

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 on [issue pages](#), in the [data centre](#) as well as in our [2012 CR Performance Review](#).

Sam Laidlaw
Chief Executive

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

Centrica 'Communication on progress' – 2012

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

Centrica's Business Principles set out our support for human rights and are consistent with the [Universal Declaration of Human Rights](#). Following the success of the 2011 Business Principles declaration, which was completed by 98.6% of managers, it was not necessary to run a further declaration in 2012 but all new employees were however required to complete the on-boarding Business Principles e-learning module from March 2012. Work to strengthen employee embodiment of the Business Principles through a 2013 declaration process has commenced.

- [Values and behaviours](#)
- [Business Principles](#)
- [Human rights](#)
- [People](#)
- [Supply chain](#) and [CR update](#)
- [Communities](#)
- [CR Performance Review](#) - People and safety, pages 36-43 and How we engage with stakeholders p. 46-47

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

Our commitment to upholding human rights is explicitly outlined in our Group Human rights policy, and we provide mechanisms in which abuses can be reported and addressed through, for instance, our confidential 'Speak Up' helpline. The human rights e-learning module and training materials that were developed alongside the Institute of Business Ethics in 2011, continue to provide teams with a best practice approach to embedding a respect for human rights in countries where these rights are at higher risk. In order to mitigate any adverse impacts on human rights within our supply chain and those of our suppliers, we continue to include in supplier contracts clauses that require high social, ethical and environmental operating practices. At the end of 2012, over 700 suppliers had signed their commitment to the clauses. Additionally, all new starters from March 2012 have agreed to uphold human rights through the on-boarding Business Principles e-learning module.

- [Group human rights policy](#)
- [Group security policy](#)
- [Supply chain](#) and [CR update](#)
- [Group responsible procurement and supplier management policy](#)
- [Speak Up CR update](#)
- [Safety](#)

- [Health and wellbeing](#)
- [Customer trust and fairness](#)
- [Communities](#)
- [Energy supply](#)
- [CR Performance Review](#) - Customer fairness, pages 6-14, Energy supply p.27-35, and People and safety p.36-43

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

Collective relationships with trade unions are important in helping meet the needs of employees, while also working to achieve our business goals. Consistent with previous years, approximately 42% of our employees were trade union members in 2012, and we continued to work closely with unions and employees to manage change effectively. Successful engagements on a number of issues were achieved, such as restructuring programmes, pay review and changes to work contracts. Embedding Responsible Procurement clauses in our supplier contracts continued steadily in 2012, which incorporate respecting the rights of employees' freedom of association.

- [People](#)
- [Trade union CR update](#)
- [Supply chain](#) and [CR update](#)
- [CR Performance Review](#) - How we engage with stakeholders, pages. 46-47, People and safety p.36-39

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). Where we have operations that pose a higher risk to human rights, online training has been delivered to employees to support them in upholding human rights within these countries. New employees joining the business are also required to complete an e-learning module on the Business Principles, which covers the topic of human rights. Our Responsible Procurement roll-out of CR clauses in supplier contracts additionally guard against the use of forced labour within both our own supply chain and those of our suppliers.

- [Values and behaviours](#)
- [Business Principles](#)
- [Human rights](#)
- [Group human rights policy](#)
- [Supply chain](#) and [CR update](#)
- [Group responsible procurement and supplier management policy](#)

5. Business should uphold the effective abolition of child labour

Our commitment to ending child labour is set out in our Business Principles through our pledge to respect human rights across our operations and within our supply chain. Reinforcing this commitment across Centrica is achieved principally through online training on human rights for teams operating in countries where higher human rights risks exists, and as part of an e-learning module on the Business Principles for new employees. Through the continued roll-out of Responsible Procurement clauses to suppliers, we also ensure our supply chain is free from instances of child labour.

