

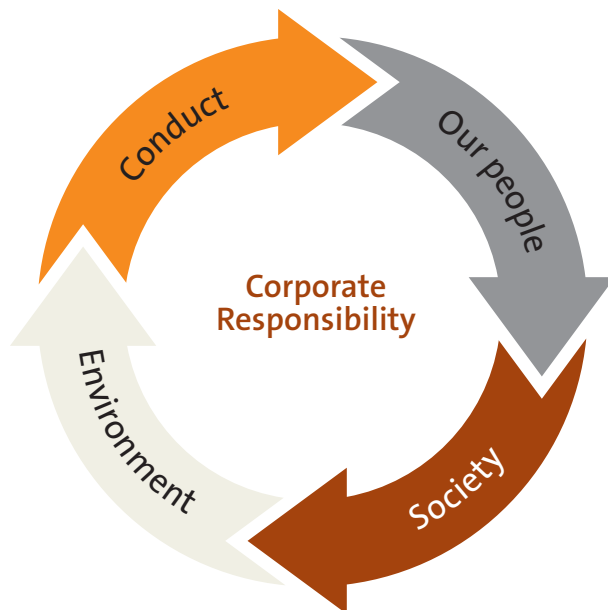
# The way we work

Companies that prosper economically over the long term are companies that work responsibly.

Frank Chapman  
Chief Executive

## 2007 in review

- External target set for BG Group greenhouse gas (GHG) emissions reductions
- GHG emissions from operations under BG Group's control rose by 3.2 million tonnes, primarily due to acquisitions
- Lost Time Injury Frequency per million man hours worked improved to 0.26 – BG Group's lowest-ever figure
- Goldman Sachs ranked BG Group as a "sustainable investing leader" in GS Sustain



Corporate Responsibility (CR) is the way we work at BG Group. The Group's success is dependent on operating to high standards, as set out in our Business Principles. CR is an essential part of our business decision-making process.

This section summarises BG Group's performance in the four areas of CR: Conduct, Our People, Society and Environment. More detail can be found in the 2007 Corporate Responsibility Report, which is published separately.

For BG Group, CR means putting our Business Principles into practice. BG Group has had a statement of principles in place since 1998 and reviews this annually. BG Group's Business Principles consist of 15 statements of core values and behaviours. The Business Principles, which are mandatory for all employees, are supported by two documents: *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. These documents have been translated into 12 languages and can be found online at [www.bg-group.com/business\\_principles](http://www.bg-group.com/business_principles)

### Assessment

In 2007, Goldman Sachs ranked BG Group as a "sustainable investing leader" in the oil and gas sector in the GS Sustain focus list, their analysis of the sustainability of corporate performance. This research combines environmental, social and governance performance with financial returns to rank companies for Goldman Sachs' sustainable investment focus list.

The Group continues to be a member of the FTSE4Good index and Dow Jones Sustainability Indexes.

### CONDUCT

BG Group expects its people to maintain the highest standards, both in how they work together and in how they deal with partners, contractors, governments, customers and the public.

### Employee awareness

Business Principles training is integrated into business training courses and provided in separate specific training sessions. In 2007, more than 1 300 people received training, more than one third of whom were in management roles.

An online Business Principles training tool was developed during the year, and is accessible Group-wide. This provides Business Principles training for BG Group employees and contractors, and will be mandatory.

### Governance and compliance

There is strong CR leadership and engagement by the Group Executive Committee. BG Group has had a Board-level Corporate Responsibility Committee since 2005, membership of which includes both the Chairman and the Chief Executive. Its full membership and responsibilities are set out in the Governance Framework on pages 50 to 57.

The total number of whistleblowing and fraud cases during 2007 was 40 (34 whistleblowing, six fraud). 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.

During 2007, the Group's Whistleblowing Policy was reviewed and a revised policy will be launched in 2008.

### 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 led a discussion with the Socially Responsible Investor community.

