Our Responsible Business Ambitions 2019

Helping you run your world in ever more sustainable ways
Delivering our Responsible Business Ambitions

Energy is at the heart of homes, businesses and communities and has huge potential to contribute to a more sustainable world.

That’s why in 2019, we introduced our 2030 Responsible Business Ambitions (1) – 15 global goals which set out Centrica’s commitment to help our customers run their world in ever more sustainable ways.

Our 2030 Ambitions support the United Nations Sustainable Development Goals and address some of the most challenging issues facing society, in areas where we can have the biggest impact. This includes tackling climate change, driving innovation to make our customers’ lives easier, building a more skilled and inclusive workforce and making communities stronger.

Accelerating our climate change Ambitions as part of our focus to enable a lower carbon future and be net zero by 2050, has been a key priority. We’ve helped our customers reduce their emissions by almost 4% which is equivalent to the annual emissions of 900,000 UK homes, and we’ve cut our internal carbon footprint by 39% since 2015. Through this action and more, we’re proud to have been recognised by CDP as a world leader on climate action and disclosure.

We’re heartened to see the progress we’ve made in our first year, but know there’s so much more to do. We have a long journey ahead but by working closely with our customers and partners, we’re confident that we will maximise our positive impact and help create a more sustainable world. In doing so, we’ll also realise our strategy to satisfy the changing needs of our customers and enable the transition to a lower carbon future.

(1) This footnote and other footnotes are available on the back cover.

Our 2030 Responsible Business Ambitions

Helping you run your world in ever more sustainable ways

Our Ambition for Customers
Delivering for our customers

Our Ambition for Climate Change
Enabling the transition to a lower carbon future

Our Ambition for Colleagues
Building the workforce of the future

Our Ambition for Communities
Creating stronger communities

Our year in numbers

22 innovations delivered to make our customers’ lives easier and more sustainable

17,200 charging points for electric vehicles installed since 2013

90 hospitals using our solutions to save energy, enabling more money to be redirected towards patient care

39% reduction in internal carbon footprint since 2015

£27.6m generated for communities through new and distributed energy technologies

‘A-grade’ recognition as a world leader for action and disclosure on climate change by CDP, the gold standard of corporate environmental transparency

EV100 joined to accelerate the transition to electric vehicles and electrify our 12,500-strong fleet by 2030

Six weeks paid carers’ leave policy introduced to help carers better balance work with caring for loves ones

3.9% reduction in customer emissions via our services and solutions – equivalent to the annual emissions of 900k UK homes

Campaign for carers advocacy for the UK Government to introduce statutory carers leave

Award winners
Working Families’ Best for Carers and ElderCare Award and OUTstanding LGBT+ Role Model Lists

Parker Review target exceeded to have at least one director of colour on the Board by 2021

Our 2030 Ambitions support the United Nations Sustainable Development Goals and address some of the most challenging issues facing society, in areas where we can have the biggest impact.
Our Ambition for Customers

Delivering for our customers

Through the latest innovations and a commitment to service, we’re making our customers’ lives easier.

Why it’s important

26m
Opportunity to make a real difference to our 26m customer accounts through our services and solutions

140%
Connected devices are expected to increase to 50bn in 2022 from 2018 levels (3)

77%
People who say inefficient customer experiences detract from their quality of life (3)

Deliver solutions to make our customers’ lives easier

2030 Ambitions

Help customers understand and manage their energy better

Give customers peace of mind through tailored propositions and connected technologies

Develop solutions to help our customers run their worlds

2019 Progress (Year 1)

10 Innovations delivered

6 Innovations delivered

6 Innovations delivered

During 2019, we delivered 22 innovations across our goal areas to transform the way we live, work and move.

As part of this, we:

• signed one of the UK’s largest combined green energy contracts supplying over 4,500 Catholic schools and churches;
• developed innovative technologies through our £100 million Centrica Innovations fund which includes investment in Mixergy, Mixergy is a smart hot water system that only heats the amount of water required by adjusting to household routines while storing excess renewable energy from the grid. This improves flexibility and reduces energy use from heat losses by up to 40% a year; and
• introduced and sold 100,000 Hive Radiator Valves which help customers manage the temperature in individual rooms to save energy and improve comfort.

