

Helping people
today, securing
energy for tomorrow



WHAT'S IN THIS REVIEW

In this document we provide a performance update on our key corporate responsibility focus areas. Additional content is available on our website: centrica.com/cr

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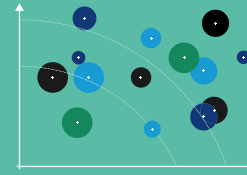
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ELSEWHERE ON THE WEB

Explore over 100 metrics in our interactive data centre.



We prioritise our areas of focus by understanding which issues matter to our stakeholders, their relevance to Centrica and our ability to influence them.

[Search our data centre >](#)

[See our materiality matrix >](#)



Keep up-to-date with our blogs, case studies, videos and infographics.

[View our stories >](#)



Find out about our approach to corporate responsibility.

[Browse our web pages >](#)

CHIEF EXECUTIVE'S INTRODUCTION

VIDEO 

Corporate responsibility at Centrica

See what this means to us in practice.



2014 was a challenging year for the energy industry. Public trust in our sector continues to be low. We are a customer-facing company, and we must serve our customers competitively and with integrity. Safety, compliance and our conduct – the way in which we go about our business – is front of mind for everyone in the company.

Concerns about pricing and competition remained in the spotlight throughout the year. The Competition and Markets Authority launched an investigation into the energy market in the UK. I believe the energy market is competitive but it is beneficial to have a full analysis to help restore consumer trust.



The safety of our people, customers and communities is my highest priority.”

Iain Conn
Chief Executive



Across our company, we will work to rebuild trust by helping people today and securing energy for tomorrow. That means helping our customers, supporting our people and communities, while delivering reliable and competitive future energy supplies and services, in a safe and responsible way.

Helping people today

The safety of our people, customers and communities is my highest priority. As a company, we have robust safety systems in place and I am committed to equipping our people with the skills and tools to keep themselves, each other and our customers safe. Our rate of total recordable injuries improved by 34% in 2014, to 0.50 per 100,000 hours worked compared with 0.76 in 2013. However, our lost time injury frequency rate increased by 27% to 0.14 per 100,000 hours, up from 0.11 in 2013. This was mainly due to improved rigour in reporting.

We are listening to our customers and focusing on delivering a strong service at competitive prices. We know we have

further to go to improve customer service and we are committed to ensuring we have the right capabilities and systems to do this. Since 2009, we have invested over £230m to upgrade our customer service systems in the UK. We are developing new ways for our customers to interact with energy through innovative technologies, such as Hive Active Heating™, which gives households greater control over their heating and energy bills. For customers who struggle to pay for energy, we provide energy assistance and financial support. In 2014, we helped nearly 1.8m vulnerable customers in the UK.

We also bring benefits to our local communities throughout the UK, North America and Republic of Ireland. For example, during the five-year construction of our Cygnus North Sea gas project, 4,820 skilled jobs will be created and we expect it to contribute £1.3bn to the UK economy.



Securing energy for tomorrow

As well as directly serving customers and communities, we play a vital role in securing the energy they need. One of Centrica's strengths comes from its diverse energy portfolio. We cover oil and gas exploration and production, power generation, gas storage and energy trading. We are able to manage weather, commodity and market risk for our customers, so they can have secure and reliable energy supplies. We must also secure energy in a way that is efficient and competitive, and which minimises adverse social and environmental impacts.

In addition to fulfilling an important role today, I also believe Centrica is well positioned for the future. We have a focus on gas, which will continue to be an important part of the energy mix in the coming decades. It is cheaper than any other energy source apart from coal, is more reliable than wind and is the lowest carbon fossil fuel. This focus, alongside investments in energy efficiency, low carbon nuclear and renewables and our leadership in the installation of smart meters, means

we are well placed to be at the forefront of the longer term trends in the global energy market and the transition to a lower carbon economy. In so doing, we are capable of supplying and serving the needs of our customers and other stakeholders.

Looking ahead

It is my belief that Centrica has a vital role in society; what we do is central to people's energy needs. But I know there is more to be done. Our priorities are safety, compliance and conduct, serving our customers competitively and with integrity, developing new offers and services while providing secure and reliable energy supplies. We are undertaking a strategic review, which will report back in the summer, to ensure Centrica is on the best footing to fulfil these priorities for the long term.

Iain Conn
Chief Executive

34%

Our rate of total recordable injuries improved by 34%, to 0.50 per 100,000 hours worked compared with 0.76 in 2013.

27%

However, our lost time injury frequency rate increased by 27% to 0.14 per 100,000 hours, up from 0.11 in 2013. This was mainly due to improved rigour in reporting.



1.8m

We helped nearly 1.8m vulnerable households in the UK.



OUR BUSINESS

OUR VISION IS TO BE THE LEADING INTEGRATED ENERGY COMPANY, WITH CUSTOMERS AT OUR CORE



Centrica Energy is a leading international energy business delivering a balanced mix of gas and oil production, power generation and energy trading.

EMPLOYEE NUMBERS: 2,280
OPERATING PROFIT: £737m



Centrica Storage has the largest gas storage facility in the UK, storing and processing gas for utilities, traders and producers.

EMPLOYEE NUMBERS: 305
OPERATING PROFIT: £29m



British Gas is the leading residential and business energy and services provider in the UK.

EMPLOYEE NUMBERS: 28,814
OPERATING PROFIT: £823m
CUSTOMER ACCOUNTS: 23.6m



Direct Energy is one of the largest retail providers of electricity, natural gas and home services across North America.

EMPLOYEE NUMBERS: 5,980
OPERATING PROFIT: £150m
CUSTOMER ACCOUNTS: 4.2m



Bord Gáis Energy is a leading supplier of gas, electricity and energy services to homes and businesses in the Republic of Ireland.

EMPLOYEE NUMBERS: 280
OPERATING PROFIT: £7m
CUSTOMER ACCOUNTS: 0.6m



SOURCE IT

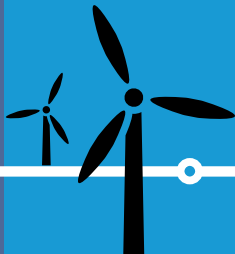
We invest in gas and oil exploration and production in the Atlantic basin, particularly in the North Sea and Canada.



The Cygnus North Sea gas project will be able to meet the demand of 1.5m UK homes at peak output – 5% of the UK's total gas production.

GENERATE IT

We generate power through our wind farms, nuclear and gas-fired power stations.



The power we generated globally through our investments in nuclear and renewable energy helped avoid nearly 8.4mtCO₂e.

PROCESS IT

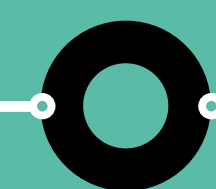
Our onshore gas terminals ensure high quality gas enters the transmission system.



Our gas processing terminals in the UK at Barrow and Easington, in East Yorkshire, processed over 210bn cubic feet of gas.

STORE IT

Our gas storage facility at Rough is the largest of its kind in the UK.



Our Rough storage facility represents more than 70% of the UK's current storage capacity.

