

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 are committed to continue to take action to support and uphold the principles, and to communicate progress on these actions annually.

Our progress over the past year in these areas is communicated through our website's [issue pages](#), in the [data centre](#) as well as in our [2013 CR Performance Review](#).

Sam Laidlaw
Chief Executive

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

Centrica 'Communication on progress' – 2013

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

Our commitment to protect people from human rights abuses is set out in Centrica's Business Principles which is aligned with the [Universal Declaration of Human Rights](#). To embed this commitment in 2013, we conducted a Group-wide Business Principles declaration which was completed by 98.9% of senior-management level employees. This level of compliance exceeded the 95% minimum target and surpassed the 98.6% completion rate achieved in 2011¹. To ensure our people personify the Business Principles, we are expanding the 2014 declaration to a wider population that includes all junior-managers, increasing the number required to complete by around 4,000. All new employees also undertake an on-boarding Business Principles e-learning module.

- [Business Principles](#) and [blog](#)
- [Human rights](#)
- [Supply chain](#)
- [Caring for our people and communities](#)
- [CR Performance Review](#) – People and communities and Working with our partners

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

We are dedicated to mitigating adverse impacts on human rights both within our business and our supply chain. This commitment is explicitly outlined in our Group Human Rights Policy as well as the Responsible Procurement and Supplier Management Policy. While our human rights risk is low because our operations are based in countries with legal frameworks to protect these rights, we provide teams operating in higher-risk countries (less than 0.03%) with a best practice approach to human rights through an e-learning module and training materials, which were developed alongside the Institute of Business Ethics in 2011. To further guard against complicity of human rights abuses, we conduct Business Principles training for all management level employees and new starters. However, should anyone have a concern around the contravention of human rights, we provide a Speak Up helpline where incidents can be raised and remedial action subsequently taken by the business.

Additionally, in our downstream business in the UK, we are evolving how we work to ensure we comply with Ofgem's Standards of Conduct and the Retail Market Review to make energy simple, transparent and fair. We were the first energy company to proactively contact our residential customers with a personalised Tariff Check to help people onto the best British Gas energy deal and in 2013, we supported 1.8m vulnerable customers to keep their homes warm and well lit in the UK.

¹ No Business Principles declaration was conducted in 2012.

We also embed responsible business practices in our supply chain through supplier contracts which include human rights provisions and sets out minimum social, ethical and environmental operating standards. To ensure these standards are adhered to and risk areas identified, we launched a supplier assessment programme with independent supply chain sustainability experts, EcoVadis. Of the 70 strategic suppliers assessed in 2013, our average risk rating was low at 49 out of 100, which is better than the medium-risk multi-industry average² (score of 41), where 100 equates to lowest risk. Where risks have been identified, we are working with suppliers to improve standards.

- [Business Principles](#) and [blog](#)
- [Human rights](#) and [Group Human Rights Policy](#)
- [Supply chain](#) and [Group Responsible Procurement and Supplier Management Policy](#)
- [Corporate Responsibility Policy for Suppliers](#)
- [Group Security Policy](#)
- [Speak Up CR update](#)
- [Treating customers fairly](#)
- [Caring for our people and communities](#)
- [CR Performance Review](#) – Customer Fairness, People and communities and Working with our partners

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

We believe that collective relationships with trade unions are an essential part of how we do business because through collaboration, we can achieve positive change beneficial to our people, our company and consumers across the energy industry. In 2013, approximately 43% of our employees were a trade union member which is a level relatively consistent with previous years. During this period, we continued to work closely with unions and employees to manage change effectively on issues that included pay, business restructure and work contracts. British Gas also became the first employer to commit to UNISON's 'Call Centre Charter', which is a set of best-practice standards that aims to improve the working environment for call centre employees. Our Responsible Procurement clauses in supplier contracts also uphold employee rights to freedom of association within our supply chain.