We additionally rolled out existing services and solutions that make our customers’ lives easier and more sustainable. Around 1.8 million customers now use Hive connected home products that can be controlled with just a tap on the app – from smart thermostats, plugs, lights and cameras, to contact and motion sensors. Our leadership of the UK’s smart meter roll-out was also maintained, with cumulative installs totalling over 7.7 million across homes and businesses, improving bill accuracy and energy management.

Putting customers at the heart of our digital transformation in the UK

Our customers increasingly want to go online to complete day-to-day tasks and we’re trying to make that experience as simple as possible. That’s why we’ve embarked on an ambitious digital transformation programme, identifying customer ‘pain points’ and creating new online ways of tackling them.

We have three priorities: to ensure that customers can complete 100% of their account management actions online (e.g. a meter reading); to make it easy and simple with fewer steps; and to ensure our online services can be used effectively on any device.

We bought originally three and then another five… no longer do we have either hot or cold spots within the house as the heating is more even and we only heat rooms which we use at certain times of the day.”

Richard Southgate gave his Hive Radiator Valves a 5-star rating on Trustpilot

2030 Ambition

Make it simpler for people to deal with us in ways that work for them

49% Customers using online account management

Our customers want and deserve a better service. One of the ways we’re doing this is through the transformation of our customers’ digital experience. We’re creating smoother customer journeys, transforming our IT stack to become more flexible and embedding machine-learning automation alongside improved apps. We’ve also multi-skilled call centre agents in the UK, which has led to first-time resolution rates increasing to 81%.

Actions like these have improved customer satisfaction and resulted in our aggregated net promoter score rising by 5.1 points to +15.1.

Case study

Satisfy our customers with excellent service

58%
Increase in the number of breakdown appointments booked online

Our digital transformation programme is focused on delivering simple and easy-to-use customer journeys.”

Sarwjit Sambhi,
Chief Executive, Centrica Consumer

2030 Ambition

Fewer calls to British Gas contact centres as customers found it easier to deal with us online

2.9m
Our Ambition for Climate Change

Enabling the transition to a lower carbon future

We’re helping to shape a low carbon future by enabling our customers, the energy system and our business to manage energy more sustainably.

Why it’s important

<2°C
Global Paris Agreement to limit global warming to well below 2°C and pursue 1.5°C

Net zero
Governments in the UK and Ireland have set targets to achieve net zero by 2050

Rising CO2
While energy emissions are in decline in the UK and US, global emissions are on the rise

Help our customers reduce emissions in line with Paris goals

2030 Ambition 2019 Progress (Year 1)
Help our customers reduce emissions by 25%, by direct (3%) and indirect action

3.9% (4)
Emissions reduced

2.6mtCO2e
Reduction in customer emissions through services and solutions we delivered in 2019, which is equivalent to the annual emissions of 900,000 UK homes

Enable a decarbonised energy system

2030 Ambition 2019 Progress (Year 1)
Deliver 7GW of flexible, distributed and low carbon technologies as well as provide system access and optimisation services

2.7GW†
Flexible, distributed and low carbon capacity

EV 100
by THE CLIMATE GROUP

Joined EV100 which commits us to accelerate the transition to EVs and electrify our 12,500-strong fleet by 2030

Reduce our own emissions in line with Paris goals

2030 Ambition 2019 Progress (Year 4)
Be net zero by 2050 and communicate our pathway to it by 2030

55,145tCO2e†
Internal carbon footprint

Since 2015, we’ve been repositioning our business away from centralised power generation and oil and gas production, towards providing services and solutions that help our customers run their world in ever more sustainable ways. While we now produce over 80% less carbon than we did a decade ago, our total carbon emissions rose by 31% in 2019 due to increased generation from our upstream assets. As we complete our strategic transformation and deliver our intention to exit oil and gas production by the end of 2020, we fully expect our total carbon emissions to reduce again.

During 2019, our internal carbon footprint of our property, fleet and travel declined by 39% against our 35% reduction target for 2015–25. The reduction was 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.

We welcome Centrica’s progress in setting targets to reduce customer emissions and developing a path to net zero. We look forward to continuing our engagement on its analysis of resilience to low carbon scenarios and its vision of, and role in, a low carbon future.

