

Rick Haythornthwaite, Chairman

Chairman's overview

Q: You've been Chairman of Centrica now for just over seven weeks. What are your first impressions of the business and what do you make of the political turmoil that's currently engulfing the company.

A: Well the first thing I have to say is that I'm very pleased to find that this is a very well-run company with a sound strategy and talent that runs very deep, in other words the essential ingredients. Now the company is operating in and having to adapt to some short-term market issues but also a political storm as you rightly put. And that storm is entirely understandable. It's no surprise that energy prices are a hot topic, and it's entirely reasonable that our politicians are exercised about cost of living issues, we are. But actually those same politicians have a choice to make as they draw up their election strategies. Do they, or do they not, want a UK company of substance that actually truly cares whether UK homes and businesses have heat and power now and in the future. And do they want a UK company of substance that actually can do something about it on the world stage?

Q: So given that what have your first actions been as Chairman? How do you see your role developing as it goes forward?

A: Well I think in the early days as a Chairman one has a short period of luxury of independence and I want to use that as productively as I can. So I'm having a long hard look and a deliberately sceptical look at Centrica's answers to questions that have been raised about their standards of business conduct, but I'm also spending as much time as I can listening to our customers and listening to consumer groups and regulators and politicians and anyone that has a view on the sector, because above all what I want to do is re-start pragmatic collaborative dialogue around the big issues we face of energy security, affordability, decarbonisation. These are too important to sit in a world of polarisation and cold shouldering.

Q: Now there does seem to be increasing scepticism in the UK about the role of big business, Centrica is a big business, do you believe it's got a positive role to play?

A: Yes it's a big business, it's an important business, its fortunes are inextricably linked with the fortunes of our nation and I think it has a very key role in helping to rebuild the reputation of business. If you just look at the basic statistics; we have 30,000 employees but we support 170,000 employees in our supply chain. We procure over £10bn worth of goods from 6,000 companies around the UK. We have 700,000 shareholders and our dividends support a myriad of pensioners in their various schemes. So we touch Britain in many different ways and that's before we start thinking about our investments.

But if we are going to make a difference in this reputational issue of business we've got to start at home, we've got to make sure that we act according to a sense of purpose that is genuinely seen to benefit society. We need to be fair and honest to our customers always. We need to be good employers. We need to be good citizens. And we need to conduct ourselves in a way that gives due consideration to future generations. But you know I arrive in a Centrica that was actively thinking about all these considerations, and they will continue to be a focus.

Q: As you'll know there is currently a review going on into the nature of competition in the energy sector, do you think politicians and customers are right to be concerned about a perceived lack of competition?

A: My early impressions are that this sector is dynamic, competitive and it functions well. I was told that, I think there have been 17 enquiries into the UK market since 2001 and none of them have found any evidence of anti-competitive behaviour, which is not altogether surprising when I gather there are 19 dual-fuel companies around and a host of independent switching sites.

I would have thought the most relevant question right now is what is it we can do to make it even more competitive? And the answer to that seems to be quicker switching, greater transparency, bolder innovation. In other words all the points that the regulators raised in the retail market review and it strikes me as sensible right now to see whether they are going to work before we do anything more dramatic.

Q: So given what you've just been saying how does the current political debate play into how you think about investing over the longer term?

A: Well I think its immensely damaging not just for Centrica but for the nation. I think the reputation of Britain as a place in which to invest is under threat and the time to correct that is now not after the 2015 election, by which time the possibility of the lights going out in Britain will be looming much larger. And I don't see this as the figment of a scaremonger's imagination. I think right now we've got to restart collaborative, constructive dialogue around these key issues, we cannot afford to wait, hostilities have got to cease.

Q: Finally, we do know that Nick Luff will be leaving the business this year but there has also been press speculation that Sam Laidlaw, your CEO, is looking to exit the business what's your reaction to that and what kind of succession planning is going on?

A: Look, Sam is doing a great job for this company. I know last year was a tough year and this year will be a tough year, but Sam is completely up to that and he's handling it very well. One thing you can trust about Sam he is never going to do anything that is not in the best interests of this company. And as a Board we've just got to make sure that if he does decide to move on we are prepared for it.

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