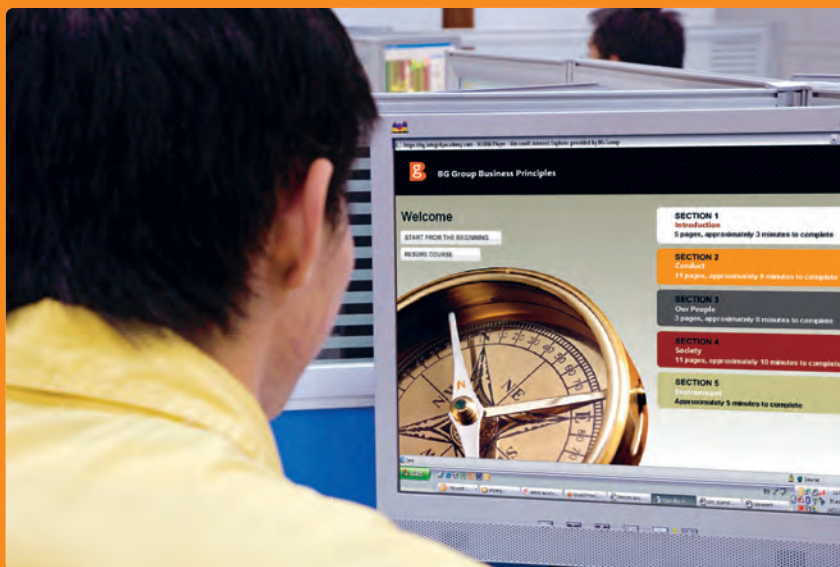


Conduct



- We act with integrity, fairness and transparency.
- We comply with legal, regulatory and licence requirements.
- We do not tolerate corruption in any form, whether direct or indirect.
- Our investment criteria take account of economic returns, environmental impacts, social consequences and human rights.
- High standards of corporate governance are integral to the way we manage our business.

2007 in Summary

- Online Business Principles training tool developed
- Whistleblowing Policy reviewed and a revised Policy developed
- Goldman Sachs ranked BG Group as a “sustainable investing leader” in GS Sustain

BG Group's success is dependent on operating to high standards, as set out in our Business Principles. We recognise that the operations of any industry can have undesirable impacts if they are not managed with the needs of the broader community and environment in mind. We also believe that conducting our business with integrity and regard for others makes the Group more productive and effective in achieving its long-term strategic goals.

This belief in the importance of Corporate Responsibility (CR) led BG Group to establish a statement of principles in 1998, and to review it annually to ensure the principles reflect the evolving nature of our industry and stakeholder expectations.

For BG Group, CR means putting our Business Principles into practice. Today, our Business Principles consist of 15 statements of core values and behaviours with which all employees must comply. These Business Principles are supported by two documents, which together comprise the expression of BG Group's Principles:

- *Corporate Commitments*, which provides more detail on the Business Principles to external stakeholders; and

- *Principles into Practice*, which provides practical guidance for employees on applying the Business Principles in business life.

The Business Principles and these two supporting documents are distributed across the Group and are available in 12 different languages. Instruction on the Business Principles is included in our employee development Core Curriculum, and is an integral part of our Business Principles Discovery programme (our blue-ribbon business training course). Business Principles training is also part of our induction course for new employees at our corporate headquarters. Through these training courses, more than 1 300 people received training in 2007, over one third of whom were in management roles.

As a further step towards embedding the principle that CR is fundamental to the way

“During our visits to Oman and Tunisia we saw that the Business Principles had been published in both English and local languages. In Oman, we discussed how the Business Principles had been used to engage external stakeholders and had provided a means for the business to sensitively decline inappropriate requests from stakeholders.”

we operate, in 2007 we introduced a new reward framework. The link between reward and performance is now more transparent and annual incentives are directly linked to HSE and behavioural objectives.

Principle: We act with integrity, fairness and transparency

BG Group recognises that we need to demonstrate our commitment to integrity, fairness and transparency in order to earn and maintain the trust of our partners in government, business and the community.

Business Principles and the supply chain

Our business is based on partnership and co-operation. Because of this, we are committed to working with our contractors to cascade our Business Principles through our supply chain. As is widely recognised, the assessment and monitoring of CR in the supply chain is a challenging and complex task. However, we have identified this challenge as a priority and included it among the targets to be led by the Group Executive (see case study box to the right).