Andy Jones, EOS at Federated Hermes, Co-lead for Centrica under Climate Action 100+

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Andy Jones, EOS at Federated Hermes, Co-lead for Centrica under Climate Action 100+

Rising CO2
Global emissions are on the rise
Our Responsible Business Ambitions

Our Net Zero Heroes

We’re in homes, businesses and communities every day to help people manage their energy more sustainably. While we’ve got a long way to go to get to net zero by 2050, we wanted you to meet some of our Net Zero Heroes and see how together, we’re working towards a lower carbon future.

Delivering 100% renewable energy

Sprint, a leading telecommunications company in the US state of Virginia, is seizing the opportunity to take up renewable energy. Sprint is a sustainability trailblazer in Virginia and following their commitment to become carbon neutral, they’ve signed a deal with us to serve all of their 800 locations with 100% renewable energy. From retail sites to cell phone towers, the facilities typically use more than 88,000MWh a year so switching to renewables will save over 30,000 tonnes of carbon.

This deal was made possible through our political and regulatory engagement to open-up competition in Virginia’s electricity market. We’re now helping hundreds of new customers, who like Sprint, want to fulfil their low carbon commitments at a competitive price.

Creating more sustainable homes

Jag is a father of two in Leeds and after getting a smart meter installed, he was inspired to reduce his family’s energy use even further.

After cutting energy consumption via his smart meter, Jag’s next step was to get solar panels to give him greener energy and lower bills. He then upgraded to LED bulbs which consumes at least 75% less energy compared to incandescent bulbs. And finally, Jag installed Hive’s smart products throughout the home. In doing so, he can control his heating, lighting, plugs and more, from his phone which helps him stay on top of his energy use. For example, customers with the Hive smart thermostat which is the UK’s leading smart thermostat, never have to heat an empty home and can save £120 a year. Jag continues to be on the lookout for new ways to cut his energy usage.

Working with Direct Energy allows us to be a leader on renewable energy in Virginia, and work towards attaining carbon neutrality by 2025.

Chas Peterson, Head of Sprint Procurement and Supply Chain

To everybody can do their little bit, then we’d make a major impact.”

Suzanne

Pioneering local energy markets

Suzanne’s participating in the £19 million Cornish Local Energy Market trial, which tests how flexible and smart energy solutions can create a cleaner future for the UK.

Suzanne has had solar panels, battery storage and Hive smart home technologies installed. On sunny days, her solar panels can generate enough energy to fully power her home. And when the sun isn’t shining, her battery unit allows her to draw on the renewable energy she’s stored, with any remaining energy automatically sold back to the grid via a virtual marketplace enabled by blockchain technology.

Suzanne has been able to cut her reliance on the grid by nearly 50% while ensuring more low carbon energy is available for others to use.

While British Gas engineer, Aran, is here to help customers solve their energy problems, he’s also helping tackle climate change by driving an electric vehicle.

We’ve committed to electrify our 12,500-strong fleet by 2030, having already racked up over a million electric miles from engineers like Aran, who were one of our early electric vehicle (EV) adopters.

In addition to using EVs to cut our own footprint, we’re helping others do the same by enabling the EV revolution. We’ve partnered with global manufacturers like Ford and Volkswagen, to offer new charging installations and tariffs at scale, while collaborating with organisations like the NCP to help provide more convenient public charging spaces.

Businesses have also been encouraged to switch their fleet to EVs with the support of our suite of energy solutions, alongside our 100% renewable tariff certified by the Carbon Trust.

Driving down travel emissions

Aran, British Gas Engineer

Net zero

Climate change is the greatest threat facing society. If we are to achieve net zero by 2050, we need to work with governments, regulators and legislators, to ensure we have the right policies in place to decarbonise energy. That’s why we’ve set out key policy recommendations to support a pathway to net zero.

Explore more at centrica.com/netzeropolicy

My family are reducing their carbon footprint, which is good for me and good for the world.”

Jag

It makes me proud that our company’s going with electric vehicles. Everyone’s got to make a difference and we need to lead by example.”

