

BG GROUP



SUSTAINABILITY REPORT 2014

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OUR SUSTAINABILITY REPORTING

This document is a PDF version of the online BG Group 2014 Sustainability Report. The report covers our performance on our most material sustainability issues from 2014.

Our website is an integral part of our sustainability reporting, covering our management approaches and policies, a wide set of issues and case studies.

bg-group.com/sustainability

MATERIALITY

We develop our reporting around the issues we believe are the most important to our stakeholders and have the greatest potential to significantly affect our business performance and society.

Many of these issues emerge through our regular stakeholder engagement with investors, governments, business partners, NGOs, academia and other stakeholders throughout the year. We also commission bi-annual in-depth and independent research to review and confirm the key issues for the report.

SCOPE OF THIS REPORT

The 2014 Sustainability Report covers data from 1 January to 31 December 2014.

Our Data Methodology appendix outlines the scope and methodologies of our data reporting.

[Data Methodology](#)

CHIEF EXECUTIVE'S LETTER

03



"I have been pleased to see the Company's commitment to sustainability issues and that important progress was made in 2014. I am convinced that sustainability should be an integral part of our business."

HELGE LUND | CHIEF EXECUTIVE

I joined BG Group as Chief Executive on 9 February 2015, and so this report covers the period before my arrival. I have been pleased to see the Company's commitment to sustainability issues and that important progress was made in 2014. I come to this role convinced that sustainability should be an integral part of our business.

I start with safety and security as this is my highest priority and at the heart of our work on sustainability. We work in a hazardous industry – we operate with combustible liquids and gases, with heavy equipment using complex processes, and in physical locations which can expose our employees to terrorism and crime. Our duty is to manage the risks from these hazards, keep our employees safe from harm and, as responsible stewards of the environment, minimise the impact of our operations. This requires a culture which emphasises individual accountability for safety, clear leadership, strong systems and a high level of competence.

As this report shows, the Company made important progress on safety in 2014 – in particular we reduced our total recordable case frequency from 1.64 in 2013 to 1.38 incidents per million hours worked. I am also pleased to note our focus on ensuring the security of our employees working in high-risk security environments.

On environmental performance, there was an increase in our greenhouse gas emissions during the year, resulting primarily from first production at our Liquefied Natural Gas (LNG) project in Australia. Despite this, we remain firmly committed to the target we set in 2012 for a 10% reduction in our emissions intensity by 2017.

My ambition is that BG Group should work in a way which responds to the expectations that society has of companies operating in our sector. Our world will need hydrocarbons for many years to come. We must ensure we can continue to provide energy in the right way – a sustainable way. In practise this translates into the need to continue to apply the highest ethical standards in everything we do and take account of the growing importance of the role of business in the human rights field; respect, understand and address the interests and concerns of the communities where we work; recognise the risks of climate change and play an active part in finding solutions to it; and respond constructively to the calls for extractive companies to be open about their activities and held to account for their conduct.

During 2015 and thereafter, I want to build on the good work already underway in these areas. This is a particularly important year for the global climate change agenda and working with my colleagues in BG Group I hope to contribute to the preparatory work for the UN Conference of the Parties in Paris in December. It will be important for companies to make clear in the run-up to the meeting how industry can contribute to the efficient functioning of carbon markets, both at the national and regional level, and to inform governments of the value of linking regional and national carbon markets together, as the first stage in setting a global price on carbon.

We are a signatory to the UN Global Compact and we remain committed to its Ten Principles. We detail how we fulfil this commitment in this report and on our website.

I encourage all our stakeholders to judge us by results. We will update you during the year on some of the issues covered by this report. I hope next year to be able to report continuing progress.

