

Industry Associations and Climate Policy: 2023 Report on Our Memberships and Alignment

1. Summary

Centrica leverages its influential position to promote positive policy outcomes on key issues such as achieving net zero. The purpose of this review is to enhance the transparency of our indirect advocacy and reinforce the governance framework.

We participate in many trade associations. We consider these relationships to be essential for advancing our growth objectives as well as our capacity to reach net zero, by using the associations' collective influence or by exchanging knowledge and expertise. We acknowledge that each trade association engages in advocacy on matters that are relevant to their members, and this may encompass a wide range of views and topics. We have tried to account for this in our assessment. However, we are committed to ensuring that each association that represents Centrica, engages in advocacy that is consistent with the goals of the Paris Agreement.

This is Centrica's first annual update of our trade associations review. We did not find any evidence of misalignment between our trade associations and the Paris Agreement. A total of 28 associations were "Strongly Aligned", while four were "Aligned". As per our action plan, we will maintain membership with these associations as we continue to advocate for positive climate policy through them. If we find evidence of misalignment in the future, we are committed to taking appropriate action through engagement and if necessary, re-evaluating our relationship.

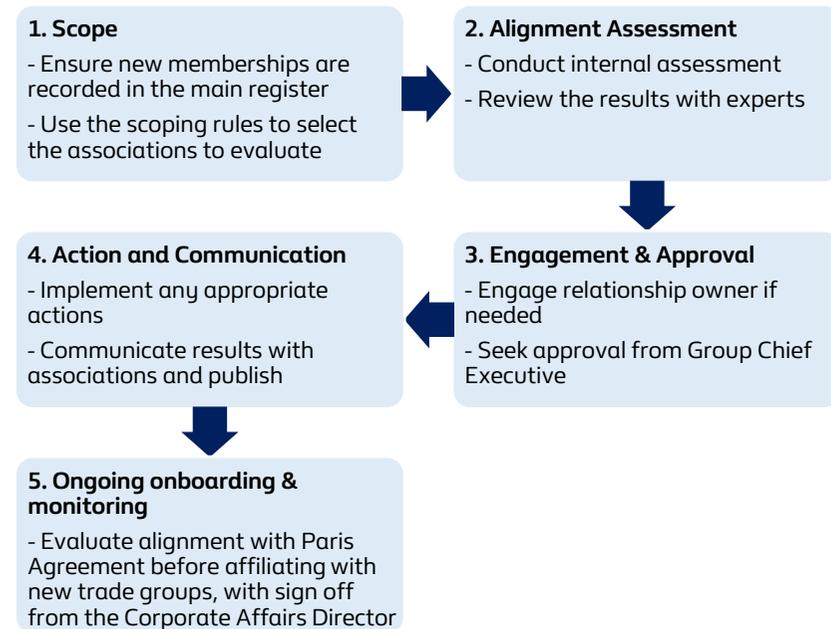
As corporate advocacy of industry associations is increasingly scrutinised, we plan to conduct a full assessment and report on an annual basis. In addition to this, since last year, we have been implementing our new membership process by including a Paris-alignment assessment before any new membership can be approved. This has resulted in three new members being approved within year.

We recognise that engagement and influence are crucial for achieving net zero, and we urge Trade Associations to disclose their advocacy activities on behalf of their members and their main stakeholders (such as investors), and to persist in advocating for policies that are not aligned with the Paris Agreement.

2. Methodology

2.a Process

The following steps describe how we conduct this review:



2.b Scoping

We include all corporate memberships that require payment in our analysis. However, we exclude any associations that Centrica

employees joined as individuals. For example, *Institute of Environmental Management and Assessment*.

We also eliminated associations that are not likely to have a stance on climate issues as “Not Applied” (see appendix). For example, *Step Change in Safety*.

In 2023, 32 out of 34 associations were considered in-scope and assessed (see Appendix for exclusions).