TRADE IT

In the UK and North America we trade gas and power to ensure our customers have a reliable and competitive energy supply.



Our 20-year agreement with Cheniere, to export liquefied natural gas (LNG) from the US, remains on track for first delivery due by the end of 2018.

SUPPLY IT

We supply energy to homes and businesses in the UK, North America and the Republic of Ireland.



We have helped nearly 1.8m vulnerable households in the UK, more than any other energy supplier.

SERVICE IT

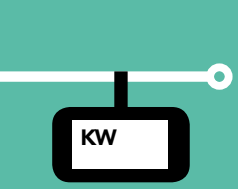
We provide peace of mind with central heating, boiler and cooling maintenance and breakdown cover products.



Across the business, we carried out over 10m engineer jobs in homes and businesses, and had more than 13m calls with customers.

SAVE IT

We offer innovative low carbon, energy efficient products and services to help our customers better manage their energy.



We calculate that the products we have installed in UK homes and businesses since 2010 have saved over 13mtCO₂e, equivalent to the average annual emissions of 2.6m UK homes.

OUR INTEGRATED BUSINESS MODEL GIVES US OPPORTUNITIES THROUGHOUT THE ENERGY VALUE CHAIN

KEY PERFORMANCE INDICATORS



Data centre

Explore over 100 metrics and 300 data points in our online data centre.

[Visit the data centre](#) >

SAFETY					
METRIC	UNIT	2014 TARGET	2014	2013	WHAT'S NEXT
Lost time injury frequency rate (LTIFR)	Per 100,000 hours worked	Achieve high performance range	0.14* (high performance range)	0.11** (high performance range)	Continue to grow a best practice safety culture and return to an improving LTIFR performance
Total recordable injury frequency rate (TRIFR)	Per 100,000 hours worked	Measure only	0.50*	0.76**	
Significant process safety event	Number	0	0* (high performance range)	0** (high performance range)	Continue to improve process safety awareness and performance metrics
Road safety incident rate – low severity	Per 1 million km driven	Measure only	0.2*(i)	4.9**	Reduce road safety incidents through proactive driver safety programmes
Road safety – number of high severity incidents	Number	Measure only	2*	1**	
Fatalities	Number	Measure only	0*	0**	Continue to maintain safety as our highest priority to avoid fatalities

CUSTOMERS					
METRIC	UNIT	2014 TARGET	2014	2013	WHAT'S NEXT
British Gas net promoter score (NPS)	Number	Return to the high performance range	+23* (median performance range)	+15** (low performance range)	Return to the high performance range
Direct Energy net promoter score (NPS)	Number	Remain within the high performance range	+38* (high performance range)	+40** (high performance range)	Remain within the high performance range
Vulnerable households helped by British Gas initiatives	Number	Measure only	1.8m*	1.8m**	Continue to support our most vulnerable customers through the British Gas Energy Trust and obligations such as the Warm Home Discount
Smart meter installations (residential and business customers)	Number of meters installed (cumulative since 2009)	Measure only	1,736,323*(ii)	1,297,656**(iii)	Continue to be the UK leader in smart meter installations

* Assured by Deloitte LLP for the 2014 Annual Report. See centrica.com/CRassurance to view Deloitte's 2014 assurance statement and the 2014 Basis of Reporting.

** Assured by Deloitte LLP for 2013 reporting.

(i) Methodology for calculation was revised in 2014 to better capture driver safety incidents, allowing benchmarking to UK national statistics. Lowest rating incidents representing vehicle damage such as vandalism, have been removed from scope.

(ii) Only data representing 1,369,011 smart meter installations has been subject to assurance by Deloitte LLP due to the historical nature of the data.

(iii) Only data representing 930,344 smart meter installations has been subject to assurance by Deloitte LLP due to the historical nature of the data.



Long-term incentives

Selected non-financial KPIs are linked to the remuneration arrangements of our Executive Directors and senior executives.

See page 19 in our 2014 Annual Report >

PEOPLE, COMMUNITIES AND PARTNERS

METRIC	UNIT	2014 TARGET	2014	2013	WHAT'S NEXT
Employee engagement	Mean score out of 6	Strive towards top quartile performance, measured against an independent high performance benchmark range	4.79* (upper quartile) ⁽ⁱ⁾	4.81** (upper quartile) ⁽ⁱ⁾	Continue to strive towards top quartile performance, measured against an independent high performance benchmark
Diversity – female and male	Percentage	Measure only	30 female 70 male	29 female 71 male	Continue to promote diversity in leadership roles and wider recruitment
Retention	Percentage	Measure only	91.0	90.9**	Encourage and maintain healthy retention levels through effective management and monitoring
Absence	Days per full time employee	Measure only	7.7	7.5**	Focus on driving down absence through good management practices, including proactive intervention and preventative action
Total community contributions⁽ⁱⁱ⁾	£m	Measure only	406.5 ⁽ⁱⁱⁱ⁾	392.4** ^(iv)	Continue to seek ways we can make a positive contribution to our local communities
Total employee volunteering hours^(v)	Number of hours	Measure only	66,729	48,697**	
Average CR risk rating of assessed suppliers	Risk score out of 100 ^(vi)	Measure only	51 (low risk)	49 (low risk)	Continue to assess the CR risks among our strategic and higher risk suppliers

* Assured by Deloitte LLP for the 2014 Annual Report. See centrica.com/CRassurance to view Deloitte's 2014 assurance statement and the 2014 Basis of Reporting.

** Assured by Deloitte LLP for 2013 reporting.

(i) An independent benchmark range. This differs from the rating used in the Annual Report's performance measures, which corresponds to the long-term incentives for Executives.

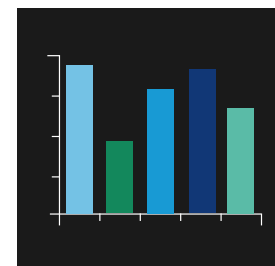
(ii) Includes charitable donations calculated through the London Benchmarking Group methodology, combined with the cost of voluntary and mandatory programmes that primarily support vulnerable customers in the UK.

(iii) Comprising of £361.7m in mandatory and £40.0m in voluntary contributions which largely support vulnerable customers, alongside £4.8m in charitable contributions.

(iv) Comprising £380.8m in mandatory and more than £365,000 in voluntary contributions which largely support vulnerable customers, alongside £11.2m in charitable contributions.

(v) Includes volunteering time during and outside of business working hours when enabled by Centrica.

(vi) A score nearer to 100 is lower risk.



External assurance

Deloitte LLP reviewed selected non-financial KPIs, providing limited assurance using the International Standard on Assurance Engagements (ISAE) 3000.