### OUR PEOPLE

At 31 December 2007, BG Group employed 5 098 people, 3 403 of whom were employed outside the UK. The Group encourages its people to share knowledge and develop cross-cultural experiences: in 2007, 101 non-UK/USA nationals were employed in roles outside their home country. The Group's aim of localising roles wherever possible continues.

The Group recruited 694 people in 2007. BG Group is committed to equality and diversity; by using the talent and skills available in the communities and societies within which it operates, the Group is able to build a strong foundation for the lasting success of its business.

In 2007, BG Group introduced a new reward framework. The link between reward and performance is now more transparent, and bonus payments are directly linked to HSSE and behavioural objectives.

During the year, the Group launched a learning and development Core Curriculum. 118 courses were attended by a total of 984 employees in 12 countries. Whilst the core content was developed centrally, countries are encouraged to adapt material to meet their local requirements.

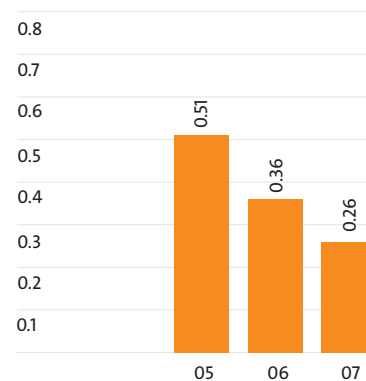
### Safety

BG Group's commitment to safety, the Group's highest priority, continues to be reflected in performance. In 2007, Lost Time Injury Frequency per million hours worked improved to 0.26, BG Group's lowest-ever figure, in line with a continuous improvement since the STEP UP safety initiative was introduced in 2005.

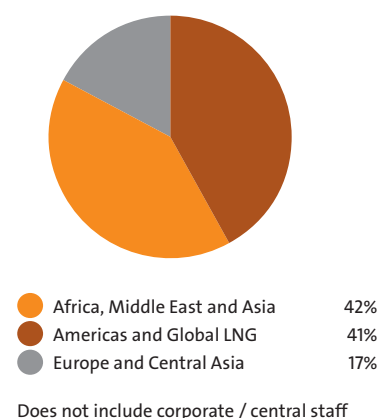
However, there were two fatalities in 2007, and one fatality in early 2008, shortly after the end of the reporting period.

In 2007, a driver working at our Karachaganak joint venture in Kazakhstan was killed in a road traffic accident. The driver had received defensive driving training and the road and weather conditions were good. The investigation, supported by forensic crash specialists, concluded the collision was caused by loss of control of the vehicle. There was no evidence that the vehicle was faulty.

Lost time injury frequency  
(per million hours worked)

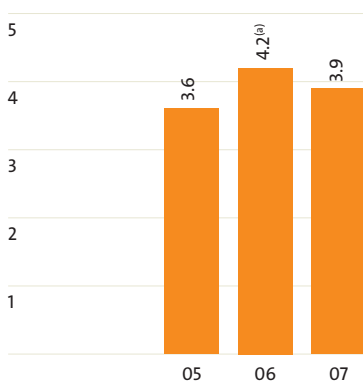


Employees by region  
(As at 1 January 2008)



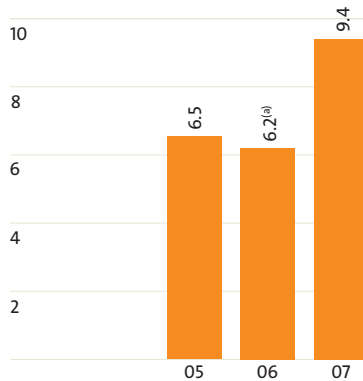
Corporate Responsibility continued

Voluntary contributions to social and educational projects (£m)



(a) Includes a one-off and now complete project in Brazil for £0.4 million.

Greenhouse gas emissions from BG Group-operated facilities (million tonnes carbon dioxide equivalent)



(a) Based on data not available at the time of production of the BG Group 2006 Annual Report and Accounts, which quoted 6.0 million tonnes per annum.