Aran, British Gas Engineer

200+ New customers signed up

Creating more sustainable homes

20% Carbon emissions from heating that can be saved by using the Hive smart thermostat

Driving down travel emissions

17,200 Electric vehicle charge points we’ve installed since 2013

200+ Homes and businesses taking part in the trial

A pathway to net zero

Read more about the Hive on page 3 - 4

Read more about the trial on page 11

Read more about the Cornwall Local Energy Market trial, which tests how flexible and smart energy solutions can create a cleaner future for the UK.

Read more at centrica.com/netzeropolicy
Behind Our Responsible Business Ambitions

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.

Why it’s important

STEM skills shortage

Younger generations are not pursuing STEM careers and only a quarter of roles in the UK and US are held by women.

-20% Diverse companies out perform non-diverse companies.

1 in 7 UK’s workforce who are unpaid carers.

Empower people with future skills

2030 Ambition 2019 Progress (Year 1)

Inspire and develop 100,000 people with essential STEM skills 11,409 [6] People

We’re developing essential STEM (Science, Technology, Engineering and Maths) skills to deliver for our customers. In 2019, we continued to grow the electric vehicle infrastructure by cross-training a hundred of our engineers to install charging points and we’ll ramp up training in this area in 2020. Colleagues also advanced their capabilities by completing courses on a range of topics, including digital and leadership, through specialist Learning Academies, apprenticeships and the Career Development Hub. On top of this, mentoring has empowered colleagues to amplify their personal and professional development – from in-house reverse mentoring that pairs early career entrants with experienced colleagues, to cross-sector mentoring via the 30% Club.

Case study

Campaigning for a better future for carers

There are over 6.5 million unpaid carers in the UK which includes our customers and colleagues. While caring for a loved one can be hugely rewarding, it can also be incredibly demanding, and has led to a third of carers having to give up work. People shouldn’t have to choose between working and caring – that’s why we’re working in partnership with Carers UK to ensure that every carer feels recognised, valued and supported.

So, what have we done?

Strengthened our carer-friendly culture

We extended our world-class paid carers leave allowance to up to six weeks in total when matched with annual leave, and continued to enable employees to access support via our 1,000-strong Carers Network and 150-strong Mental Health First Aiders.

Shared best practice with peers

Our leaders wrote to the UK’s largest employers, hosted peer learning forums and launched a Carers Brochure to share best practice while encouraging the business community to increase support for working carers.

Campaigned for change

Together, we are advocating for the introduction of statutory carers’ leave in the UK which is now on the agenda for the UK Government’s future legislative programme and will help millions of carers nationwide. Awareness was also raised of the support carers need with our award-winning ‘Share That You Care’ film which played in cinemas across the UK.

Build a more inclusive workplace

Having a diverse workforce that reflects our communities is key to satisfying the changing needs of our customers and enabling a lower carbon future. That’s why we are passionate about creating an inclusive workplace where everyone feels motivated and able to reach their full potential.

Towards this in 2019, we:

- launched an ethnicity employee network and continued to be a signatory of Business in the Community’s (BITC’s) Race at Work Charter to help breakdown barriers to progression;
- sought to inspire the next generation of young girls to explore a career in STEM by working with the Royal Academy of Engineering to tackle gender stereotypes and showcase strong female role models that demonstrate how exciting a career in energy can be;
- rolled out unconscious bias training with interactive workshops for leadership and made further training available to employees; and
- set a new standard for supporting carers in the workplace (see case study).

Despite our efforts, progress against some Ambitions were impacted by business transformation so we hope to make greater progress next year.
Creating stronger communities

By offering our knowledge and expertise, we’re empowering communities to take control of their energy and tackle pressing social issues.

Why it’s important

**£980m**
Potential annual energy savings if just 50% of the UK’s Industry, Healthcare and Hospitality & Leisure sectors took up distributed energy solutions.15

**27,000**
Our workforce of 27,000 people have the opportunity to volunteer two days a year, sharing and developing vital skills to help good causes.

