

United Nations Global Compact

The United Nations Global Compact (UNGC) challenges business to uphold universally accepted principles on human rights, anti-corruption, labour and the environment. As a signatory to the UNGC, we remain steadfast in our commitment to support, uphold and communicate the action we are taking on these important issues each year.

Iain Conn
Chief Executive

[Visit the United Nations Global Compact website](#)

Centrica's 'Communication on progress' – 2014

1. Businesses should support and respect the protection of internationally proclaimed human rights

Our Business Principles are aligned to the [Universal Declaration of Human Rights](#) and set out our commitment to protect people from human rights abuses wherever we work in the world. To embed this commitment during 2014, we conducted a Group-wide Business Principles declaration whereby 98.3% of junior management level employees and above, pledged to uphold the Principles which had been expanded to an additional 5,000 junior managers for the first time to reinforce these values. The percentage of those completing the declaration exceeded the 95% minimum completion target and was marginally below the 98.9% achieved in 2013. All new employees also undertake an on-boarding Business Principles e-learning module to ensure they embody the Principles from the outset of their employment with us.

- [Business Principles](#) and [data centre](#)
- [Human rights web page](#)
- [Supporting our people and communities web page](#)
- [CR Performance Review](#) – Supporting people and communities

2. Businesses should make sure that they are not complicit in human rights abuses

We are dedicated to mitigating human rights abuses in our business and across our supply chain. This commitment is outlined both in our Human Rights Policy and Responsible Procurement Policy. In our business, our human rights risk is however very low because operations are predominantly based in countries with legal frameworks that safeguard these rights, with only our Trinidad and Tobago operations being in an area classed as higher risk. In higher risk locations, we provide our people with human rights training that have been developed alongside the Institute of Business Ethics to empower our people to avoid complicity in abuses. This is in addition to the Business Principles training delivered to all junior management level employees and above, as well as new starters. Should anyone have concerns around the contravention of human rights, a Speak Up helpline enables incidents to be reported anonymously which stimulates an investigation and if necessary, remedial action.

We also use our purchasing power to embed commitments on human rights as part of the wider social, ethical and environmental operating standards required through our supplier contracts. To ensure these standards are adhered to, we conduct a supplier assessment with independent supply chain sustainability experts, EcoVadis. In 2014, 57 of our potentially higher risk, strategic suppliers completed the risk assessment whereby we received an average supplier risk score of 51 (low risk), which reflects that the majority of our suppliers are based in lower risk countries such as the UK, Europe and North America. This score is better than the multi-industry average of 41 (medium risk) and marks an improvement on our 2013 performance of 49 (low risk).

Furthermore, we are evolving how we work to make energy simpler and fairer. In the UK during 2014, we helped nearly 1.8m vulnerable customers keep their homes warm and well lit in the UK while over the last decade, we contributed £75m to the British Gas Energy Trust (an independent charity), which has helped over 120,000 customers and non-customers receive debt advice and grants for energy

and household bills. We are also improving living standards by building better homes for Britain through our five year partnership with Shelter, by focussing on raising the standard of electrical safety and energy efficiency as well as advocating for legislative change. Meanwhile in North America, we are helping our customers by donating over \$538,000 (£335,170) through our Neighbor-to-Neighbor bill assistance programme, enabling nearly 3,000 Texans to receive a grant of up to \$600 (£374).

- [Business Principles](#)
- [Human rights web page](#) and [Group Human Rights Policy](#)
- [Supply chain web page](#), [Supply chain case study](#) and [Group Procurement Policy](#)
- [Group Security Policy](#)
- [Helping our customers web page](#) and [customer case studies](#)
- [Supporting our people and communities web page](#)
- [CR Performance Review](#) – Helping our customers and Supporting our people and communities

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Strong relationships with trade unions are vital for achieving change that benefits our people, customers and company. During 2014, our trade union membership remained consistent at around 43% of employees and we continued to work closely with both unions and employees on issues that included remuneration and work contracts.

We also uphold the right to freedom of association for workers in our supply chain through responsible procurement clauses in supplier contracts.

- [Supporting our people and communities web page](#)
- [Supply chain web page](#)
- [Group Procurement Policy](#)

4. Businesses should uphold the elimination of all forms of forced and compulsory labour

We support the core conventions of the [International Labour Organisation \(ILO\)](#), which include the Abolition of Forced Labour (Convention 105, 1957). In our Trinidad and Tobago operations which are located in an area of higher risk to human rights, we also provide practical tools such as online training and materials that enable our people to uphold these rights. Meanwhile, all junior management level employees and above undertake an annual declaration to confirm their compliance with the Business Principles which contains a commitment to respect human rights. All new employees also undertake an e-learning module so that they understand and comply with the Business Principles.

Equally, our Responsible Procurement clauses in supplier contracts prohibit the use of forced labour across our supply chain.