[View the full assurance statement](#) >

CARBON					
METRIC	UNIT	2014 TARGET	2014	2013	WHAT'S NEXT
Total carbon emissions⁽ⁱ⁾	Tonnes CO ₂ equivalent	Measure only	5,583,902*	7,044,012 ⁽ⁱⁱ⁾	Continue to adopt best practice in monitoring and reporting our global carbon, while analysing the impacts of our strategic plans
Scope 1 emissions	Tonnes CO ₂ equivalent	Measure only	5,452,507*	6,928,589 ⁽ⁱⁱ⁾	Continue to take proactive steps to reduce our carbon emissions through innovation, technology and cultural change
Scope 2 emissions	Tonnes CO ₂ equivalent	Measure only	131,395*	115,423 ⁽ⁱⁱ⁾	Continue to reduce emissions associated with our use of electricity, particularly as part of our internal carbon footprint target
Total carbon intensity by revenue	Tonnes CO ₂ equivalent/£m	Measure only	190	265 ⁽ⁱⁱ⁾	Continue reporting this new metric and start to analyse developing trends as we deliver on our strategic priorities
Internal carbon footprint (property, fleet and travel)	Tonnes CO ₂ equivalent	Reduce the carbon footprint of core offices, company vehicles and travel by 20% by end of 2015	80,288	83,063 ⁽ⁱⁱⁱ⁾	Continue to work towards our 2015 target By the end of 2014, a reduction of over 25% has been achieved from the 2007 base year
Carbon intensity of power generation	gCO ₂ /kWh	Reduce our power generation carbon intensity to 260 by end of 2020	154 ^(iv)	200**	Review our 2020 carbon intensity target to reflect changes in our generation fleet and the power market
Total customer carbon savings from measures installed by British Gas	Tonnes CO ₂ equivalent (cumulative since 2010)	Measure only	13,179,836	9,452,259 ⁽ⁱⁱ⁾	Continue to enhance the robustness of this new metric and seek to expand scope to include North America

* Assured by Deloitte LLP for the 2014 Annual Report. See centrica.com/CRassurance to view Deloitte's 2014 assurance statement and the 2014 Basis of Reporting.

** Assured by Deloitte LLP for 2013 reporting.

(i) Comprises Scope 1 and Scope 2 emissions as defined by the Greenhouse Gas Protocol.

(ii) Restated due to changes in emission factors and improved data.

(iii) Restated due to changes in emission factors and divestment data having been removed back to the 2007 baseline.

(iv) Reduction primarily due to the sale of our North American gas power plants.

PRIORITISING SAFETY

WHY IT MATTERS

Supplying and extracting energy can be hazardous, which is why safety is our highest priority. We equip our people with the skills and tools to keep themselves, each other and our customers safe.



ELSEWHERE ON THE WEB

Process safety



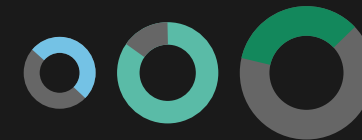
Watch the video

Driver safety



Visit the case study

Safety metrics



Explore our data centre

Our approach to safety



View our webpage

KEEPING OUR CUSTOMERS AND PEOPLE SAFE

Safety is fundamental to our business. It spans everything we do, from working in customers' homes to securing energy offshore. By minimising hazards, we can keep our people safe and work more efficiently.

Creating a safer environment for customers

Our engineers are trained to prevent hazards that have the potential to impact customers, such as trips and falls when they work in customers' homes and businesses. As a result, safety incidents involving customers have dropped by 55% since 2011, to 29 incidents in 2014.

While no injuries occurred, there were three fires at buildings where we had installed solar PV systems during 2013 and 2014. We launched an investigation into the cause and as a precautionary measure, stopped all power generation from sites fitted with similar components. Following investigation, we commenced a programme to upgrade the installations, which will be completed by April 2015.

We help our engineers work safely by providing training and assessing performance to identify improvements. In 2014, we completed over 32,000 safety assessments in the UK. While gas engineers are required by UK law to undertake a periodic recertification of their skills, there is no such requirement for electrical engineers who install meters, so we have implemented an internal programme to verify and improve their capabilities. In North America, all of our electrical technicians underwent training and assessment on how to work safely in customer homes and businesses.

Alongside charity partner Shelter (see [page 20](#)), British Gas is working to make energy safer in privately rented accommodation. Following a successful campaign for carbon monoxide alarms and electrical safety checks to be made mandatory in rental properties in Scotland, we are engaging Government to extend this requirement across the UK.

Protecting our people

Safety performance remained strong in 2014. Our total recordable injury

frequency rate improved by 34% to 0.50 per 100,000 hours worked, from 0.76 in 2013. However, our lost time injury frequency rate increased to 0.14 per 100,000 hours worked, up 27% from 0.11 in 2013. This increase was mainly due to improved rigour in reporting as we prepare for the implementation of a new data management tool.

Process safety is a key priority across all our businesses where we source, generate and store energy to prevent major incidents, such as fires or explosions. We manage

process safety by fully understanding major hazards, their risks and implementing effective mitigating controls and management systems. These measures are analysed through audits, inspections and data to ensure they are robust. All of these activities are underpinned by ongoing training for our people.

To help raise standards, we encourage our people to speak up on safety issues so that we can put in place corrective actions that prevent similar incidents re-occurring. Together with improvements in reporting, this led to a 91% rise in the frequency rate of all process safety events. This primarily consisted of low impact and near-miss events. In 2014, there were no significant process safety incidents, although the number of high potential events (a near miss that could have resulted in a serious incident), have remained at similar levels to 2013. Consequently, we are updating our framework for managing process safety and have developed targeted programmes to strengthen our approach to process safety risk, control and assurance.

Performance against targets

TARGET	PROGRESS	STATUS
Grow a best practice safety culture and at least maintain and if possible, further reduce our lost time injury frequency rate (LTIFR) per 100,000 hours in 2014	Improved safety awareness and rigour in reporting led, in part, to an increase in LTIFR from 0.11 to 0.14	On track
Zero process safety events in 2014	0	Achieved



34%

Our total recordable injury frequency rate improved by 34% to 0.50 per 100,000 hours.

HELPING OUR CUSTOMERS

12 Helping customers with their energy bills

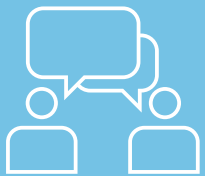
13 Supporting people in need

14 Innovating to provide more choice

16 Improving customer service

WHY IT MATTERS

We are making energy easier to understand, improving customer service and innovating to give customers greater choice about how they use energy. We work to ensure those struggling to pay for energy are supported.



ELSEWHERE ON THE WEB

Standards of Conduct

Customer Board

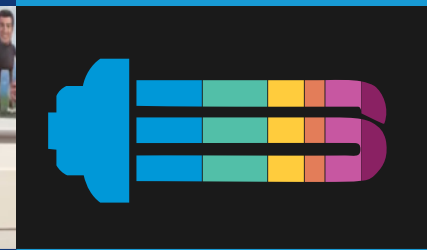


Read the case study >

View the blog >

Digital customer service

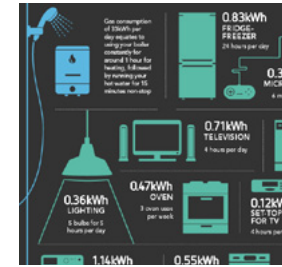
Components of the 2014 bill



Watch our video >

See the infographic >

HELPING CUSTOMERS WITH THEIR ENERGY BILLS



Energising your day

See what the daily British Gas energy charge could enable in your home.

