity and inclusion activities transform our business, sector and society.”



Jill Shedden, MBE
Group Human Resources Director

Our gender pay gap² remained relatively stable in 2019, improving 1% from 2018 to:

14%

Mean

30%

Median

Our gender pay gap is not due to unequal pay. Like many companies with roles rooted in STEM, it’s primarily driven by:

- a greater number of men in higher paid technical roles like gas and electrical engineering, which make up a significant proportion of our workforce; and
- more women working in roles such as customer service and administration, which are essential to our business but are less specialist and therefore lower paid.

We expect to make progress in closing our gender pay gap over the long term but recognise it may fluctuate year-on-year. This is because it takes time for our gender imbalance to be addressed via our long-term initiatives, whereas shifts in business performance may affect our gap in the short-term.

Our 2019 gender bonus pay gap⁴ widened by 14% to:

29%

Mean

23%

Median

While the proportion of men and women receiving a bonus are relatively equal, bonus gaps can vary year-on-year given bonuses are linked to business and individual performance.

Several factors contributed to the increase in our gender bonus pay gap including:

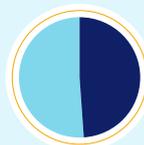
- business performance led to a lower bonus paid to colleagues in corporate and management roles in spring 2018, which disproportionately impacted women who are well represented in these roles; and
- more men work in technical roles like engineering and trading that come with a variety of fixed bonuses and individual performance-related pay, which are less affected by business performance and increased during the period.

More broadly, our gender bonus pay gap continued to be affected by a greater share of women working part-time. This widens the bonus gap as the calculation uses prorated figures while the gender pay gap adjusts for part-time working by employing an hourly rate.

Proportion of females and males in each pay quartile

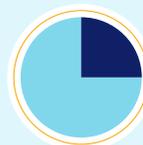
Lower

Female 49%
Male 51%



Lower middle

Female 25%
Male 75%



Upper middle

Female 11%
Male 89%



Upper

Female 24%
Male 76%



Female representation across our global business³:

29%

Workforce

54%

Graduates

29%

Senior leaders

17%

Board

Proportion of females and males receiving a bonus



- (2) Based on hourly rates of pay for all employees at full pay (including bonus and allowances) at the snapshot date of 5 April 2019.
- (3) As at 31 December 2019 to align with wider annual reporting. In January 2020, female representation on the Board increased to 23%.
- (4) Includes anyone receiving a bonus during the twelve months leading up to the snapshot date and who are still employed on the snapshot date.

What we're doing to close the gap

We have a long way to go to close our gender pay gap, but we are committed to taking the necessary action to build a more diverse and inclusive workplace.



Closing the gender pay gap will not be quick or simple. That's why we've introduced long term commitments to create a step change in addressing our gender imbalance. We have:

- **introduced 2030 Responsible Business Ambitions** to galvanise our diversity and inclusion efforts in areas where we have the greatest responsibility and are well placed to make the biggest impact – this includes increasing senior leadership representation, getting more women into STEM and supporting carers; and
- **maintained focus on how we attract, develop and retain** our talented and diverse colleagues to create a culture of everyday inclusion across the employee lifecycle so that our people flourish.

We are confident that this approach will help close the gap over time.

“As the mother of a daughter and a technologist, I believe it's important I play my part in showing young women and girls the significant opportunities a career in energy tech can bring.”



Belinda Finch
Chief Information Officer and Chief of Staff

Our 2030 Responsible Business Ambitions

Key: Progress against Ambitions ▲ On track ▼ Behind

Our Ambition for Colleagues: Building the workforce of the future

We're developing vital skills and a more inclusive workforce to ensure we deliver for our customers.

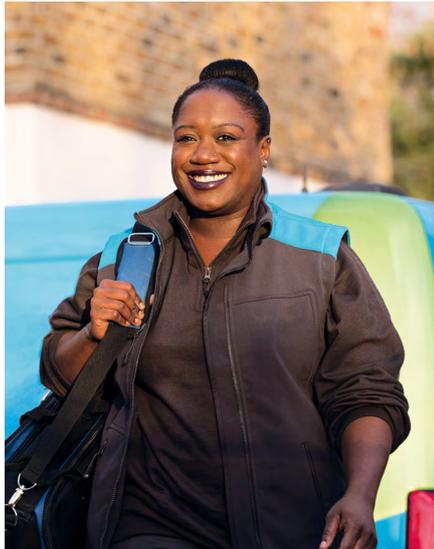
2030 Ambition	Inspire and develop 100,000 people with essential STEM skills	Attract and develop more women into STEM with 40% of STEM recruits to be female	Aspire for senior leadership to reflect the full diversity of our labour markets	Help one million carers stay in or return to work via active promotion of carer-positive policies
How	Create inspirational learning content to grow STEM skills and start an engagement campaign to inspire young people into STEM	Develop capabilities through our apprenticeships, Career Development Hub, Learning Academies and mentoring schemes	Strengthen recruitment to attract diversity and leverage high potential talent programmes that support mid-career women and ethnic minorities	Campaign with Carers UK for the introduction of statutory paid carers leave in the UK and share best practice with peers, while continuing to support our own carers
2019 Progress (Year 1)	11,409⁵ People ▲	17% STEM recruits ▼	29% Female senior managers ▼	1,000 Carers supported ▲
			10% Ethnic minority senior managers ▲	

Find out more about this Ambition, together with our wider Ambitions for Customers, Climate Change and Communities at centrica.com/Ambition2030

(5) May involve double counting where someone has undertaken more than one STEM activity.