In 2007, we also initiated a pilot project that aimed to monitor the compliance of the Group's key contractors with our Business Principles. This project has not yet been completed, but we have achieved the following milestones:

- a review of the UK industry standard questionnaire developed by First Point Assessment Limited (FPAL);
- a gap analysis comparison of the FPAL questionnaire against BG Group requirements for contractors;
- direct discussions with selected contractors; and
- the preparation of a Corporate Responsibility workshop for selected top-tier contractors. The first workshop, held in January 2008, discussed the assessment of compliance in the supply chain.

While we plan to work with our top-tier contractors to extend our assessment of compliance with the Business Principles to key first-tier sub-contractors, we cannot do so until we are satisfied that we have fully addressed the assessment and monitoring of top-tier contractors. In 2008, the Group will focus on raising awareness of the Business Principles among key first tier sub-contractors.

In line with our commitment to integrity and transparency, in 2007 we continued to support the Extractive Industries Transparency Initiative (EITI) as it moved forward as the international standard for revenue management within the extractive industry. We continue to work with host governments that are EITI participants on procedures to increase transparency. However, until the EITI has been fully adopted into the local legislation of the countries in

which we operate, the confidentiality requirement in our commercial agreements places constraints on our freedom to disclose payments to governments.

Principle: We comply with legal, regulatory and licence requirements

With a business that spans an extremely wide and complex range of activities and geographic locations, we are subject to an extensive list of legislative and regulatory requirements, authorisations and exemptions, including competition rules, contracting, business conduct, employment, maritime and environmental protection. Furthermore, the licences which govern our operations often include additional requirements and conditions.

Group Executive leadership

Our performance targets (pages 8 to 11) review our record over the last 12 months and outline our goals for the next year.

BG Group has an ambitious agenda in fulfilling the standards to which we work. We recognise that some areas are particularly challenging, and that some need Group-wide commitment, both of which depend on leadership from the Group Executive Committee (GEC). We have identified six GEC CR objectives, which by their nature may not necessarily be achievable over one year, each of which will be led by a member of the GEC. They are as follows:

- produce Standards and Guidelines for Local Content Development. Establish initiatives to develop local contractor capability in two key assets;

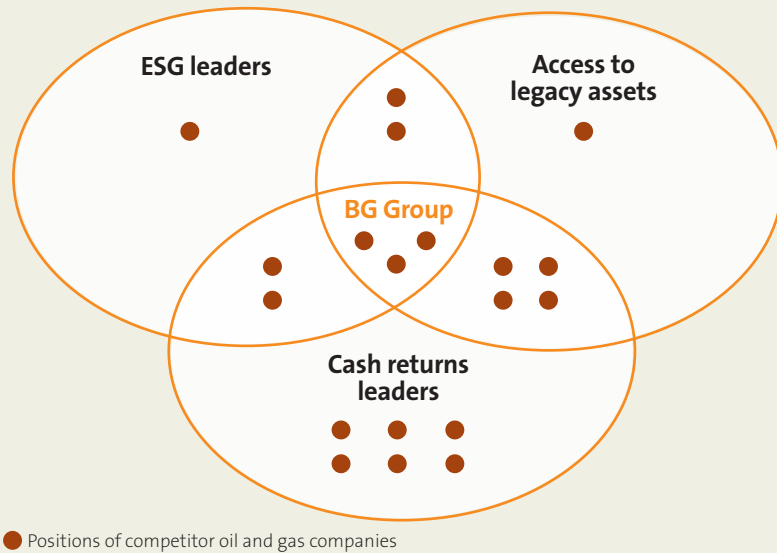
- assess key contractors for compliance with BG Group's Business Principles;
- improve ongoing systematic succession management with a time horizon of up to ten years;
- strengthen the structured programmes and support to develop our people purposefully at all levels of the organisation, with particular emphasis on technical disciplines and succession management across the Company;
- implement the Social Performance Standard in six higher risk assets in 2008, and produce a route map to full compliance. Achieve Group-wide compliance with the BG Social Performance Standard by 2010; and
- deliver projects generating one million tonnes of sustainable GHG emission reduction by 2012.



For more information visit
www.bg-group.com/cr

Goldman Sachs GS Sustain

BG Group ranked as a “sustainable investing leader”



In June 2007, Goldman Sachs included BG Group as one of four energy companies in their GS Sustain focus list.