2.c Assessment

We have amended our assessment approach this year to better address and consider the diverse and broad business activities that our trade associations represent. We have applied the assessment criteria at a suitable level for each association based on their focus and their impact on the energy transition.

The assessment is based on three main elements:

1. Alignment with the Paris Agreement: we have evaluated the position of each association on the Paris Agreement, which aims to limit global warming to well below 2°C, and preferably to 1.5°C, compared to pre-industrial levels.
2. Alignment with Centrica’s Climate Policy Positions: we have a set of climate-relevant policy positions that we consider essential for achieving the Paris Agreement, and we expect our associations to support them. You can find them [here](#). We have done the following steps for each association:
 - a. Identified the policy areas that are relevant for the association and that require strong and public disclosure.
 - b. Assessed their public advocacy on these policy areas.

- We have assessed the level of influence that each association has on the energy transition, and determined how much evidence we need to see to consider them aligned.

This approach guarantees that an association will not be penalised if they do not have a public policy stance on a specific topic that is not relevant to their activities. For instance, we would not require an association that only deals with heating and hot water to have a position on transport. This also puts more pressure on those associations that represent industries that have a significant role in the transition, such as high-emitting sectors. However, it ensures that the approach to Paris is coherent.

The assessment examined various official documents, such as policies, statements, submissions and publications, that expressed the formal positions of the associations.

Table 1: Alignment definitions

Alignment level	Definition
Strongly aligned	Evidence of alignment with Paris and relevant key positions appropriate to materiality, with negligible evidence of misalignment. Or, where the primary purpose of the association is related to decarbonisation.
Aligned	As above, but either low level of disclosure or evidence surrounding support for Paris relative to materiality.
Misaligned	Evidence of misalignment in the form of stated opposition to one or more of Centrica’s key climate policies and/or Paris.

2.d Action planning

Table 2: Proposed actions in the instance of misalignment

Alignment level	Actions
Strongly aligned	Maintain relationship and monitor advocacy. Relationship will be reviewed annually.
Aligned	Maintain relationship, but actively engage and monitor advocacy. Relationship will be reviewed annually.
Misaligned	Devise a tailored engagement approach with internal relationship owner to address perceived misalignment. Failure to respond appropriately to a confirmed misalignment will lead to a review of membership, up to and including termination.

2.e Annual review

This is the first annual update of our assessment, as we committed to last year. We have improved our method of evaluating our alignment, disclosed more details about our memberships (see Table 3 & 4), and added new memberships since 2022. We will maintain this annual frequency in the future, as we are aware of the changing market conditions.

3. Results

Table 3: Strongly aligned memberships.

Association Name	Jurisdiction	Rationale for membership	Link to advocacy
Aberdeen and Grampian Chamber of Commerce	Scotland	The Aberdeen and Grampian Chamber of Commerce is an association focused on growing the Northeast Scottish economy through events, policy work, news platforms, research, training and international documentation services.	https://www.agcc.co.uk/economic-development/our-policy-priorities
Association for Decentralised Energy (ADE)	UK	The ADE represents the energy sector, with the aim to drive the decarbonisation of heat, champion the role of industry in the green transition and push for UK homes, places of work and public services to be energy efficient and smart.	theade.co.uk/resources/publications
British Irish Chamber	UK & Ireland	The British Irish Chamber is an association focused on engaging members from the UK and Ireland to maintain focus on the value of two-way trade between the nations.	https://www.britishirishchamber.com/policy-and-advocacy/
British Vehicle Rental and Leasing Association (BVRLA)	UK	The BVRLA represents the UK vehicle rental, leasing, and fleet sectors, providing a voice for firms at a regional, national, and international level to policymakers. The BVRLA provides advisory services, responsible business and strategy management training, and access to industry data and research.	https://www.bvrla.co.uk/industry-campaigns.html
Business in the Community (BITC)	UK	BITC is a trade association that works with businesses to improve their corporate social responsibility credentials, offering advice and programmes tailored to meet their needs.	https://www.bitc.org.uk/reports/
Carbon Capture and Storage Association (CCSA)	Europe	The CCSA represents the interests of companies involved in carbon capture, utilization, and storage (CCUS). The organization provides a platform for its members to collaborate with other experts, access the latest market intelligence, and benefit from unique access to key players in government.	https://www.ccsassociation.org/resources/
Confederation of British Industry (CBI)	UK	The CBI is a trade association that advocates for domestic businesses on national and international issues. Their purpose is to drive positive change, speaking for businesses of all sizes and sectors across the whole economy ensuring sustainable growth for the benefit of society.	https://www.cbi.org.uk/
Decarbonised Gas Alliance (DGA)	UK	DGA represents a network of organisations that aim to decarbonise the gas system and meet the UK's target of net zero climate emissions by promoting the use of decarbonized gas, biogases, hydrogen, and carbon capture, usage, and storage (CCUS) technologies.	https://dgalliance.org/resources/