- [Business Principles](#)
- [Human rights web page](#) and [Group Human Rights Policy](#)
- [Supply chain web page](#) and [Group Procurement Policy](#)

5. Business should uphold the effective abolition of child labour

As part of our continued resolve to respect human rights as set out in our Business Principles, we pledge to end child labour across our operations and within our supply chain. We embed this principle through online training for teams based in areas identified as having a higher risk to human rights, as well as via the Business Principles annual declaration. We further ensure the rights of children are protected through responsible procurement clauses outlined in supplier contracts.

- [Business Principles](#)
- [Human rights web page](#) and [Group Human Rights Policy](#)
- [Supply chain web page](#) and [Group Procurement Policy](#)

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation

We want to create a great place to work which means providing a rewarding, fulfilling and inclusive environment where people can reach their full potential. In doing so, we can attract and retain a diverse and talented workforce, capable of delivering the best possible service to our customers.

We actively recruit employees across a range of ages which can be demonstrated by removing upper age limits for apprenticeships and making mature graduates eligible for graduate programmes.

Our flexible approach to working also enables working parents and carers to balance their family commitments alongside work requirements and in 2014, we launched a new online portal to give greater access to family friendly resources which include backup childcare and eldercare. Furthermore, our 1,000-strong carers network alongside those we have for women and fathers, provide an important platform to tailor support and gain feedback on how we can meet the different needs of our people. In response of our best practice approach to supporting our people, we were recognised as a Top Employer for Working Families in 2014.

We are additionally committed to gender diversity. With women making up 30% of all employees and constituting 27% of senior management alongside 33% of the Board, Centrica was ranked 19th in the Female FTSE 100 Index during 2014. To improve gender diversity further, we support various initiatives that promote gender diversity and career development. Through the Pearls Programme for example, 25 women were identified across the business to benefit from coaching and mentoring. We also partnered with the Women's Oil Council which is a network in the oil and gas industry and with the Women's Business Council, to make recommendations to government and UK businesses on how to optimise women's contribution to business.

- [Creating a great place to work web page](#) and [case study on employees with carer responsibilities](#)
- [Diversity metrics](#) and [blog on older workers](#)
- [Annual Report](#)
- [CR Performance Review](#) – Supporting our people and communities

7. Business should support a precautionary approach to environmental challenges

As an energy company, we have a crucial role to play in limiting energy's impact on the environment, which includes contributing to carbon emission reduction targets set at a national and international level. We work to effectively manage our operational impact on the environment while focussing on empowering our customers to cut their consumption in order to limit their carbon emissions which constitute the single biggest source of emissions associated with our business.

In 2014, these efforts were recognised by CDP, an international NGO reporting to investors representing around a third of the worlds invested capital. CDP awarded us the highest possible mark for disclosure and action on climate change, placing us in the top 1% of reporting companies globally and joint first of all FTSE 350 companies.

As we transition to a lower carbon energy future, gas remained at the centre of our energy strategy during 2014, supported by ongoing commitments in nuclear and renewable power generation. This is because gas is the lowest carbon fossil fuel, provides an increasingly important back-up to renewables and is one of the most affordable energy sources for heating homes and running businesses. During this period, the carbon intensity of our power generation declined from 200gCO₂/kWh in 2013 to 154gCO₂/kWh, due mainly to changes in our generation portfolio. When we take into account the energy we purchase from other providers, the carbon intensity of the power we sold in the UK shows that we have one of the lowest carbon fuel mixes among major UK energy suppliers. And overall, our power generation from low carbon sources such as wind and nuclear, increased to 61% from 52% in 2013, which we calculate is comparable to avoiding the annual carbon emissions of almost 1.7m UK homes. We also remain committed to reducing our internal carbon footprint and have achieved a reduction of over 25% compared to our 2007 baseline.

In 2014, we continued to provide innovative products and services that give customers greater insight and choice over how they use and save energy in order to help cut emissions and bills. Since 2010, we calculate that we have helped our customers in the UK save over 13mtCO₂e, equivalent to the average annual emissions of 2.6m UK homes.

Having installed almost 70% of the UK's smart meters, we are leaders in their roll-out which enable customers to make more informed energy choices through provision of real-time data on their energy use. At the same time, 70% of Hive Active Heating™ users believe they are also making energy savings as a result of having greater control over their energy via the cutting-edge remote-controlled heating device.

Through the Energy Company Obligation we are also improving the efficiency of UK homes, particularly low-income households. In 2014, we installed more than 282,000 measures which will generate lifetime carbon savings of 5.5mtCO₂e. We are additionally focussing on providing renewable generation products such as solar and in 2014, we were able to provide this service to our residential customers in North America for the first time through acquisition of Astrum Solar in July. Since then, we have completed around 600 installations in North American homes and we hope to expand this business significantly in 2015.