- [Caring for our people and communities](#)
- [Call Centre Charter](#)
- [Supply chain](#)
- [Corporate Responsibility Policy for Suppliers](#)
- [CR Performance Review](#) - People and communities and Working with our partners

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

We remain steadfast in our support of the core conventions of the [International Labour Organisation \(ILO\)](#), which include the Abolition of Forced Labour (Convention 105, 1957). Where we have operations in higher risk areas of the world, we also provide practical tools such as online training and materials that enable employees to uphold human rights in these countries. To further reinforce our commitment to eliminate forced labour, we ensure all new employees undertake an e-learning module on our Business Principles while management-level employees undertake an annual Business Principle declaration that outlines our dedication to respecting human rights. Our Responsible Procurement CR clauses in supplier contracts additionally guard against the use of forced labour in our supply chain and those of our suppliers.

- [Business Principles](#)
- [Human rights](#) and [Group Human Rights Policy](#)
- [Supply chain](#) and [Group Responsible Procurement and Supplier Management Policy](#)

² Performance is based on the EcoVadis rating scale.

- [Corporate Responsibility Policy for Suppliers](#)
- [Chief Executive video on how we do business](#)

5. Business should uphold the effective abolition of child labour

In our Business Principles, we pledge to end child labour in our commitment to respect human rights throughout our operations and within our supply chain. We continue to embed this principle through online training for teams situated in areas identified as having a higher human rights risk, as well as via the Business Principles' annual declaration and e-learning module for all new employees. Within our supply chain, we also ensure the rights of children are protected through Responsible Procurement clauses in supplier contracts.

- [Business Principles](#)
- [Human rights](#) and [Group Human Rights Policy](#)
- [Supply chain](#) and [Group Responsible Procurement and Supplier Management Policy](#)
- [Corporate Responsibility Policy for Suppliers](#)

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. We are therefore committed to attracting and retaining a diverse and talented workforce based on their capability to provide the best possible service to our customers. For example, we reject ageism and actively recruit people from a wide range of ages. Our award-winning graduate training and work placement programmes provide opportunities for young people starting their careers, while the removal of upper age limits on our apprenticeship schemes and the eligibility of mature graduates for graduate programmes, ensures we benefit from both younger and older workers. Our flexible approach to working also enables working parents or carers to balance their family commitments alongside work requirements. Additionally, our 700-strong Carers Network provides carer employees with a platform to improve the tailored support provided to them.

In recognition of our best practice approach to supporting older workers and carers, British Gas was awarded 'Best for carers and eldercare' in the 2013 Working Families Awards.

Centrica is also committed to gender diversity both at a Board level and throughout the wider company. Women make up 27% of the Board, 26% of senior management and 29% of all other employees. We support various initiatives promoting gender diversity, such as the Pearls Programme which identifies women across the business to benefit from coaching and mentoring. Furthermore, Centrica is working 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](#)
- [Diversity metrics](#)
- [Our awards](#)
- [Annual Report](#)
- [CR Performance Review](#) – People and communities

7. Business should support a precautionary approach to environmental challenges

We seek to proactively reduce energy's impact on the environment. We do this by managing the emissions of our operations while also working to reduce customer consumption of energy which forms the biggest contributor of carbon emissions associated with our business.

In the transition to a low carbon future in 2013, we continued to focus on gas as the lowest carbon fossil fuel alongside low carbon energy in order to balance the conflicting needs for a secure and affordable supply of energy in a way that reduces our carbon footprint. During this period, the amount of power generated globally through our investments in low carbon sources increased

slightly to 51.5%, up from 50.5% in 2012³. While the carbon intensity of our power generation remained the same as 2012 at 200 gCO₂/kWh, when we take into account the energy purchased from other providers, the carbon intensity of the power we sold in the UK for 2012/13 financial year, shows we have the second lowest intensity among the 'big six' energy suppliers which is well below the UK average. We also remain committed to reducing our internal carbon footprint and have achieved a 19% reduction compared to our 2007 baseline.