HELGE LUND
CHIEF EXECUTIVE

1.38

INCIDENTS PER MILLION WORK
HOURS TOTAL RECORDABLE CASE
FREQUENCY, IMPROVED SAFETY
PERFORMANCE

SUSTAINABILITY COMMITTEE CHAIRMAN'S LETTER

04



“In 2014, the Sustainability Committee took a close interest in the Group’s efforts to further improve its safety record, considered a number of new country entries and monitored work on our licence to operate. It also discussed climate change, while continuing to monitor social performance and ethical conduct.”

SIR DAVID MANNING | CHAIRMAN OF SUSTAINABILITY COMMITTEE

In 2014, the Sustainability Committee took a close interest in the Group’s efforts to further improve its safety record. It considered a number of possible new country entries and monitored work on our licence to operate approach across the Group. It also discussed climate change, including the Group’s contributions to collective industry action in that area, while continuing to monitor social performance and ethical conduct.

SAFETY

The Committee received updates on safety at each of its meetings. In 2014, we monitored progress on total recordable case frequency, and noted both a continuing improvement in Australia and a good performance across the Group as a whole. The Committee renewed its focus on asset integrity, and received detailed background from management about the level of high potential incidents and the safety ‘stand down’ exercise in June organised in response. We also discussed issues such as the asset integrity of our operations in the North Sea and well integrity across the Group.

CLIMATE CHANGE

The Committee took a close interest in the Group’s progress towards its 2017 emission reduction targets, and the impact on those targets of the higher than expected emissions in 2014, as a result of the ramp up of activity in Australia. It was pleased to note the positive work undertaken to use infrared techniques to identify and reduce methane emissions, as part of broader efforts in that area. It heard about the Group’s contribution to collective industry efforts on climate change through the Climate and Clean Air Coalition Oil & Gas Methane Partnership and the Oil & Gas Climate Initiative.

NEW COUNTRY ENTRY

The Committee continued to receive regular updates on countries where the Group was considering entry, or for which the Board had recently approved new country entry. The Committee made positive recommendations in respect of two new countries.

LICENCE TO OPERATE AND POLITICAL RISK

The Committee received an in-depth briefing on our work on licence to operate in British Columbia, focusing

on the approach taken to build support from Indigenous First Nations groups for the proposed pipeline, and how this approach had been informed by the lessons learnt from the QCLNG project in Australia.

It received a similar briefing on the work underway in Tanzania, which covered both the significant success we had had in taking forward social investment there and the outstanding questions about how we could build broad-based support for the proposed LNG project in the country as a whole.

The Committee also discussed our licence to operate in Australia, Honduras and Myanmar. In November, my fellow Committee member, Caio Koch-Weser and I visited Myanmar to make a first-hand assessment of the progress the Group was making. While recognising the challenges and the need to apply international best practice scrupulously in areas such as consultation, stakeholder engagement, social investment and ethical conduct, we came away encouraged by the prospects for the country and for the Group’s work there.

The Committee looked at the Group’s overall approach to political risk assessment and quantification. It agreed on the importance of continuing to give weight to reputational risks, particularly in respect of new country entry. It agreed that political risk should be reflected in the Group’s Business Risk Management Process.

SOCIAL PERFORMANCE AND HUMAN RIGHTS

Work in areas such as consultation, benefits-sharing and land access continued to play a major part in the Group’s work on new country entry and licence to operate. The Committee heard about the important work underway on human rights in Myanmar and the link between security and human rights in countries such as Honduras and Tanzania.

LOOKING AHEAD

The Committee greatly welcomes the new Chief Executive’s emphasis on sustainability and looks forward to working closely with him on these issues.