- [Reducing carbon web page](#) and [environment metrics](#)
- [Environment Policy](#)
- [Securing energy responsibly web page](#) and [energy supply metrics](#)
- [CR Performance Review](#) – Reducing carbon and Innovating to provide more choice

8. Business should undertake initiatives to promote greater environmental responsibility

We have a responsibility to provide energy our customers need but we must do this in a way that minimises adverse environmental impacts. This enables us to maintain our licence to operate and build relationships of mutual interest with local communities.

We are confident that natural gas from shale can be extracted safely and responsibly. We have a strong track record in this and we continue to work closely with our partner, Cuadrilla Resources, to ensure the best practice obligations we have implemented are applied. In a UK first, we have also committed to open our two proposed Bowland exploration sites to the British Geological Survey, to undertake independent monitoring during the hydraulic fracturing process.

Additionally, we are working with customers and communities to raise awareness about climate change and encourage the adoption of energy efficiency measures and technology that will give more choice and control over consumption. Through our Generation Green education programme for example, we are engaging the next generation to use energy more sustainably while inspiring them to become the energy innovators needed for the future.

We are also backing, Ignite, the UK's first corporate impact investment fund focussed on energy. Through Ignite, we have committed to invest £10m alongside our people's expertise to help purpose-driven Energy Entrepreneurs grow the impact they can make in society to tackle some of the biggest social and environmental challenges in the UK. Our investment with Global Action Plan for instance, will provide 150 NEETs (young people not in employment, education or training), with green skills to help organisations reduce their energy use while giving them the skills they need for future employment.

- [Reducing carbon web page](#) and [environment metrics](#)
- [Reducing carbon case studies](#)
- [Environment Policy](#)
- [Securing energy responsibly web page](#) and [energy supply metrics](#)
- [CR Performance Review](#) – Reducing carbon and Innovating to provide more choice
- [CDP Climate Change Response](#)

9. Business should encourage the development and diffusion of environmentally friendly technologies

As a leading energy supplier, we have a crucial role in driving the development and diffusion of innovative smart and energy efficient technologies to homes and businesses. While we cannot control how customers use energy, we strive to provide them with the tools and technology needed to improve control over consumption so that they can reduce carbon emissions and bills.

To do this, we are making investments that give us the technology and skills needed to innovate. In early 2015, we acquired the energy management products and services company AlertMe, which will enable us to deliver new innovations to make the future connected home a reality. AlertMe already provides the technology behind Hive Active Heating™ by British Gas, which gives customers more control over their heating and by the end of 2014, we had sold a total of 150,000 smart thermostats which was 50% more than target. We have also increased the number of smart technical experts in the UK by 30% and delivered more than 3,350 training days at British Gas' Green Skills Centre in Tredegar during 2014.

In North America, Direct Energy provides innovative time-of-use tariffs such as 'Free Power Saturdays', to help reduce environmental impact by encouraging customers to shift their energy use to periods of lower demand so that less power needs to be generated to meet peak demand. Building on their experience, British Gas has successfully trialled a time-of-use tariff and intends to launch it in the UK during 2015.

Through the Innovation to Inspiration tour in North America, we are actively engaging communities in the evolution of technology to increase demand and diffusion. The exhibit shows how greater choice and control over energy management can be improved through products like smart thermostats and automated sprinklers.

In 2014, British Gas continued to provide customers with measures such as insulation and solar panels which have saved over 13mtCO₂e since 2010. We are additionally leading the roll-out of smart meters, having installed nearly 1.7m in the UK.

- [Reducing carbon web page](#) and [environment metrics](#)
- [Reducing carbon case studies](#)
- [Environment Policy](#)
- [Securing energy responsibly web page](#) and [energy supply metrics](#)
- [CR Performance Review](#) – Reducing carbon and Innovating to provide more choice
- [CDP Climate Change Response](#)

10. Businesses should work against all forms of corruption including extortion and bribery

We strive to operate to the highest levels of ethical conduct as set out in our Business Principles. We are therefore committed to working within the laws and regulations of the countries where we operate and support the 2010 Anti-Bribery and Corruption Act in the UK, which forms the basis of our approach to Anti-Bribery and Corruption (ABC).

Our Business Principles provide a clear framework to guide the behaviour of our people, partners and third-parties on ABC, which is enforced and communicated throughout the company. All junior management level and above employees undertake the annual Business Principles declaration while all management level employees are required to also complete an ABC declaration to safeguard our business from contraventions.

Our Responsible Procurement CR clauses additionally set out the requirement to prevent ABC. We have assessed our strategic suppliers for bribery risk, to ensure appropriate anti-bribery processes are in place.

- [Business Principles](#)
- [Human rights web page](#) and [Group Human Rights Policy](#)