In 2013, we continued to empower customer carbon footprint reductions through energy efficiency and technology products such as smart meters, which heighten awareness and drive improved energy management. This not only helps customers use energy more efficiently, but enables them to save money on their energy bills.

- [Safeguarding the environment](#)
- [Environmental metrics](#)
- [Maintain energy security](#)
- [CR Performance Review](#) – Environment

8. Business should undertake initiatives to promote greater environmental responsibility

Ensuring we proactively limit the environmental impacts by sourcing, generating and storing energy in a responsible way is critical to our business success. This is because if we protect biodiversity, air and water quality, we can improve efficiencies, maintain our licence to operate and enhance relationships with local communities. To achieve this, we implement systems to effectively manage and reduce our impact with environmental management plans, innovation, technology, behavioural change as well as working with partners to maximise skills and expertise. For example, we are committed to achieving independent certification to the ISO 14001 standard for environmental management in all our operations and by 2013 globally, more than 90% of our operations measured by carbon emissions were certified. We also worked closely with our partner, Cuadrilla Resources, to develop best practices relating to the management of environmental impacts of natural gas production from shale.

Additionally, we work with customers and communities to raise awareness about climate change and the importance of limiting their carbon emissions through implementation of energy efficiency measures and technology that will give greater control over consumption. We are also backing, Ignite, the UK's first energy-focussed impact investment fund, to support energy entrepreneurs tackle some of societies biggest social and environmental challenges by developing their ventures in order to grow their positive impact.

- [Safeguarding the environment](#)
- [Environmental metrics](#)
- [Environment Policy](#)
- [Maintain energy security](#)
- [CR Performance Review](#) – Environment and Working with our partners

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

As a major energy supplier, we have a crucial role to play in driving the development and diffusion of smart and energy efficient technology 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 their energy use to reduce carbon emissions and household bills. For instance, time-of-use products such as our 'Free Power Saturdays' offering in North America, helps reduce environmental impact by encouraging customers to shift energy usage to periods of lower demand which reduces energy production emissions as less power sources need to be turned on to meet peak demand. In 2013, British Gas also continued to provide customers with measures such as insulation, new boilers, and solar panels which since 2010 have saved around 9.8m tonnes of CO₂ equivalent

³ Based on equity share.

emissions which is comparable to taking 668,000 cars of the road. We are additionally leading the roll-out of smart meters, having installed 1.3m in homes and businesses which constitutes 70% of those delivered in the UK. To support the UK roll-out of environmentally friendly technologies in 2013, we provided more than 1,970 training days at the British Gas' Green Skills Centre in Tredegar, Wales.

Our wind generation and our 20% stake in EDF Nuclear Generation's UK nuclear power stations continues to provide a low carbon energy supply to customers.

- [Safeguarding the environment](#)
- [Environmental metrics](#)
- [Environment Policy](#)
- [Maintain energy security](#)
- [CR Performance Review](#) – Environment and Working with our partners

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

Centrica is committed to operating professionally, fairly and with integrity wherever we work within the world. This means working within the laws and regulations of these countries and we therefore support the UK Bribery Act of 2010. To prevent bribery from taking place, our Business Principles provides a clear framework to guide the behaviour of our people, partners and third-parties, which is enforced and communicated throughout the company. An Anti-Bribery and Corruption (ABC) online declaration for management-level employees, together with an e-learning module for all new starters joining the business, further embeds our ability to safeguard the business from ABC issues.

Our Responsible Procurement CR clauses also set out the requirement to prevent ABC. We have assessed a large number of our suppliers for bribery risk to ensure appropriate anti-bribery processes are in place within their companies.

- [Values and behaviours](#)
- [Business Principles](#) and [blog](#)
- [Group Anti-Bribery and Corruption Policy](#)
- [Human rights](#)
- [Group Human Rights Policy](#)
- [Corporate Responsibility Policy for Suppliers](#)