

Centrica Corporate Responsibility Report 2009

Positive energy

By Elaine Cohen

Centrica's report has plenty of gas

It appears there are only positive things to say about Centrica's sustainability reporting. Well-ordered content, clear communication, consistent formats, high transparency and straightforward language: Centrica has elevated reporting to an art-form.

The online-only report is built around seven focus areas – climate change and decarbonisation, energy security, customers, employees, health and safety, supply chain and local impact. It offers best online practice including expanding menus, a video case study gallery, pop-ups, interactive charts, note-taking options, download and data centres and a build-your-own-report facility, feedback invitation on every page, and even a blog.

In addition, Centrica supplies a highlights summary presenting performance and targets, supported by discussion and context. With a mission to “be the most trusted energy company leading the move to a low carbon future”, Centrica, the UK-based energy company employing 34,000 people, has produced the ultimate reporting and navigability experience. After an initial browse, the question in this reader's mind was: does the quality of the performance and the content match the quality of the presentation? After further study, I think it does.

Chief executive Sam Laidlaw offers a convincing introduction, focusing squarely on the role of Centrica in supporting the transition to a low carbon economy, while protecting and growing secure energy supplies and, at the same time, Centrica's own business.

Nuclear looms

Today, gas-fired power stations remain the source for 95% of Centrica's electricity supply. Renewables currently supply 5%. During 2010, nuclear will kick in following Centrica's acquisition of a 20% stake in British Energy.

The UK government has a target of 15% renewables by 2020. Centrica commits to meet this, so it seems that a large share of the £15bn investment by 2020 that Centrica announces ought to be channelled into renewables, such as biomethane gas, for use in the UK during 2010.

To the lay reader, the Centrica approach seems intelligent. Welcome, though, would be a plain-language explanation of the relative environmental upsides and downsides of Centrica's different energy sources. This should include the implications of the relative carbon intensity of each, the

sensitivities associated with nuclear energy, and the relative long-term supply security of all options.

The interactive charts are wonderfully detailed. What's missing is an overall chart showing Centrica's current and future global energy mix. This could illustrate how achievement of the 2020 renewables target and the 2050 emissions reductions target of 80% (against 1990 levels) in the UK is possible. Equally, a clear statement of the implications of this mix-shift on the way Centrica does business would be helpful. For example, Centrica is creating 3,700 new jobs to deliver clean energy solutions, but in 2009, Centrica made 1,000 other employees redundant.

Centrica is betting on a future where the company's 28 million customers play their part. “The biggest positive impact we can make is to help our customers consume less energy and cleaner energy,” the company says.

The Green Streets challenge, was launched in the UK in January 2010, after a successful pilot showed 25% consumption reductions in 2008. It offers a big prize to one of 14 communities that delivers the highest emissions reduction as “a test-case for a new innovative community-led approach to saving and generating energy”.

This is impressive and innovative. But, while Centrica appears to have good control of the carbon intensity of its own power generation, with a bold 27% reduction planned from 2009 levels to 270g of CO₂ per kWh, the question remains, exactly what level of change will all Centrica's customer initiatives really deliver?

Microgeneration and smart metering sound sexy enough. But exactly what impact is Centrica expecting consumers to make over the next 10 years and what will this contribute to Centrica's targets?

In other respects, this report is a model of clarity and transparency on the core issues. There is good coverage of sustainability management, beyond environmental coverage, diversity, employee well-being, health and safety, supply chain controls and energy pricing.

The report does not follow the GRI framework, nor does it show a materiality analysis. It does provide a matrix of stakeholder engagement touch-points and selective stakeholder feedback. A survey response shows that only 60% of employees feel Centrica always behaves ethically, a bold disclosure.

The report is well constructed, thoroughly verified and Centrica boasts what appears to be impressive performance. ■



Snapshot

Follows GRI? No

Assured? Yes, a very thorough assurance report.

Materiality analysis? No.

Goals? Yes – by section, very clearly stated.

Targets? Yes – by section, very clearly stated.

Stakeholder input?

Description of stakeholder interactions and selective feedback.

Seeks feedback? Yes, on each page.

Key strengths? Superbly constructed online report with great navigability.

Chief weakness? Lack of materiality analysis.

Pleasant surprise? Beautiful seamless navigation.

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