**£2.5m**
Savings for public and essential services.

Apply new energy technologies to drive positive change

<table>
<thead>
<tr>
<th>2030 Ambitions</th>
<th>2019 Progress (Year 1)</th>
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<tbody>
<tr>
<td>Deliver £55bn of value for communities through new and distributed energy technologies</td>
<td>£27.6m Value for communities</td>
</tr>
<tr>
<td>Deliver £300m in energy efficiency savings to public and essential services</td>
<td>£2.5m Savings for public and essential services</td>
</tr>
</tbody>
</table>

Our services and solutions help communities increase their energy resilience, reduce their environmental impact and unlock financial savings that can be used to build a more productive and prosperous economy for all.

Towards this in 2019, we:

- enabled money from energy savings to be redirected towards patient care by cumulatively installing distributed energy solutions at 90 hospitals globally while working with over 1,300 NHS providers in the UK;
- helped the New York City Housing Authority ensure energy resilience with a package of operation and maintenance, demand response and remote monitoring controls using our PowerRadar™ energy insight and analytics technology; and
- rolled-out technologies like solar and battery storage in over 200 UK homes and businesses as part of the Cornwall Local Energy Market trial. The trial will test how flexible demand, generation and storage can support the grid during peak times, help stimulate the growth of renewables and create opportunities to reduce energy bills.

Case study

**Saving energy to boost healthcare resources in Devon**

The Royal Devon and Exeter NHS Foundation Trust provides healthcare services to nearly half a million people. Understandably, they want to spend their resources on caring for people rather than paying for energy while achieving their broader sustainability goals.

To help them do that, we’re undertaking a £7 million project to install state-of-the-art energy technology at five healthcare sites. This includes a 1.5MW combined heat and power (CHP) unit at Wonford Hospital to generate electricity onsite alongside roof mounted solar panels, LED light fittings, air conditioning upgrades and new energy efficient boilers.

2,200tCO₂e
Annual emissions saved

1,450 vehicles
Equivalent to taking this number of cars off the road

£800,000
Annual savings

Collaborate across sectors to improve local communities

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<th>2030 Ambitions</th>
<th>2019 Progress (Year 1)</th>
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<tbody>
<tr>
<td>Encourage our people to share their skills by volunteering over 100,000 days</td>
<td>2,452 Volunteering days</td>
</tr>
<tr>
<td>Deliver 2,500 skills development opportunities for young people not in education or employment</td>
<td>362 Young people</td>
</tr>
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We tackle issues our communities and business care passionately about. We invested £167 million in total community contributions during 2019 which includes donations to our flagship charity partners to make life better for carers through Carers UK, help end family homelessness with Focus Ireland and improve the lives of children and their families via the Children’s Miracle Network Hospitals in North America. We additionally empowered over 360 young, unemployed people to gain workplace skills through Movement to Work. This brings the overall number of young people helped through the scheme to 1,800 since 2014.

Despite all employees having up to two days paid leave to volunteer, our volunteering days reduced by almost 50% compared to 2018 with participation impacted by the reorganisation of our business.

£6m
Contributions we’ve enabled over the course of our flagship charity partnerships for Carers UK, Focus Ireland and the Children’s Miracle Network Hospitals

Volunteering to help fight homelessness has been extremely rewarding. It’s inspired me to continue to keep using my skills to give back to people in need.

Lauren Retig, Digital Communications Executive at our Bord Gáis Energy business
**Our Responsible Business Ambitions Scorecard**

**Progress against our 2030 Responsible Business Ambitions**

**Our Ambition for Customers: Delivering for our customers**

- **2030 Ambitions**
  - Deliver two innovations
  - Support more customers via digital channels
  - Reduce two innovations

- **2019 (Year 1 Progress)**
  - 10 innovations
  - 49% of customers using online account management
  - 6 innovations

**Our Ambition for Climate Change: Enabling the transition to a lower carbon future**

- **2030 Ambitions**
  - Reduce internal carbon footprint by 55.14% (baseline: 2015)

- **2019 (Year 1 Progress)**
  - 39% reduction against baseline

**Our Ambition for Communities: Building the workforce of the future**

- **2030 Ambitions**
  - Aspire and develop 35,000 people with essential STEM skills

- **2019 (Year 1 Progress)**
  - 11,409 people

**Our Ambition for Policies: Creating stronger communities**

- **2030 Ambitions**
  - Deliver £0.5 billion of value for communities through new and essential STEM skills

- **2019 (Year 1 Progress)**
  - 11% of people who have undertaken more than one STEM activity. We may involve double counting if someone has undertaken more than one STEM activity.