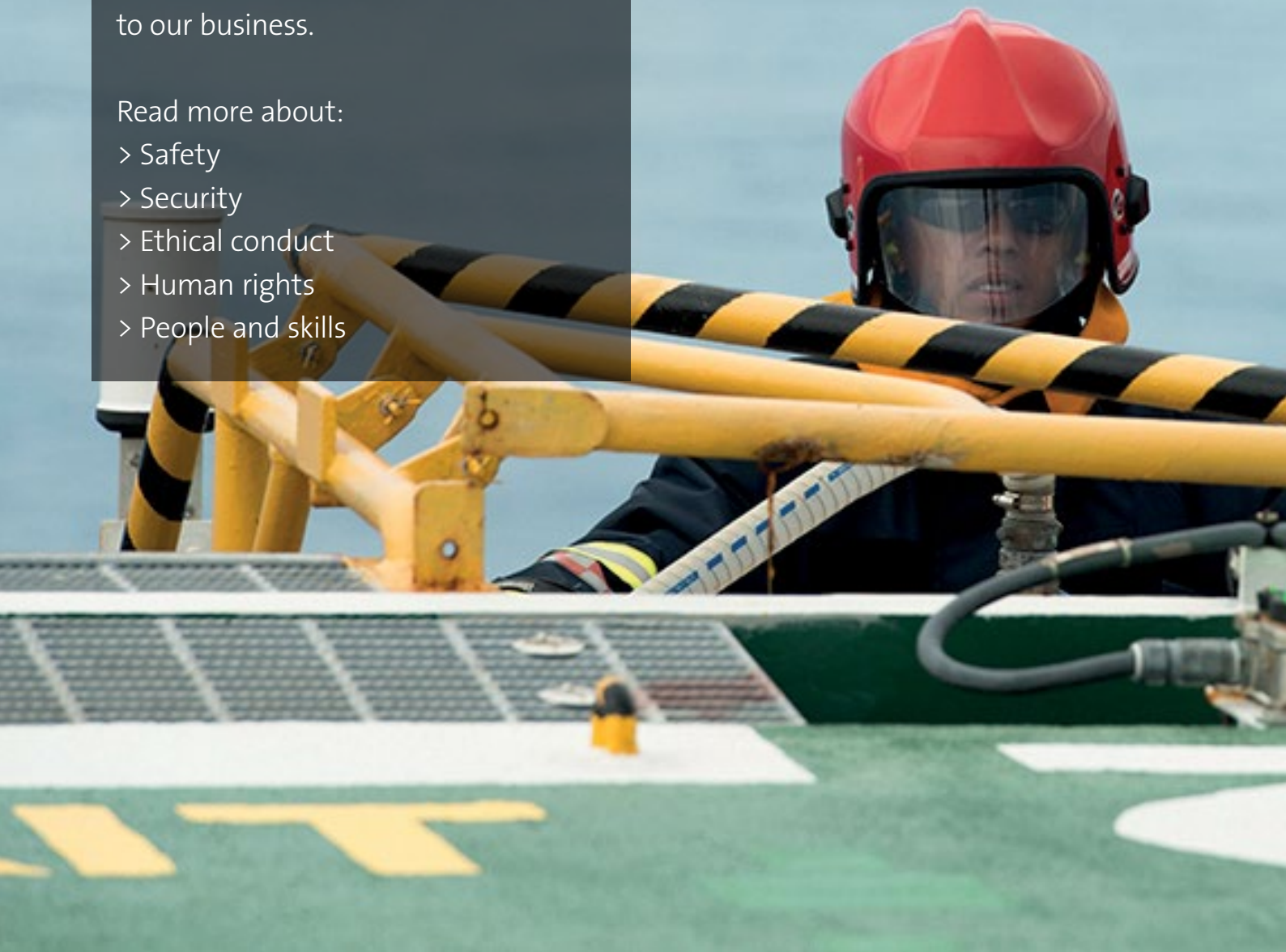
SIR DAVID MANNING
CHAIRMAN OF SUSTAINABILITY COMMITTEE

RESPONSIBLE OPERATOR

We seek to develop society's resources responsibly. As an oil and gas company, we work in high-risk and sometimes challenging environments which puts a premium on safety, integrity, fairness and transparency. We aim to treat all those who work for us with respect and to develop the skills of our people. We believe this approach helps us manage and mitigate risks to our business.