- [Values and behaviours](#)
- [Business Principles](#)
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6. Businesses should uphold the elimination of discrimination in respect of employment and occupation

We remain committed to providing an inclusive working environment in which our diverse and talented workforce can flourish. Our flexible working programme enables working parents and carers to uphold their family commitments. Working fathers can receive additional support through an organisation co-founded by Centrica called Employers for Fathers, while our 700 strong employee network of carers support one another and help strengthen our policies by ensuring they meet the needs of carers. We also actively recruit people of all ages, from older workers who can enrich our business through their experience, to providing learning and career opportunities for young people. In 2012, our commitment to skills development was recognised, with Centrica ranked as the Best Graduate Employer in The Times Top 100 for the third consecutive year.

- [People and diversity metrics](#)
- [Diversity](#)
- [Our awards](#)
- [CR Performance Review](#) – People, pages 36-41

7. Business should support a precautionary approach to environmental challenges

We seek to minimise our impact on the environment and climate change by reducing greenhouse gas emissions. We strive to build a low carbon future by cutting customer energy consumption and promoting both renewable and low carbon generation. In 2012, we continued to support customers in reducing their carbon footprint through energy efficient products and by increasing energy-awareness with technology like smart meters that can help improve energy management. Also, our proportion of power produced from low carbon sources increased to 51%, up from 43% in 2011. Additionally, we remain committed to reducing the internal carbon footprint across our property, fleet and business travel, and we've achieved a 21% reduction compared to our 2007 baseline, meeting our 20% reduction target for 2015 early.

- [Carbon and climate change](#)
- [Energy supply](#)
- [Environment metrics](#)
- [Environmental practices](#)
- [CR Performance Review](#) – Low carbon, pages 15-26 and Energy supply p.27-35

8. Business should undertake initiatives to promote greater environmental responsibility

We are committed to sourcing, generating and storing energy in a responsible and sustainable way, which minimises the related social and environmental impacts of our operations. We work to effectively manage and reduce our impact on, for instance, air emissions and water use through implementation of environmental management plans, innovation, technology, behavioural change and partnerships of professional expertise. We also work with customers and communities to raise awareness about climate change and the importance of limiting their carbon emissions through implementation of energy efficient measures.

- [Carbon and climate change](#)
- [Environment metrics](#)
- [Energy supply](#)
- [Environmental practices](#)
- [Environment policy](#)
- [CR Performance Review](#) – Low carbon, pages 15-26 and Energy supply p.28-35

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

In 2012, we continued to lead the consumer market in providing energy efficient and smart technologies to homes and businesses. Environmentally friendly technologies have played a key role in enabling customers to reduce their energy use and therefore emissions. For instance, in 2012 we helped save more than 13.2m tonnes of carbon through the insulation we fitted in our customers' homes and by the end of 2012, we had installed over 800,000 smart meters in the UK. Over the past three years, we have enabled carbon savings downstream that are the equivalent of a 1.8GW wind farm. Our Green Skills Centre provides the training required to install these technologies and in 2012, over 2,000 training days were delivered to more than 500 people at the Centre. Our wind generation and nuclear off take continue to provide a low carbon energy supply to customers.

- [Carbon and climate change](#)
- [Customer carbon](#)
- [CR Performance Review](#) – Low carbon, pages 15-26 and People and safety p.41

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

Centrica is committed to operating professionally, fairly and with integrity, which means working within the laws and regulations of all countries in which we operate. We therefore actively support the UK Bribery Act of 2010, and our Business Principles provide a clear framework to prevent bribery from taking place, which is enforced and communicated across the company. Following the successful implementation of an Anti-Bribery and Corruption (ABC) online declaration for management-level employees in 2011, we have continued to strengthen ABC and plan to further embed related policies and procedures consistently across the business. Additionally, all new employees joining the business are required to complete an e-learning module on ABC. Our Responsible Procurement clauses put in place a requirement for our suppliers to avoid bribery and corruption and we 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](#)
- [Group anti-bribery and corruption policy](#)
- [Group human rights policy](#)
- [Human rights](#)
- [Business Principles](#)