Driver training and control of vehicle and journey management procedures have been strengthened.

Also in 2007, in South Korea, a welder working on the construction of one of the Group's new LNG ships in a contractor shipyard died as a result of asphyxiation. A full investigation of immediate and system causes has been carried out. This investigation is being followed up by BG Group and senior management in the shipyard.

In February 2008, a Gujarat Gas Company Limited pipelaying contractor died following an incident during street works. This incident has been investigated to identify any lessons learned.

The STEP UP safety initiative continued in 2007. Employees and long-term contractors are trained in safety intervention, thereby raising their safety awareness and giving them the skills to intervene if they observe unsafe behaviour. Combined with the Group's behaviour-based safety programme, this training has led to increased reporting of hazards and near-misses, which allows the Group to take remedial action to reduce the risk of incidents.

**Health**

In 2007, BG Group launched a Pressure and Stress Management Standard. This includes programmes on stress prevention and management for employees and managers.

BG Group has a global employee assistance programme that provides independent, confidential support and advice, anonymously if required. In 2007, 4.5% of UK-based employees used this service. In many of our overseas locations, employees also have the option of a locally-based service.

**Security**

The personal security of employees and contractors is the Group's most important security objective. BG Group also seeks to protect its physical assets, data and reputation.

Many of our employees travel abroad, or work in countries with unfamiliar customs and differing levels of security threat. All employees who travel internationally are required to attend regular security briefings. In countries considered to be high risk, travel security plans are put in place.

**SOCIETY**

**Social performance**

During the year, BG Group developed a new Social Performance Policy and Standard, which are based on the International Finance Corporation standards and which will be rolled out in 2008.

BG Group's social performance aim is to support the Group's business objectives by managing our operational risks and aligning our businesses with host government interests. Through this, we aim to make a positive and enduring contribution to the sustainable development of host communities and countries.

The Group's social performance objectives are met by establishing and maintaining effective relationships with interested and affected stakeholders; by avoiding or minimising the negative impacts of our activities; and by creating and delivering on opportunities to enhance benefits to the societies in which we operate.

**Human rights**

BG Group's support for human rights is based on recognition of the principles in the Universal Declaration of Human Rights and core International Labour Organization conventions on equality, freedom of association and abolition of forced and child labour.

The Group's ability to safeguard human rights is related to the degree of control it is able to exert. Within its operations, BG Group protects the human rights of employees through policies that cover equal opportunity and non-discrimination, security and labour standards. BG Group requires all key contracts to include the expectation that contractors will apply BG Group or equivalent Business Principles, including the commitment to human rights.

During 2007, BG Group's Governance and Risk Committee approved a new human rights management system for all assets. In addition, the Group produced and rolled out an implementation guide for the Voluntary Principles on Security and Human Rights.

**Sustainable development**

BG Group seeks to ensure its operations deliver positive and enduring benefits to host countries and communities, whilst working

## Greenhouse gas emissions targets

### Tunisia

The amine regeneration system introduced in 2007 at the Hannibal gas plant in Tunisia has reduced annual greenhouse gas emissions by more than 30 000 tonnes.



responsibly in line with our Business Principles. The Group's commitment to sustainable development is delivered through:

- an environmental policy that is based on going beyond compliance with local regulations to meet internationally accepted best practice;
- the creation of a new Social Performance Standard (see page 40); and
- the aim of working with host governments to maximise the economic benefits of Group investments to host country economies.

The Group has commissioned two independent institutes, in Egypt and India, to conduct detailed studies to identify the direct, indirect and induced economic effects of the Group's operations on employment and income and their linkages with the rest of the economy. These are being supplemented by social studies to explore how the Group's activities can be integrated into sustainable development strategies in those countries.

BG Group continues to support the Extractive Industries Transparency Initiative (EITI), which is working towards greater transparency for revenue management within the extractive industry. The Group continues to comply with national regulations and policies related to revenue disclosure.