Read more about:

- > Safety
- > Security
- > Ethical conduct
- > Human rights
- > People and skills





SAFETY

WHY IT MATTERS

Working in high-risk situations, safety is our first priority. Failure to operate safely can result in fatalities, injuries, environmental damage and disruption to communities.

OUR PRIORITIES

Clear leadership to maintain a strong safety culture and embed the right behaviours in all workplaces.

Ensure seamless work practices between employees and contractors – our “One Team” approach.

Plan, assess and monitor work to identify safety risks and eliminate or mitigate them through our safe systems of work.

Provide ongoing training and ensure competency levels match the requirements of safety-critical tasks.

ACTIVITIES AND PERFORMANCE

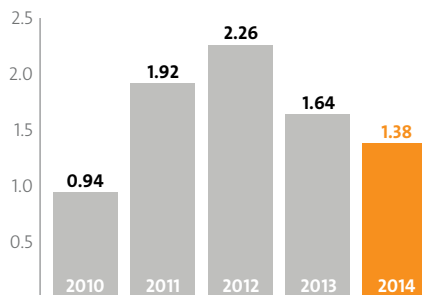
SAFETY LEADERSHIP AND CULTURE

We recognise that leadership and culture are fundamental to good safety performance. The Group’s commitment to safety culture comes from the top. During 2014, the senior leadership team continued to build on progress to date and took a number of opportunities to reaffirm their full commitment to safety.

In particular, in June, there was a major Group-wide safety “stand down” to encourage good safety practices amongst our people. Teams across the organisation took time to watch video messages from senior leaders and colleagues who had been involved in incidents as well as to reflect on how further safety improvements could be made.

TOTAL RECORDABLE CASE FREQUENCY

(incidents per million work hours)



OCCUPATIONAL SAFETY

We are committed to protecting the safety, health and well-being of people working for us.

Total recordable case frequency (TRCF) is the industry standard key indicator we use to measure our occupational safety performance. It looks at the total number of injuries within a given number of exposure hours and helps us to understand how we are managing our operations when work activity fluctuates in intensity.

In 2014, the Group’s TRCF further improved to 1.38 compared with a target of 1.40 per million hours for the year and a 2013 performance of 1.64.

This progress reflected good safety performance in a number of operations but particularly in Australia during the challenging start-up of our QCLNG project and its on-going commissioning. Active and visible leadership across our teams was a key enabler, as we continued to simplify our processes at the worksite to identify and manage safety risk.

We pay particular attention to high potential incidents (HPIs), which are safety incidents where a fatality could have occurred, to ensure that the causes are fully understood and that lessons are learned and shared across the Group. In 2014, 77 HPIs were reported from our operations.

 **1.38**

INCIDENTS PER MILLION WORK HOURS TOTAL RECORDABLE CASE FREQUENCY, BEATING OUR TARGET





SAFETY CONTINUED

07

Working with contractors

Contractors make up a significant percentage of our workforce (completing 75.8 million hours of work out of a total of 97.4 million in 2014) and often carry out the highest-risk activities.

Our Contracts and Procurement Standard sets minimum requirements for contractor selection and management. It sets specific requirements for contracts assessed as having high health, safety, security and environment (HSSE), human rights or ethical conduct risks. We track how well individual contracts are managed and, in 2014, we met our target of actively managing 95% of high-risk contracts against these requirements. This improves on a performance of 91% in 2013.

During the year, we rolled out a training programme aimed at improving contractor performance including safety performance on contracts with high HSSE risk. The programme, which was developed with a leading business school, was delivered at five operations during the year. We plan to roll out the programme further in 2015.

PROCESS SAFETY

Process safety, or asset integrity, is the ability of our physical assets to perform their required function effectively whilst safeguarding life and the environment. We track the number of process safety events that occur across our operations.