Goldman Sachs launched the GS Sustain focus list to identify long-term investment opportunities that arise from company responses to a rapidly changing, globalising world. The framework identifies companies best positioned to deliver sector-leading returns over an extended time frame of three to five years, by combining analysis of cash returns, structural change in industries and Environmental, Social and Governance (ESG) performance.

The ESG analysis is based on objective and quantifiable indicators to measure company performance with respect to corporate governance, leadership on sustainability, employees, stakeholders and the environment; indicators

considered essential to analysing a company's ability to have sustained competitive advantage.

The diagram above shows BG Group's position in the GS Sustain framework for the energy sector in which Goldman Sachs has rated companies' ESG performance, cash returns and ability to access next generation legacy assets. Superior access to resources is identified as the key determinant of success for integrated energy companies. In June, Goldman Sachs reported "BG Group is a leader on ESG issues, both from a strategic and operational perspective. The company leadership takes responsibility for CR issues, reflected in the formation of a CR Committee of the Board in February 2005."

Many of the countries in which we operate may have only recently developed, or may still be in the process of developing, hydrocarbon regulatory and legal frameworks, and even in other more mature markets regulatory frameworks continue to evolve.

Our legal department provides training for employees in legal and regulatory compliance. This training focuses on equality and diversity, employment law obligations, competition law, health and safety and anti-corruption measures.

Information on the processes that aim to ensure compliance with our Business Principles and legal and regulatory requirements is set out in the Governance section below and in the Corporate Governance section of our 2007 Annual Report and Accounts.

Principle: We do not tolerate corruption in any form, whether direct or indirect

In keeping with our commitment to act with integrity, fairness and transparency, BG Group does not tolerate corruption in any form, and we take steps to educate our employees and to enforce this principle.

BG Group communicates its position on corruption to employees through the Anti-Corruption Standard, rolled out in 2006. The Standard provides six 'Golden Rules' intended to help employees avoid or deal with difficult situations, and requires all of our businesses to maintain a register of offers of, and demands for, illegal payments from any third parties. Businesses are also required to record any payments made by BG Group employees as a result of concern for their physical safety. The Group carried out a review of the Anti-Corruption Standard with input from legal counsel after its first year of operation to determine possible areas of improvement. In addition, BG Group supports Transparency International's Business Principles for Countering Bribery and is a signatory of the UN Global Compact.

For more information visit www.bg-group.com/cr

BG Group's Policies also require employees to avoid conflicts of interest between their personal activities and Company activities. Anti-Corruption and Conflict of Interest Policies provide direction on avoiding potential conflicts. In addition, our Gifts and Hospitality Standard places limits on the value of corporate hospitality and gifts that may be accepted, and requires all hospitality and gifts to be recorded. The BG Standard on Political Donations prohibits donations to political parties and organisations, or to politicians, and political expenditure of any kind.

Fraud

BG Group has a Fraud Risk Management Standard designed to mitigate and manage the risks from fraud and malpractice. The Standard requires all assets to appoint a Fraud Officer to identify and assess fraud risks; co-ordinate local anti-fraud training; ensure that pre-employment checks are in place; and see that all staff understand their responsibilities under the Standard. The Officer is also responsible for promptly reporting all instances of fraud (whether actual or attempted and irrespective of value) to Group Security.

In 2007, in response to allegations of internal fraud, BG Group commenced six investigations. Further details of these can be found on page 19.

Principle: Our investment criteria take account of economic returns, environmental impacts, social consequences and human rights

BG Group's belief that CR is good business is demonstrated by our willingness to apply our Business Principles in directing our investment resources. BG Group is prepared to decline opportunities in countries where we have concluded that it would not be possible to operate in accordance with our Business Principles.

Our investment decision procedures ensure that non-financial risks and impacts such as human rights, health, safety, security and

environment risks are explicitly considered, and that all new country entry proposals that raise social or environmental issues are reviewed by the Board Corporate Responsibility Committee before the Group reaches an investment decision.

In 2007, we reinforced the application of this principle by further integrating CR into our formal business decision-making process. This involved building additional steps and CR-related checks into our Capital Investment Process, as well as into our revised and relaunched Value Assurance Framework – a formal step-by-step process that informs our decision-making on business opportunities.

Principle: High standards of corporate governance are integral to the way we manage our business

BG Group's commitment to CR starts at the highest level of the Company, with our Board and Group Executive Committee.

The Corporate Responsibility Committee (CRC) was established to assist the Board in providing strategic leadership, direction and oversight, and policy-setting on CR issues.