[Explore the infographic](#)

The cost of energy is a big concern for many households. We aim to further simplify bills and make our energy supply competitive and efficient. To help secure a better deal for our customers, we collaborate with policymakers and partners.

Focusing on energy costs

We buy energy in advance, which allows us to smooth out prices over time, protecting customers from volatile wholesale costs.

Over 85% of the costs that make up the average annual British Gas bill are set by external factors comprising wholesale energy costs, distribution charges and Government taxes that include support for carbon targets and customers in need. These components, alongside our operating costs (10%) and profit margin (4% in 2014, down from 5% the previous year), bring the average daily charge for our dual fuel residential customers to £3.16.

British Gas reduced domestic gas prices by 5% in early 2015, to reflect the fall in wholesale gas prices, cutting annual energy bills by an average of £37. This built on the

3.2% reduction on the average dual fuel bill introduced in January 2014, which partially offset the October 2013 price rise and was in response to the UK Government's proposed changes to the Energy Company Obligation (ECO, see [page 27](#)).

We let customers know whether they could save money by moving to a different British Gas tariff on every bill. We have also eliminated all cancellation fees from switching between British Gas tariffs.

Advocating for more affordable energy

In US states affected by sustained cold weather in 2014, Direct Energy was the first to offer a price protection plan for customers, which limits the maximum rates they pay. We also lobbied for regulatory change to protect people from price spikes caused by high demand, including working with the state regulator in Pennsylvania to make the prices charged on energy plans more transparent.

We published the [Energy Choices](#) report, which outlines a range of options for how

the UK can help to meet its climate change targets, while potentially saving up to £96bn for households and businesses by 2030. This could be achieved by prioritising lower-cost technologies, setting simpler and more cost-effective decarbonisation targets, and supporting those most affected by energy costs. We engaged key stakeholders, including the Government, on these alternative energy policies in 2014 and continue to do so.

Simplifying billing

In the UK, we are making the existing bill easier to navigate by improving the language, layout, and presentation of complex information. We received the Crystal Mark award from the Plain English Campaign in 2014, for simplifying our terms and conditions for residential customers. In 2015, we plan to extend simplified terms to our business customers.



The Energy Choices Report outlines UK policy options to meet climate change targets, while potentially saving up to £96bn for households and businesses by 2030.

[See the full report](#)

SUPPORTING PEOPLE IN NEED

As a leading energy provider, we can make an important contribution to society by supporting vulnerable people who struggle to manage their energy costs. We do this by providing bill assistance, debt advice and energy efficiency products and services.

Providing assistance with bills

We recognise we have a role to play in supporting the Government to alleviate fuel poverty. In 2014, we made contributions of over £401m to support those in need, mostly through mandated government programmes, and helped nearly 1.8m vulnerable households in the UK.

To help customers manage bill payments without getting into debt, British Gas set up flexible payment plans for over 220,000 households in 2014. At the same time, more than 500,000 of our customers who are most in need, received one-off payments of £140 through the Government's mandatory [Warm Home Discount scheme](#). We made an additional voluntary payment of up to £60 to these customers.

Direct Energy donated over \$538,000 (£335,170) through our [Neighbor-to-Neighbor](#) bill assistance programme in Texas. The programme awards grants to customers of up to \$600 (£370).

Giving debt advice

The support we provide to people struggling with their energy costs goes beyond our customers. Over the past decade, we have invested £75m through mandatory and voluntary contributions to the British Gas Energy Trust (an independent charity). This has helped over 120,000 people with debt advice and grants for energy and household bills. In 2014, we contributed £12.3m to support around 26,000 people and awarded more than 16,000 grants. See [page 20](#) to find out about the wider role we play in helping those in need.

We also helped nearly 7,400 [businesses](#) in the UK to spread the cost of energy through longer-term payment options and reduced their debt by a total of £6.7m in 2014.

“Through the Neighbor-to-Neighbor programme, we're working with Direct Energy to have a positive impact on the lives of our clients. Helping them with their energy bills takes away some of the worries faced by households in financial hardship.”

Bobbie Charlton

Outreach Worker, Concho Valley Community Action Agency



£75m

Over the past decade, we have invested £75m through the British Gas Energy Trust. This has helped over 120,000 people.

Improving energy efficiency

UK homes are among the least energy efficient in Europe so improving energy efficiency to reduce consumption and costs is an important part of the support we provide to those in need. In 2014, we installed insulation and other energy efficiency products through ECO (see [page 27](#)), which will save vulnerable people over £510m on their energy bills.



[Learn more about the Trust in our blog](#) >

INNOVATING TO PROVIDE MORE CHOICE

Performance against targets

TARGET	PROGRESS	STATUS
Sell more than 100,000 Hive Active Heating™ smart thermostats by end of 2014	Sold over 150,000 devices	Achieved

New technology is radically changing the way people manage energy and we are leading the way.

We are investing in our capability to provide innovative products that give customers greater insight and choice over how they use and save energy. In early 2015, we acquired AlertMe, the UK-based energy management products and services company. This builds on our existing 21% stake and will enable us to deliver new innovations for the future connected home (see [overleaf](#)).

Controlling energy on the move

AlertMe provides the technology platform which underpins Hive Active Heating™, by British Gas. This cutting-edge device allows customers to control and set preferences for their heating wherever they are, using mobile devices. As a result, 96% of Hive users say they feel more in control of their heating, while 70% said it helped them make energy savings. By the end of 2014, we had sold over 150,000 smart thermostats, 50% more than our target.

Direct Energy customers with smart thermostats save up to 20% on energy bills through our Nest partnership.

Enabling innovation through smart meters

In 2014, we installed nearly 440,000 smart meters in UK homes and businesses. This brings our total to over 1.7m, which is almost 70% of all smart meters installed in the country. Smart meters show customers real-time data on their energy use, enabling them to make more informed choices. With automated meter readings, customers also benefit from accurate billing rather than estimates.

British Gas also trialled a new prepayment smart meter during 2014. The new meter will give customers more flexibility, provide better visibility of remaining credit and end the inconvenience and stigma some feel of having to top-up in person. By the end of 2015, we will begin to make the product available to all prepayment customers.


In North America, we are not responsible for the roll-out of smart meters, but we


strongly advocate for wider adoption to encourage more competitive and transparent energy markets.

Reducing costs through time-of-use plans

Direct Energy uses smart meters to provide time-of-use plans such as 'Free Power Saturdays', which offer reduced costs to customers for using energy at times of lower demand. We are also collaborating with manufacturers to create other smart products that will further improve management of the energy grid. 150 Direct Energy customers are piloting the next generation smart water heater, which makes it possible for electricity providers to heat and store hot water to even out demand on the grid.


Building on our experience in North America, British Gas has successfully trialled the smart meter enabled 'Free Saturdays or Sundays' energy tariffs, with an initial launch planned in the second half of 2015.


VIDEO 




The benefits of smart meters

See how smart meters work with a smart energy monitor to enable more informed energy choices.