Association Name	Jurisdiction	Rationale for membership	Link to advocacy
Danish Chamber of Commerce	Denmark	The Danish Chamber of Commerce is a trade association for companies within retail, service, IT, transport, tourism and health industries in Denmark. They act as chief negotiator for wages and working conditions for the majority of companies in Denmark.	https://www.danskerhverv.dk/
Economic Social Research Institute (ESRI)	Ireland	The ESRI is a trade association which produces independent, high-quality research with the objective of informing policies that support a healthy economy and promote social progress.	https://www.esri.ie/publications
Electricity Association of Ireland (EAI)	Ireland	The EAI is a representative body for the Irish electricity industry, providing a source of expert advice on industry matters and works to enhance the reputation of the electricity industry and gas retail sector. They drive change through engagement with key policy, regulatory and technology stakeholders.	https://www.eurelectric.org/publications/fu-ll-list
Electricity Storage Network (ESN)	UK	The ESN is an industry group for grid-scale electricity storage in the UK, shaping policy agenda around issues affecting the deployment of electricity storage.	https://www.regen.co.uk/the-electricity-storage-network/
Energy UK	UK	Energy UK represents the energy producers of the UK, working with the sector, government, regulators, and wider stakeholders to champion a sustainable UK energy industry.	https://www.energy-uk.org.uk/publications/category/reports/
European Federation of Energy Traders (EFET)	Europe	The EFET represents members of the energy industry, working to build trust in power, gas and carbons markets across Europe, so that they may underpin a sustainable, efficient and secure energy supply and enable the transition to a carbon neutral economy.	https://www.efet.org/
Green Power Denmark	Denmark	Green Power Denmark is a Danish trade association for organisations that produce, distribute, trade and refine green electricity. Members help to deliver greener power to Denmark for a carbon neutral society.	Publications Green Power Denmark
Heat Pump Federation (HPF)	UK	The HPF provides a representative body for the whole heat pump sector, enhancing and consolidating political lobbying for UK energy policy development in support of the electrification of heating and cooling in the built environment.	https://www.hpf.org.uk/campaigns
Heating and Hot Water Industry Council (HHIC)	UK	The HHIC is a UK-based member organization that is committed to effectively driving, supporting, and promoting the sustained growth of the UK domestic heating and hot water industry. The council provides a platform for its members to collaborate, access the latest market intelligence, and benefit from unique access to key players in government.	https://www.hhic.org.uk/
Hydrogen Energy Association	UK	Hydrogen Energy association is a leader in advocating for and accelerating the transition to Net Zero through the deployment of hydrogen solutions, positioning the UK at the forefront of Hydrogen globally.	https://ukhea.co.uk/policy-shaping/