In 2007, principal activities of the CRC included:

- a review of BG Group's Business Principles;
- assurance that the Group would be able to conduct its business in accordance with the Business Principles in new areas of activity;
- a review of security management issues;
- a review of community relations;
- approval of the Social Performance Governance Framework to govern the implementation of the society element of our Business Principles;
- a review of the Group strategy for managing greenhouse gas emissions and climate change; and
- receiving regular reports on health, security and the environment.

Stakeholder commentary

“How does BG Group assure itself that all of its employees are acting with integrity, fairness and transparency?”

Phillipa Foster Back,
Director, Institute of Business Ethics

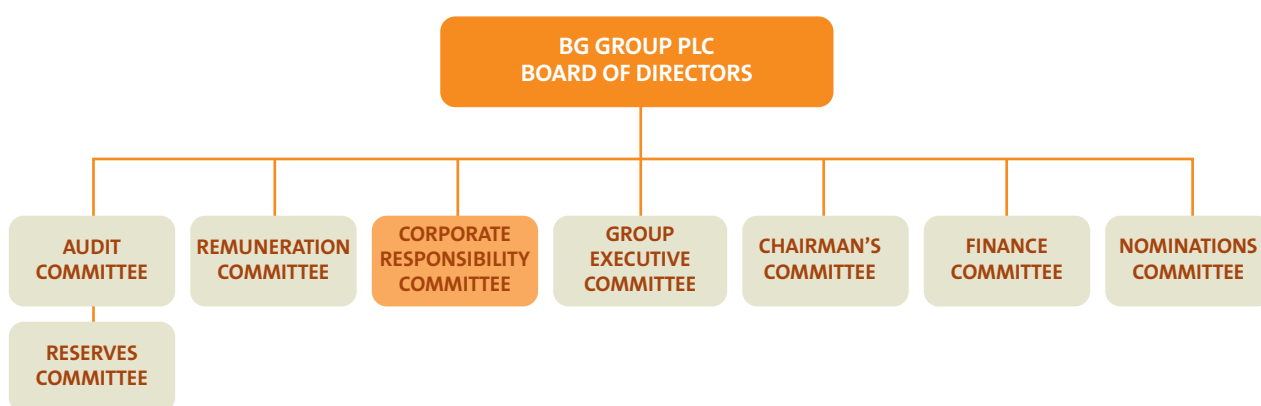
BG Group has put a wide range of processes and activities in place to meet the admittedly difficult challenge of ensuring our employees are able to follow our Business Principle to act with integrity, fairness and transparency. These efforts include:

- the Governance Self Assessment (GSA) mechanism – the formal assurance process over the Business Principles detailed on page 18 – which provides assurance on whether business is conducted in accordance with the Business Principles. This process reviews whether asset/function leadership demonstrates the behaviours described in the Business Principles, and whether behaviour not in accordance with the Business Principles has been identified and remedial action prescribed;
- Business Principles training and equality and diversity briefings;
- Group-wide recruitment Guidelines which encourage open advertising of employee vacancies on the Group's intranet;
- consistency reviews carried out during the Annual Performance Review process; and
- the assessment of incidents reported through the Whistleblowing mechanism to ascertain whether there has been an actual or potential breach of our Business Principles.



For more information visit
www.bg-group.com/cr

BG Group Board and Committee structure



In previous years, the CRC also received reports on safety. Following publication of the Baker Report, in January 2007, the Board reserved to itself the oversight of all matters relating to safety and asset integrity.

The CRC is a committee of the Board (see diagram above), and is chaired by Sir John Coles, a non-executive Director. The other members of the CRC are Sir Robert Wilson (Chairman of the Board), Frank Chapman (Chief Executive), and three further non-executive Directors; Peter Backhouse, Jürgen Dormann and Dr. John Hood.

Since March 2006, compliance with the Business Principles and the Group's governance, risk management and assurance process has been overseen on behalf of management by the Governance and Risk Committee (GRC), a sub-committee of the Group Executive Committee.

Review of Board performance

An independent evaluation of the effectiveness of Board Committees (including the CRC) was conducted during 2007 by external consultants. The reviewers concluded that there is a high degree of confidence in the Board Committees, their Chairmen and the work they undertake.

Business assurance processes

In 2007, awareness of some of the elements of BG Group's Business Principles was assessed at a high level across the Group through internal audit activities. These reviews identified a small number of actions to be taken to enhance the understanding of the Business Principles.