CASE STUDY 



Read the case study on Hive 

> Tablet and mobile users click here to see the interactive graphic online

+ ROLLOVER THE ICON
TO DISCOVER MORE

THE CONNECTED HOME

● AVAILABLE FROM CENTRICA BUSINESSES
● IN PILOT



IMPROVING CUSTOMER SERVICE



We are committed to setting high standards of customer service and we recognise the need to improve our performance. We support Ofgem's Standards of Conduct to make the UK energy market fairer, and we have created the British Gas Customer Fairness Committee to assess our interactions with customers to see where we can do better. We are investing in training for our people and upgrading our systems to provide a better experience and reduce complaints.

Investing in customer service

Since 2009, British Gas has invested over £230m to upgrade our customer service systems, £35m of which was in 2014. We also committed £10m to training and recruited over 450 new service advisors by the end of 2014. Our service was affected during implementation of these new systems, but we are now beginning to see the benefits with improved service levels. British Gas' net promoter score (NPS), which we use to measure customer satisfaction, increased to +23 in 2014, up from +15 in 2013. NPS for our service

engineers also increased to a record high of +68 in December 2014.

Similarly, Direct Energy's service levels were affected by the integration of customer service systems, following acquisitions over the last decade. Together with concerns about increased energy costs due to extremely cold weather, this contributed to a decline in Direct Energy's NPS from +40 in 2013 to +38 in 2014.

Working to reduce complaints

While we are working hard to improve overall service, we recognise we don't always get it right.

In 2014, British Gas received 1.7m residential complaints, rising 39% compared to 2013. Increased complaint volumes were seen across the sector in 2014 and were partly linked to heightened media and political focus on the industry, alongside greater customer awareness. At the end of 2014, we had the third lowest number of complaints per 100,000 customers (2,825 against an average of 3,828), among the six major UK energy suppliers.

Our proportion of complaints accepted by the industry Ombudsman decreased 3% from 2013, to 7.6%. Following a move to a single billing system, complaints received from business customers decreased by 7% to 135,578.

A significant proportion of complaints are linked to metering, which will be reduced as we continue to lead the industry in the roll-out of smart meters. We have doubled the size of our Root Cause Analysis team, to identify and fix more problems that cause complaints. Additional training on effective complaints handling was delivered to 97% of our advisors, with the remainder to be completed during 2015.

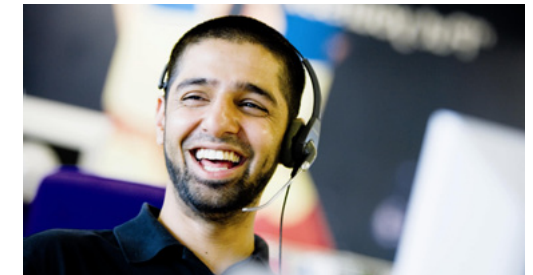
We monitor complaints in North America through external agencies such as local regulators and Better Business Bureaus. In 2014, we received 4,626⁽ⁱ⁾ complaints, an 18% increase on the previous year. A large proportion of the complaints related to higher bills caused by the unprecedented cold weather conditions during the year.

Performance against targets

TARGET	PROGRESS	STATUS
Return to a net promoter score (NPS) high performance range at British Gas	+23 (increased to median performance range)	On track
Maintain Direct Energy's NPS high performance range	+38 (declined but remained in the high performance range)	Achieved

To enhance our customer service, Direct Energy established a 'Right First Time' score, which measures the percentage of customer enquiries that do not result in further contact from the customer within four weeks. In 2014, this score improved to 74%, from 68% in 2013.

(i) Alberta complaints data for November to December in 2014 is unavailable due to system changes.



Direct Energy's NPS declined to +38 in 2014.

British Gas' NPS increased to +23 in 2014.

SUPPORTING OUR PEOPLE AND COMMUNITIES

- 18 Building our people's skills
- 19 Investing in communities
- 21 Engaging local communities

WHY IT MATTERS

We develop the skills of our 37,500 people to help them achieve their full potential, and deliver a positive experience for customers.

We also build strong connections between our people and communities to enhance the social and economic contribution we make, while minimising adverse impacts where we operate.



ELSEWHERE ON THE WEB

Employee engagement



See our performance >

Employees with carer responsibilities



Read the case study >

Community investment



Learn about our contributions >

Responsible supply chains



View our case study >

BUILDING OUR PEOPLE'S SKILLS

In 2014, we carried out over 10m engineer jobs in homes and businesses, and had more than 13m calls with customers. Each of these interactions is an opportunity for our people to build relationships with customers. To achieve this, we continually invest in our people's skills so that we can provide the best possible service.

Communicating effectively with customers

To improve customer service in the UK, we aim to provide 30% more training days for call centre advisors by the end of 2016 compared with 2013. Excluding training for specific system upgrades, training has already increased by 10% since 2013, to 11 hours on average each month.

In North America, training for call centre advisors rose by over 60% during 2014, to an average of 10 hours per month. Direct Energy will also launch a training programme for new hires in 2015, designed to increase efficiency in dealing with customer queries by reducing the need to transfer calls.



60%

In North America, training for call centre advisors rose by over 60%.

£21.3m

British Gas invested £21.3m in training engineers.



VIDEO

British Gas Apprentices

Hear our apprentices talk about their roles.



We are building expertise in customer service while helping tackle unemployment for young people not in education, employment or training in the UK, through [Movement to Work](#). In 2014, we provided 150 new customer service work experience placements and have committed to provide a further 300 placements by the end of 2015.

Serving homes and businesses

As one of the UK's largest apprenticeship providers and employers of gas engineers, we are securing skills to serve our customers. In 2014, British Gas invested £21.3m in training our 1,200 apprentices and nearly 10,000 engineers to install boilers, smart meters and energy efficiency products, including through our six academies.

Launched in 2015, Direct Energy has started to train their own heating and air conditioning technicians by partnering with a technical school in Florida. This will help address the national skills shortage for energy-related technicians and strengthen the service we provide. We intend to

extend training to different types of engineers over time.

To maximise the benefits of innovative new products and services, we have increased the number of smart technical experts by 30% during 2014. This will help progress our vision of making the connected home a reality (see [page 15](#)), giving customers greater choice over their energy management.

Developing talent in energy generation and exploration

We nurture skills vital to securing energy for the future by promoting science, technology, engineering and maths (STEM) skills among young people.

In 2014, we trained 30 apprentices and 16 graduates in our power, exploration and production business, alongside the 71 graduate placements available across our wider business. British Gas' [Generation Green](#) programme for schools, encourages students to learn about sustainable energy and inspires the next generation of energy innovators.

INVESTING IN COMMUNITIES

As a company of more than 37,500 people working primarily in the UK, North America and the Republic of Ireland, we can make a significant contribution to local economies and use our expertise to help tackle some of the biggest problems in society, such as fuel poverty and unemployment.

Creating economic impact

We support 174,000 jobs in the wider economy, provide £852m in tax globally and invest in long-term energy supplies that create substantial economic benefits. The Cygnus North Sea gas project, for example, will generate 4,820 skilled jobs and is expected to contribute £1.3bn to the UK economy during its five-year construction period.