Association Name	Jurisdiction	Rationale for membership	Link to advocacy
Hydrogen Europe	Europe	Hydrogen Europe represents European based companies and stakeholders that are committed to hydrogen energy production. It is committed to enable the adoption of clean and reliable hydrogen.	https://hydrogeneurope.eu/policy-priorities/position-papers/
Hydrogen UK	UK	Hydrogen UK represents companies across the entire hydrogen value chain working together to accelerate the deployment of hydrogen in the UK. The organization aims to accelerate the transition to a zero-carbon economy.	https://hydrogen-uk.org/publications/
International Emissions Trading Association (IETA)	Global	The IETA represents businesses committed to smart, well-designed and effective carbon markets to help achieve the goals of the Paris Agreement and reach net-zero emissions by 2050.	https://www.ieta.org/resources/papers/
Irish Business and Employers Confederation (IBEC)	Ireland	IBEC aims to help build a better, sustainable future by influencing, supporting, and delivering for business success. As well as advocating government, policy makers and other key stakeholders nationally and internationally to shape business conditions and drive economic growth.	https://www.ibec.ie/
Irish Green Building Council (IGBC)	Ireland	IGBC provides a source of leadership for sustainability and quality in the built environment and provides a source of resources to companies transitioning their activities towards more sustainable practices.	https://www.igbc.ie/igbc-resources/
North West Hydrogen Alliance (NWhA)	UK	NWhA brings together the UK's most influential organizations, driving industrial decarbonisation and developing the region as the UK's primary hydrogen economy.	https://www.nwhydrogenalliance.co.uk/why-hydrogen/
Renewable Energy Association (REA)	UK	The REA represents all renewables industry in the UK, providing a platform for collaboration with other experts, access the latest market intelligence, and benefit from unique access to key players in government.	https://www.r-e-a.net/our-resources/
Renewable UK	UK	Renewable UK represents wind, wave and tidal power industries, bringing together members from the energy industry to deliver a just transition to a net zero future.	https://www.renewableuk.com/
Solar Energy UK	UK	Solar Energy UK represents key players in solar energy across the value chain, collaborating to increase the UK solar capacity, influence and shape policy and drive market growth.	https://solarenergyuk.org/resources/
TechUK	UK	TechUK is a membership organisation that brings together businesses deliver a better future for people, society, the economy, and the planet using technology. They shape policy, explore the applications of emerging technologies and identify where technology can power progress.	https://www.techuk.org/

Table 4: Aligned memberships.

Trade association	Jurisdiction	Rationale for membership	Link to advocacy
Offshore Energies UK (OEUK)	UK	OEUK represents businesses operating in the UK continental shelf. They aim to create a prosperous UK that relies on domestic, low-cost energy that is generated securely and ethically. OEUK advocate for the long-term role of Gas in the energy mix. Given the uncertainty and diversity of views on how Gas can contribute to the net zero goal, we have assessed OEUK as "Aligned" with our climate policies.	Net Zero (oeuk.org.uk)
International Association of Oil and Gas Producers (IOGP)	Global	The IOGP represents the petroleum industry and provides a forum where members can identify and share best practices to achieve improvements in health, safety, the environment, security, social responsibility, engineering, and operations. IOGP advocates for the O&G industry's role in the energy transition to a low carbon future. Since the long-term role of gas in achieving net zero remains contested, we have rated IOGP as "Aligned" with our climate policies.	Advocacy IOGP
Emissions Trading Group (ETG)	UK	The ETG is a trade association that represents and supports UK businesses covered by the UK emissions trading scheme and enables communication to take place between industry and the UK government. ETG advocates for its' members who struggle to meet the emission reduction targets with existing technologies. We have rated ETG as "Aligned" with our views because they share our goal of net zero.	Submissions Archives - UK Emissions Trading Group - ETG
National Association of Energy Services Companies (NAESCO)	NA	NAESCO represents and promotes the energy efficiency industry in the energy marketplace and is dedicated to modernizing America's building infrastructure through performance contracting. Their climate-related disclosures are light: they have not publicly expressed their views on the Paris Agreement. We have contacted them through our relationship owner to request more information on their stance, and we assess them as "Aligned".	Home - National Association of Energy Service Companies NAESCO

Appendix

A1. Associations de-scoped from assessment:

- Irish Information Security Forum (IISF)
- Step Change in Safety