In addition, each member of the Group Executive Committee (GEC) annually completes and submits a Letter of Assurance (LOA) to the Chief Executive. This Letter provides confirmation that all areas of the business for which he or she is accountable have complied with a series of Core Controls (controls that significantly contribute to the identification and mitigation of one or more risks relating to the Group's objectives). The management level directly reporting to members of the GEC also each complete a Governance Self Assessment (GSA) questionnaire that complements and supports the LOAs. Data from the LOAs and GSA questionnaires are used to assess the effectiveness of the Internal Control Framework.

Brindisi investigation

Last year, we reported on a criminal investigation in connection with our planned facility in Brindisi. Legal proceedings are still ongoing. Further details on this investigation are available in our 2007 Annual Report and Accounts.

Whistleblowing Policy

The Governance and Risk Committee (GRC), a sub-committee of the Group Executive Committee, oversees the Group's compliance with the Business Principles. The GRC reviews and monitors compliance with a number of relevant policies including the Whistleblowing Policy and the Fraud Risk Management Standard.

The GRC has delegated to the General Counsel responsibility for investigating whistleblowing reports and ensuring an appropriate response is taken – the process is described in the case study on page 19. Where a case involves allegations of fraud or improper accounting, the Group Financial Controller is consulted. Concerns arising through other channels (such as the work of internal audit or the employee survey) that merit investigation by the General Counsel are also dealt with via the whistleblowing mechanism.

During 2007, the Group revised its Whistleblowing Policy, which will be renamed and relaunched in 2008. Key changes include an increase in the scope of the Policy to cover all reported breaches of Business Principles, along with an obligation for all employees to report suspected breaches of the Business Principles or other misconduct. A new external provider has been appointed to provide the independent hotline and a new secure web reporting facility.

The new whistleblowing facilities will be available to third parties such as suppliers, joint venture partners, employees' families and members of the public.

Compliance with the revised Policy will continue to be monitored by the GRC. The General Counsel will retain responsibility for investigating reported concerns and monitoring the progress of investigations, and will continue to report back to the GRC with summaries of investigations and findings.

The total number of whistleblowing and fraud cases during 2007 was 40 (34 whistleblowing, six fraud). Feedback from whistleblowing investigations has been provided to the relevant BG Group function to ensure appropriate follow up action, such as amendments to Company procedure. An example is set out on page 31. We found evidence of fraud in two cases, and three cases are still under investigation. Two employees' contracts have been terminated and Company procedures have been amended. The amounts involved in cases of fraud ranged from £25 to £17 000. None of the reported fraud cases demonstrated a material weakness over financial reporting controls, and they did not involve employees who have a significant financial reporting role.

In addition, one allegation of external fraud was investigated and proven. The amount involved was £62 000. BG Group does not believe that there was any internal involvement by employees in the fraud. Company procedures are being amended as a result of this investigation.

Investor dialogue

BG Group maintains a programme of engagement with its major shareholders on CR issues, including face-to-face meetings with analysts and written responses to surveys. In addition, reports and presentations can be accessed from the Group website.

In 2007, BG Group's Regional Managing Director for Europe and Central Asia presented and led a CR discussion with the Socially Responsible Investor community.

Case study: Whistleblowing

BG Group employees, contractors and their families can report concerns by:

- telephoning an independent external hotline;
- writing directly to the General Counsel; or
- (following the launch of our new Policy) submitting an electronic report via the independent external web reporting channel.

Although anonymity is available, we encourage those raising concerns to give their names. Reports are passed to the Whistleblowing Steering Committee (to be renamed the Business Principles Investigations Committee (BPIC)), which is chaired by the General Counsel. The BPIC appoints a team to investigate the concern.

This team will not include anyone implicated by the individual raising the concern. To clarify and establish the facts, the investigation may include interviews, review of documents or other data. Where appropriate, external investigators are appointed.

The BPIC monitors the progress of the investigation and its findings to ensure that a thorough review has been undertaken and the appropriate process followed. Once the investigation is complete, the BPIC will decide whether the issues raised are substantiated and determine what actions should be taken, including sanctions if appropriate. If requested, feedback will be given to the person raising the concern, although it may not always be possible to reveal details.



For more information visit
www.bg-group.com/cr

BG Group continues to be a member of the Dow Jones Sustainability Indexes (DJSI) and the FTSE4Good index. In 2007, BG Group's overall score in the DJSI was 68%, compared to the sector average of 53%. The FTSE4Good Index does not make scores available.