#### Employee involvement and social investment

BG Group supports the involvement of employees in charity and community organisations. The Group donates employee time to organised volunteering schemes and operates a Group-wide matched funding scheme for employees who raise money for charity.

The BG Energy Challenge series of fundraising events has now grown to include seven countries. These team-building activities, involving intellectual and physical challenges, have now raised more than £3.7 million for charities worldwide since 1996.

In 2007, BG Group spent a total of £3.9 million on voluntary social investment (2006 £4.2 million). The Group has had a broadly consistent discretionary social investment spend over the last three years, although 2006 saw additional expenditure on a major one-off project (see graph on page 40).

BG Group has committed to investing in operational and new project improvements to deliver one million tonnes of sustainable GHG reductions by 2012 – approximately 8% of forecasted 2012 Group GHG emissions. This target represents the intended outcome of measures taken between 2006 and 2012 to reduce the rate of emissions growth measured against a 'no-action' base case.

The Group Enhanced GHG Management Programme, set up in 2006, continued to

drive GHG reductions from positive actions, achieving the internal target of 120 000 tonnes reduction in 2007.

In addition to these operational measures, close attention is being paid to the design of new facilities to ensure that GHG emissions reduction opportunities are incorporated at the design stage. More information on the Group target is available in the BG Group 2007 Corporate Responsibility Report.



For more information visit  
[www.bg-group.com/investors](http://www.bg-group.com/investors)

### ENVIRONMENT

Climate change is a critical issue for energy companies. During 2007, the Intergovernmental Panel on Climate Change (IPCC) completed its Fourth Assessment Report, which sets out the scientific consensus that there is now a "very high confidence" that climate change is occurring and is being driven by man-made emissions of GHGs.

The challenge for society is to meet growing energy needs, whilst managing the growth of, and ultimately reducing, emissions of GHGs. The scale of energy demand is such that fossil fuels will continue to be a major energy source in the near future. Natural gas is the lowest carbon fossil fuel, and as a result is well-placed to help satisfy energy demand whilst also contributing to strategies to limit carbon emissions.

During 2007, the corporate HSSE management system was strengthened further. BG Group continues to drive environmental performance at a country level via environment management systems of an international standard. Of BG Group major operated assets, 77% have been certified to the international environmental management standard ISO 14001. The Group's Armada asset is currently developing a new system that will bring all BG Group UKCS upstream assets on to one certification.

During 2007, BG Group increased generation capacity through the acquisition of operating CCGT power stations in the US and by increasing the company interest in BG Italia co-generation facilities (see page 26). The US

power stations, taken as a whole, operate at higher efficiencies than US average gas generation; co-generation is also one of the most efficient methods of energy generation.

These facilities were operational and emitting GHGs before their acquisition by BG Group. On acquisition, emissions were transferred into BG Group totals. The impact is significant. In 2007, operations under BG Group control emitted 9.4 million tonnes carbon dioxide equivalent (CO<sub>2</sub>e), an increase of 3.2 million tonnes (52%) over 2006. BG Group also measures emissions on an equity-stake basis. It reports those emissions as a proportion of the total associated with each operation that reflects the extent of the Group's equity share in that operation, regardless of control. Equity share emissions from BG Group operated and non-operated activities rose by 3.5 million tonnes (30%) to 15.2 million tonnes CO<sub>2</sub>e.

Adjusted<sup>(a)</sup> emissions data shows an increase in emissions from operated sites of 0.5 million tonnes CO<sub>2</sub>e (8%) from 2006 to 2007. Equity share emissions on the same basis rose by 1.2 million tonnes CO<sub>2</sub>e (10%). The principal reasons for these like-for-like operational increases were increased world-wide drilling activity, an increase in the size of our LNG fleet (see page 23), and full year emissions from Dighton power station, acquired in October 2006.

(a) Emissions data is adjusted to allow a like-for-like comparison between successive years, removing the effect of major acquisitions or divestments. For these purposes, major acquisitions or divestments are those which added or removed more than 5% of the Group's total GHG emissions in 2006 or 2007.