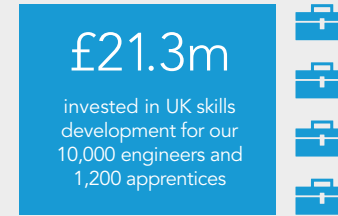
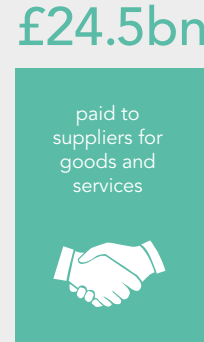
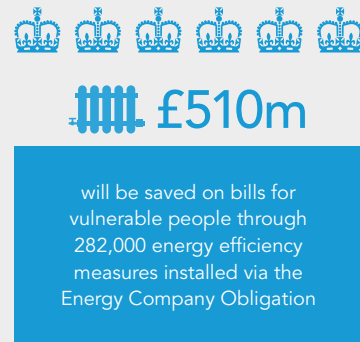
The same talent and skills that make our business a success can also make a meaningful difference in communities. We encourage our people to volunteer so that they can make a valuable impact in local communities while developing their skills. Employees at British Gas volunteered 37,720 hours in communities during 2014

Performance against targets

TARGET	PROGRESS	STATUS
Expand volunteering in British Gas to one in three employees by 2018	37,720 hours	On track
Increase annual volunteering in Direct Energy to 14,000 hours by 2014	21,260 hours	Achieved

OUR ECONOMIC IMPACT

■ UK ■ NORTH AMERICA ■ ALL



INVESTING IN COMMUNITIES
CONTINUED...

and are on target to reach one in three volunteers by the end of 2018. Direct Energy employees volunteered 21,260 hours in 2014, exceeding their 14,000 hour target.

Our corporate contributions to communities also increased by 4% to over £406m in 2014. Of this, more than £401m went towards debt advice, relief and energy efficiency improvements required by the UK Government, while over the past four years, this support totalled more than £1.2bn.

Collaborating to reduce energy costs

We want to help people who struggle to pay for energy, irrespective of whether they are customers or not. We are collaborating across sectors to ensure more people receive the support they need.

We assist the UK Government in its efforts to tackle fuel poverty (see [page 13](#)), and the first step to helping affected households is to identify them. We therefore continued to engage the Government and Ofgem to promote better data sharing. Through our partnership with [National Energy Action](#),

we invested £1.2m working with local authorities to train organisations who come into contact with vulnerable households so that the right advice reaches those who need it.

Three in ten privately rented households fail to meet the Government’s Decent Homes Standard and together with charity partner Shelter, we are campaigning for improved living conditions in the private rented sector. Through our combined expertise and influence, we are improving electrical safety and energy efficiency as well as advocating for legislative change. We estimate that we are now over half way towards meeting our shared goal set in 2012, of raising the standard of 1m privately rented homes by the end of 2017.

In North America, Direct Energy’s [Reduce Your Use For Good](#) programme awarded more than \$225,000 (£140,100) to 45 non-profit organisations, enabling them to purchase energy efficiency products. The money saved by these organisations can then be re-directed to help more people in society.

Performance against targets

TARGET	PROGRESS	STATUS
Help 1m UK households in the private rented sector through partnership with Shelter by 2017	We estimate we are over half way towards our goal set in 2012	On track

Pioneering sustainable energy change

We are investing in Energy Entrepreneurs that have positive social impacts through Ignite, the UK’s first corporate impact investment fund focused on energy. Backed by Centrica, Ignite will invest £10m over the next 10 years and use our people’s expertise to grow and enhance the impact of purpose-driven social enterprises. So far, £5m has been committed in eight enterprises, including one that provides green skills to young, unemployed people.



Ignite will invest £10m over the next 10 years in Energy Entrepreneurs.

[Read about the impact fund](#) >



Learn how our strategic charity partnership is raising the standard of privately rented homes.

[Find out more in our case study](#) >



ENGAGING LOCAL COMMUNITIES



We strive to operate in a way that is mutually beneficial. Developing strong relationships can bring financial and wider benefits to local communities and supports our licence to operate.

Listening to people's concerns

We want to minimise the impact our operations have on nearby communities, and we take a direct approach to discussing issues that worry people.

Alongside our partner, Cuadrilla Resources, we talked to local communities in the UK about our 25% stake in the proposed Bowland shale gas sites, which will be operated by Cuadrilla. We held regular events, created an online tool to help residents check their view of the site, and visited every home within 1km, so that we could understand and respond to concerns.

We listened to concerns about the process for extracting natural gas from shale (see [page 24](#)). As a result, we made it possible for those with questions to seek answers from independent scientific experts by helping fund the 'Let's talk about shale' campaign.

We build mitigation of possible impacts into our planning proposals. For example, we recently introduced plans for measures to further reduce potential night time noise below guidelines set by the Government. A decision on planning permission will be made in spring 2015.

Encouraging an open energy debate

We actively seek ways to create a more open and honest debate about energy. This is because we recognise that public trust in the UK energy sector remains low, and people feel like they are not consulted on decisions that affect them.

Through a series of conversations in our local communities, Managing Director of Centrica Energy, Mark Hanafin, spoke to over 450 people about their energy concerns and the difficult choices we must all make for the future. Discussion focused on issues such as energy bills, profits and energy security. As a result, almost everyone we spoke to said they now have a better understanding of energy issues.

“ Our successful partnership with Centrica is one founded on mutual trust, with a strong emphasis on ensuring that we work together responsibly with local communities regarding our proposed exploration plans in Lancashire.”

Francis Egan
CEO, Cuadrilla Resources

Highlighting benefits of innovation

Direct Energy is sharing the benefits of the connected home (see [page 15](#)) with communities across North America through the Innovation to Inspiration tour. The exhibition illustrates how products such as smart thermostats and automated sprinklers, can provide greater control and convenience over energy consumption and bills. By engaging communities in the evolution of technology to manage energy, we hope to inspire even more people to use innovative products to improve their interactions with energy.



Innovation to Inspiration

Watch our video to see how innovative products can provide greater control and convenience over energy consumption and bills.

SECURING ENERGY RESPONSIBLY

WHY IT MATTERS

We have a responsibility to provide energy to millions of homes and businesses today, while planning ahead for the energy needs of tomorrow. We are committed to securing competitive and efficient long-term energy supplies, in a way that minimises adverse social and environmental impacts.



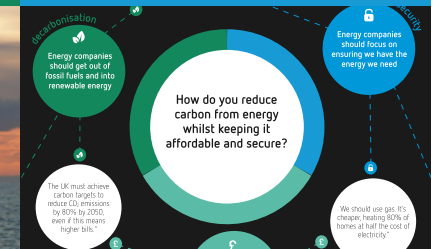
ELSEWHERE ON THE WEB

[Our approach to securing energy](#)



[Find out more on our webpage](#)

[The Energy Challenge](#)



[Explore our infographic](#)

[Protecting biodiversity, water and air](#)



[Learn about our approach](#)

[Biodiversity across exploration, production and generation](#)



[See our case study](#)

SOURCING FUTURE ENERGY SUPPLIES

It is vital that we secure enough energy to meet the immediate and long-term demands of our customers, while minimising negative social and environmental impacts. We are focusing on new investments in gas, alongside ongoing commitments in nuclear and renewable power generation.