**Our contribution to the Sustainable Development Goals**

- **In 2015, the United Nations launched 17 Sustainable Development Goals (SDGs), that call on government, businesses and other stakeholders, to take action on the biggest issues facing people and the planet by 2030.**

- **Why these SDGs are important to us**
  - Every action we take is focused on providing energy services and solutions that meet the changing needs of our customers and enable a lower carbon future. With this focus, we have a huge opportunity to use our skills and capabilities to help our 26 million customer accounts run their world in every more sustainable ways.

- **10 innovations**
  - We are well-placed to address society's needs of our customers and enable a sustainable future.

**Our Ambition for Climate Change: Enabling the transition to a lower carbon future**

- **Lead SDG:** Climate change is the greatest threat facing society. We’re committed to reduce energy’s impact on the climate and contribute to national and international targets by helping our customers, the energy system and our business to manage energy more sustainably — from providing energy efficiency and green power to homes and businesses, to delivering flexible, distributed and low carbon technologies that create a cleaner energy system.

- **Supporting SDGs:**
  - Helped customers reduce their carbon emissions by 3.9% through energy efficiency services and solutions — equivalent to the annual emissions of around 900,000 UK homes.
  - Developed 2.7GW of flexible, distributed and low carbon capacity and enabled a further 11GW of renewable power under management.
  - Helped customers reduce their carbon emissions by 3.9% through energy efficiency services and solutions — equivalent to the annual emissions of around 900,000 UK homes.

- **Read more on pages 3 – 4**

**Our Ambition for Communities: Creating stronger communities**

- **Lead SDG:** Our scale and skills can help create stronger communities. We’re giving communities the power to enhance energy resilience, reduce environmental impact and unlock financial savings that can be used to build a more productive and prosperous economy. And together, we’re tackling enduring social issues which include reducing unemployment and skills shortages by providing decent work, training and volunteering.

- **Supporting SDGs:**
  - Provided distributed energy solutions to 90 hospitals, reducing carbon emissions and unlocking funds that can be redirected towards patient care.
  - Helped more than 1,860 young, unemployed people gain workplace skills through Movement to Work since 2014.
  - Contributed £1.4m to support our flagship charity partnerships with Carers UK, Focus Ireland and the Children’s Miracle Networks Hospital in North America.

- **Read more on pages 9 – 10**

**Our Ambition for Customers: Delivering for our customers**

- **Lead SDG:** Help one million carers stay in or return to work via active promotion of carer-positive policies.

- **Supporting SDGs:**
  - Helped more than 1,800 young, unemployed people gain workplace skills through Movement to Work since 2014.
  - Developed 2.7GW of flexible, distributed and low carbon capacity and enabled a further 11GW of renewable power under management.
  - Ranked ‘A’ for being a world leader on action and disclosure on climate change by CDP.

- **Read more on pages 5 – 8**

**Our Ambition for Ambitions: Delivering for our customers**

- **Lead SDG:** Help customers understand and manage their energy better.

- **Supporting SDGs:**
  - Helped customers understand and manage their energy better.
  - Helped more than 1,800 young, unemployed people gain workplace skills through Movement to Work since 2014.

- **Read more on pages 11 – 12**

**Explore our wider foundational reporting together with over 100 metrics in our online data centre at centrica.com/datacentre**

**Key: Progress against Ambitions**

- On track
- Behind
Centrica plc
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Company registered in England and Wales
No. 3033654
centrica.com/sustainability

Footnotes
(1) Our Ambitions are underpinned by our Responsible Business Foundations to ensure our business operates with integrity.
(4) Direct savings only. We intend to enhance our understanding and disclosure of indirect customer carbon savings relating to decarbonising the energy system and advocating for cleaner energy policies.
† Included in PwC’s limited assurance engagement. See centrica.com/assurance for more details.
(5) Part funded by European Regional Development Funds.
(9) May involve double counting if someone has undertaken more than one STEM activity.
(11) Comprises of mandatory, voluntary and charitable contributions.