Attract

We're building a pipeline of female talent at all levels.



- Through collaboration with the Royal Academy of Engineering, we have sought to inspire the next generation of engineers by showcasing strong female role models that tackle gender stereotypes, and demonstrate how exciting a career in energy can be.
- We continue to work across sectors to share and develop best practice with the Women's Business Council and Energy UK, enabling a growing number of women to enter and succeed in the workplace.
- Recruitment processes to attract diverse candidates remains strong – from using gender neutral language in job adverts and having diverse recruitment panels, to challenging recruiters to present gender balanced shortlists and undergoing unconscious bias training.

Develop

We're ensuring our people have equal opportunities to progress their career.

- Leadership teams have set clear goals and succession plans to improve representation of women in senior roles.
- Efforts to eliminate unconscious bias were strengthened with interactive workshops completed by leadership and further training made available to all employees.
- Women had the opportunity to advance their capabilities by completing courses on a range of topics including digital and leadership skills at our Career Development Hub and Learning Academies, as well as through our apprenticeships.
- Mentoring empowered colleagues to amplify their personal and professional development – from in-house reverse mentoring that pairs junior with experienced workers, to cross-sector mentoring via the EveryWoman Network and the 30% Club.
- Our 700-strong Centrica Women's Network offers a forum for professional development by providing access to inspiring role models and hosting global events with senior sponsors, which aims to address some of the barriers women face within the workplace.
- Managers received enhanced guidance on how to accelerate personal development plans across their team.

“ A diverse and inclusive workforce is key for the success of any business and unconscious bias training has really helped increase my awareness. It's great we're doing this and I would encourage as many colleagues as possible to take part.”

Martyn Espley
Group Head of Investor Relations

Retain

We're developing a culture where colleagues feel supported and included.

- Our best-in-class support to help carers balance work with caring responsibilities was extended. We revised our carers policy to provide up to six weeks paid leave when matched with annual leave. Meanwhile our 1,000-strong Carers Network continued to provide a vital source of support and advice.
- To further ease some of the challenges around starting a family while working, a maternity toolkit was rolled out to support individuals and managers before, during and after maternity leave. Our dedicated Working Families group and Fertility Network also provide a supportive environment for colleagues to share and improve experience. Following engagement, we have improved flexibility around IVF and adoption appointments.
- Support for women and the wider workforce with disabilities was strengthened via our partnership with The Valuable 500, which places disability on the Board agenda.
- Flexible working can be requested by colleagues from day one of their employment, enabling them to better balance work with family commitments or professional development.

“ Throughout my ups and downs as a carer, my manager has been golden. Their support and being able to access carers leave when I need it, has given me peace of mind to know that I can progress my career and be a carer.”

Lynne Poole
Senior Developer, Business Intelligence and Big Data

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. A review of our gender pay gap is shared with Centrica's Group People Committee annually.

Strategic updates across our diversity and inclusion plans including progress against our Responsible Business Ambitions, are reported to the HR Operations Committee quarterly with the Centrica Executive Committee reviewing annually.

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, MBE

Group Human Resources Director

Want to find out more about what diversity and inclusion means to us?

Hear from Sarwjit Sambhi,
Chief Executive Centrica Consumer



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 of our eight legal employing entities 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 pay quartile (M/W) (%)	Proportion of men and women in the lower middle pay quartile (M/W) (%)	Proportion of men and women in the upper middle pay quartile (M/W) (%)	Proportion of men and women in the upper pay quartile (M/W) (%)	Mean gender bonus pay gap (%) ⁽¹⁾	Median gender bonus pay gap (%)	Proportion of men and women receiving a bonus (M/W) (%)
Centrica Group – UK ⁽²⁾	24,324	73/27	14	30	51/49	75/25	89/11	76/24	29	23	97/95
British Gas Services	9,794	83/17	28	38	52/48	86/14	98/2	96/4	-15	10	97/88
British Gas Services (Commercial) Ltd	397	86/14	33	43	51/49	98/2	99/1	98/2	36	83	95/91
British Gas Trading Ltd	9,738	65/35	6	7	52/48	68/32	72/28	66/34	46	46	99/99
Centrica PLC	2,159	65/35	30	17	57/43	59/41	69/31	74/26	61	24	90/90
Centrica Services Ltd	972	62/38	6	7	57/43	56/44	70/30	64/36	18	22	97/95
Centrica Storage Ltd	244	84/16	35	47	55/45	97/3	95/5	92/8	46	42	100/100
PH Jones	394	78/22	42	48	34/66	85/15	96/4	96/4	83	92	69/87
Spirit Energy Production UK Ltd	497	74/26	17	9	60/40	81/19	73/27	81/19	26	10	87/83

(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.

Here's just a few of our inclusion credentials and collaborations we're proud about...