Putting gas at the centre of our strategy

Gas is central to our energy strategy. It is the lowest carbon fossil fuel, provides an increasingly important back-up to intermittent renewable energy and is one of the most affordable energy sources for heating homes and running businesses.

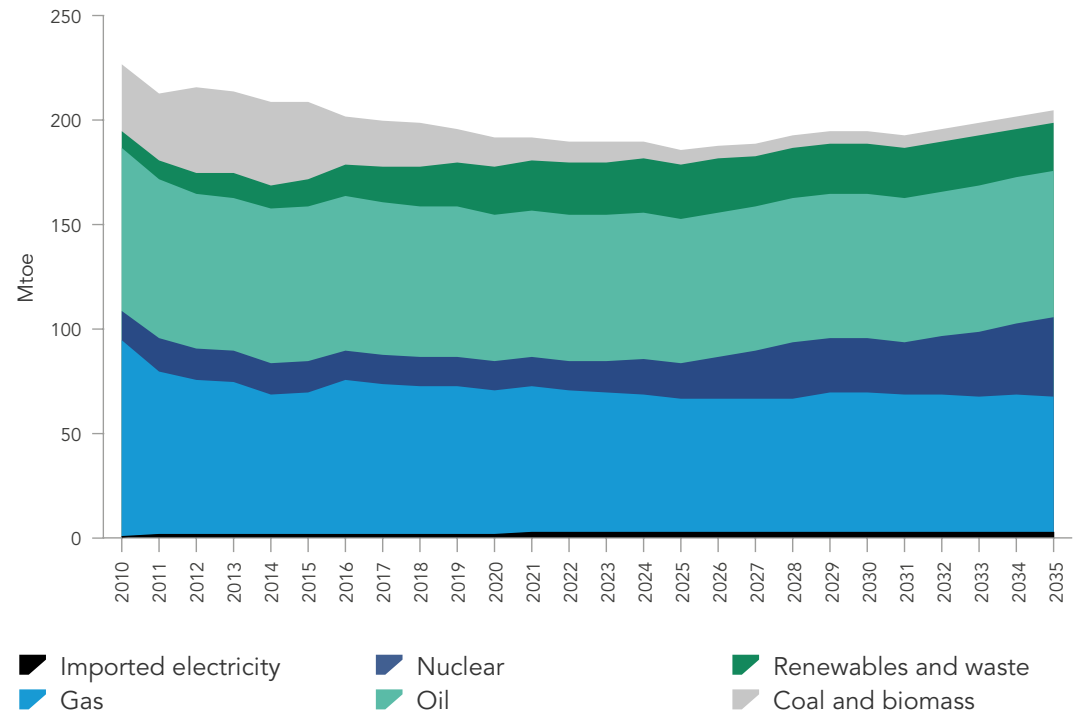
For these reasons, gas will continue to play an important role in meeting the UK's energy needs in the coming decades. The Department of Energy and Climate Change forecasts that demand for gas will remain significant until at least 2035 (see graph), continuing to heat the majority of homes in the UK. We are engaging with policymakers on the role gas has to play as a cost effective way of meeting binding carbon



Gas will continue to play an important role in meeting the UK's energy needs until at least 2035.



Projection of the UK's primary energy demand by source to 2035⁽ⁱ⁾



⁽ⁱ⁾ UK Department of Energy and Climate Change, Updated Energy and Emissions Projections, September 2014



In a UK first, the two proposed Bowland exploration sites will be opened to the British Geological Survey, to undertake independent monitoring during the hydraulic fracturing process.



targets as set out in our [Energy Choices](#) report (see [page 12](#)).

Diversifying gas supplies

Concerns about energy security are less prevalent in North America, where vast domestic energy reserves can be drawn on following its revolution in the extraction of natural gas from shale. The UK, on the other hand, is a net importer of gas and reliance on imports could reach 89%⁽ⁱ⁾ by 2035. To meet this challenge, we continue to investigate new sources of gas.

During 2014, we assessed the potential of shale gas in the UK through our 25% stake in the Bowland exploration licence in Lancashire, operated by Cuadrilla Resources. Research shows that development of shale could be an important new energy source for the UK, reducing gas imports by 11%⁽ⁱ⁾ in 2035.

At the same time, we continued to explore and develop conventional gas reserves in the North Sea. In 2014, we began producing gas at our Kew field and an additional gas well was brought on-stream at Grove.

“ The UK faces a threefold energy challenge: how to keep the lights on, at affordable prices, while moving towards a sustainable low-carbon future. I firmly believe the best way to meet these goals is with a competitive, diverse, low-carbon energy mix. A mix where gas continues to play a vital role.”

Ed Davey

Secretary of State for Energy and Climate Change

We are also focusing on growing our capabilities and presence in securing liquefied natural gas (LNG) from a range of countries. Our 20-year agreement with Cheniere, in the US, remains on track for first delivery due by the end of 2018. Overall, our commitment to secure gas and power for our customers now totals £47bn. These long-term contracts and investments guard against the risk of being over-reliant on a single source of gas.

Managing our operations responsibly

To be successful in the long-term, we must protect the communities and environment on which our business depends.

The extraction of [natural gas from shale](#) continues to be a concern for some. We have a strong track record in transparent project development and we are confident that shale gas can be extracted safely and responsibly.

The hydraulic fracturing techniques used to extract natural gas are well established and have been used since the 1940s. We

continue to work collaboratively with our partner Cuadrilla, to ensure the [best practice obligations](#) we have implemented to protect the environment and local communities, are applied during exploration.

We also work with environmental groups to understand their concerns and harness their expertise. In 2014, we engaged a coalition of leading NGOs behind the report, '[Are we fit to frack?](#)', to discuss the principles for responsible development of shale gas and the protection of biodiversity.

We have committed to make data on environmental monitoring publically available. In a UK first, the two proposed Bowland exploration sites will be opened to the British Geological Survey, to undertake independent monitoring during the hydraulic fracturing process.

For further details on our community impact, see [page 21](#).

⁽ⁱ⁾ Pöyry, UK Shale Gas - Where are we now?, 2014

REDUCING CARBON EMISSIONS

WHY IT MATTERS

As an energy company, we have a crucial role to play addressing climate change while contributing to carbon emission reduction targets set at a national and international level.

We are working to reduce emissions from our operations as well as those generated by customer energy use.



26 Reducing our carbon footprint

27 Focusing on customer carbon

ELSEWHERE ON THE WEB

Our electric vehicle fleet



Read our blog >

Bord Gáis Energy's contribution to Better Energy Communities



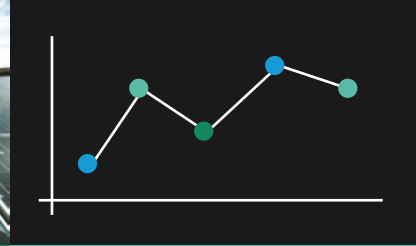
Take a look at the case study >

Generation Community solar



Learn about the partnership >

Carbon metrics



Explore our performance >

REDUCING OUR CARBON FOOTPRINT



Performance against targets

TARGET	PROGRESS	STATUS
Reduce our internal carbon footprint (core property, fleet and travel) by 20% from the 2007 baseline by 2015	Reduction of over 25% (80,288tCO ₂ e)	On track
Reduce Group power generation carbon intensity to 260gCO ₂ /kWh by 2020	154gCO ₂ /kWh	On track

We are committed to minimising the impact of carbon emissions from our operations. In 2014, these efforts were recognised by CDP, an international NGO reporting to investors representing around a third of the world's 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.

Managing carbon from energy production and generation

We focus on gas because it will help us provide secure and affordable energy for our customers, while meeting climate change commitments (see [page 23](#)).

We work to reduce carbon emissions and improve efficiency associated with the extraction and production of oil and gas. When gas is extracted from reservoirs, decreasing underground pressure means that the remaining gas becomes more energy intensive to obtain. Technological solutions help us manage this. For example, by improving the energy efficiency of our Netherlands

offshore operations, we have avoided over 40,000tCO₂e emissions since 1998.

The carbon intensity of our power generation reduced by 23% to 154gCO₂/kWh, exceeding our 2020 target of 260gCO₂/kWh. This reduction was primarily due to the sale of our North American gas power plants. We are reassessing the target in 2015 to better reflect changes in our generation portfolio and now that there is more certainty following the UK capacity market auctions.

Our renewable power generation focus is now on operating our remaining wind farms and we continue to purchase a substantial amount of renewable and lower carbon power. We are also involved in distributed power generation including the installation of solar panels, both in the UK and US.

Following an assessment of our proposed Rhiannon offshore wind farm in the Irish Sea Zone, we decided to release our interests due to challenging ground conditions that made the project economically unviable. We also sold our 50% non-operated interest in the Barrow offshore wind farm to DONG Energy. We continue to operate 245MW of

wind power in the UK based on our equity share, and maintain our 20% non-operating stake in eight nuclear power stations which are low carbon power sources.

Energy is also purchased from other power sources to sell to our customers. In the 2013/14 financial year, the carbon intensity of the power we sold in the UK fell by 10.6% to 339gCO₂/kWh, remaining well below the UK average of 420gCO₂/kWh. This reduction is due to an increase in nuclear and renewable power in our overall fuel mix, together with a decrease in the proportion of coal-fired power.

Reducing our internal carbon footprint

The remainder of the carbon emissions from our operations come from our offices, fleet and travel. We use our expertise in low carbon technology to control these emissions and in 2014, the [internal carbon footprint](#) of our core businesses was 80,288tCO₂e. This is a reduction of over 25% from our 2007 base year, exceeding our 20% target for 2015.

We were awarded the highest possible mark for disclosure and action on climate change by CDP.

[Find out more](#)



Learn about our carbon intensity, fuel mix and low carbon generation.

[View our blog](#)

FOCUSING ON CUSTOMER CARBON



Find out how customers can benefit from solar and renewable technologies.

Visit the case study to read more >

Customers' energy use accounts for nearly 95% of the total carbon emissions associated with our business. We provide energy efficient and innovative products to help customers cut their energy use, bills and carbon emissions. 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⁽ⁱ⁾.

Improving energy efficiency

Around a quarter of energy used in the average UK home is wasted, and the Government has established a number of energy efficiency schemes to target this issue.

The Energy Company Obligation (ECO) requires energy suppliers to improve the energy efficiency of homes, particularly low-income households. In 2014, we committed £468m towards ECO and installed more than 282,000 measures, such as solid and cavity wall insulation, district heating and boilers. These products will generate lifetime carbon savings of 5.5mtCO₂e.

The Green Deal helps people spread the cost of renewable and energy efficiency products via instalments on their energy bills or through a grant. We helped over 4,500 households do this in 2014 and we are working with the Government to increase uptake by making the programme more flexible and easier to understand. Our [£25m partnership](#) with Plymouth City Council is part-funded by ECO and the Green Deal, and will bring solid wall insulation to 6,000 social houses.

In 2014, British Gas agreed to pay £11.1m to help vulnerable customers following failure to deliver the outgoing energy efficiency programmes, the Carbon Emissions Reductions Target (CERT) and Community Energy Saving Programme (CESP), by the 2012 deadline. We completed the shortfall in 2013 having spent £1.1bn in total, benefiting vulnerable customers with an additional £110m savings on energy bills.

Providing solar energy

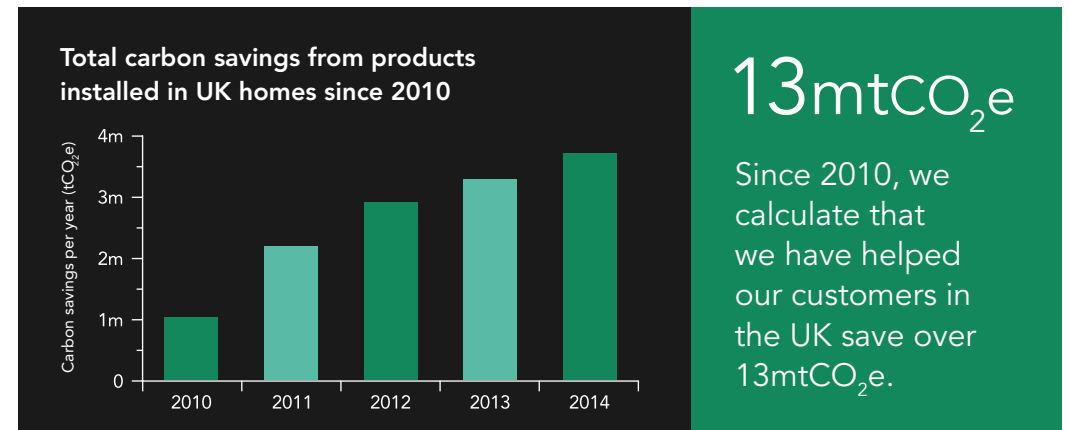
In North America, we acquired Astrum Solar in 2014, adding solar power to the

range of products we offer our Direct Energy residential customers. Following the acquisition in July, around 600 solar installations were completed resulting in over 5.5MWp of capacity. We aim to grow this business further in 2015. Direct Energy also provides solar energy to business customers through our \$74m (£50m) fund with SolarCity. In 2014, this financed 17.9MWp worth of solar projects.

We provided 6.2MWp of solar panels to 280 UK homes and businesses during

2014, compared with 490 installations (7.4MWp) the previous year. An increasingly challenging residential market for solar in the UK contributed to this reduction, as did the precautionary measures taken following three fires during 2013 and 2014 (see [page 10](#)). However, in the second half of the year we re-launched our residential product range and have seen an increase in sales.

(i) Based on 2013 Department of Energy and Climate Change energy consumption per household in the UK on a weather adjusted basis.



Find out more about our
reporting and performance

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