Loss of primary containment (LoPC) is an industry standard key indicator that we use to measure process safety performance. It is an unintentional release of gas or liquid, for example through leakage or corrosion, and is an important measure of the safety and integrity of our physical assets, from well sites to plants. LoPC incidents are classified by severity, with Tier 1 being the most severe.

In 2014, there were two Tier 1 incidents (2013: 0) and five Tier 2 incidents (2013: 18). One Tier 1 incident was associated with a gas leak from a sub-sea flowline and the other from internal erosion of a well-site flowline. Both of these incidents were fully investigated by subject matter experts and lessons learned were shared across the Group.

Major accident hazard management and training

A major accident is an event connected with the operation of our facilities, such as a fire, explosion or release of a substance, which has the potential to cause multiple fatalities, serious injuries or damage to the environment. Throughout the year we continued to test, inspect and monitor our safeguards regularly, and to ensure our people are trained to deal with the occurrence of an incident. In 2014, 350 contractors and employees completed our Major Accident Hazard Awareness training. The training uses live reconstructions, professionally acted case studies, and workshops to raise awareness of the risks and the ways we control them.



350

PEOPLE COMPLETED THE COURSE IN 2014

We have been delivering our Major Accident Hazard Awareness training since 2010.

COMPETENCY

We regularly assess the competency of people performing safety-critical tasks through our Competence Assurance Management System (CAMS). By the end of 2014, 82 223 individual assessments, involving 3 800 people across 11 of our operations, had been completed. In 2013, BG Group was the first company to have an accreditation from OPITO (the industry body for global oil and gas standards, skills and workforce development) for our CAMS, for both onshore and offshore operations.

OCCUPATIONAL HEALTH

We recognise the impact that occupational health has on the safety and well-being of our workforce and we continue to review health risks in our business. These risks include travel to countries with particular health risks, exposure to chemicals and the risk of disease from foodborne organisms. Occupational illness frequency (OIF) is a key performance indicator for the business. We monitor the reporting of health incidents (health conditions, illness or disease caused by the working environment) which enables us to identify any potential new risks and any gaps or breakdown in our health risk management system. In 2014, our OIF per million work hours was 0.13 against our target of 0.50 for the year. In 2015, work will continue to promote the open reporting of health concerns.

3 800

PEOPLE WHO PERFORM SAFETY-
CRITICAL TASKS ASSESSED



SECURITY

WHY IT MATTERS

We are committed to providing a secure working environment for our people, and protecting our operations and information. We work to understand and mitigate threats and ensure that we have effective plans in place to respond to any crisis.

OUR PRIORITIES

Provide protective security, including physical security of our sites, anti-piracy measures for offshore operations and ships, and advice and support for business travellers.

Prepare for and manage crisis incidents, ensuring we respond quickly and effectively to any event that has the potential to harm our people, business or reputation.

Ensure that our security is delivered lawfully, ethically and in accordance with the Voluntary Principles on Security and Human Rights.

Investigate fraud allegations.

ACTIVITIES AND PERFORMANCE

EGYPT

In 2014, we continued to monitor the security situation in Egypt. We faced a major security challenge as public protest, disorder and widespread acts of violence affected Cairo and the wider country. We maintained an enhanced level of security for all employees and our operations. We reviewed and updated our mitigation plans to address the evolving situation.

During the year, there were a significant number of armed carjackings in Cairo. An employee from our operations in Egypt was the victim of one such incident. The individual followed the correct security procedures (our [“Life Savers”](#)) and no one was harmed. As part of our normal response to any high potential incident, we conducted an investigation to understand the circumstances fully, ensure our procedures are effective, and, where appropriate, share lessons learned across the Group.

We continue to work closely with the UK Government, Egyptian Government, and other international companies to ensure that our security measures are robust, flexible and appropriate.

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

An important dimension of our overall approach to security is our commitment to the Voluntary Principles on Security and Human Rights (VPSHR). In 2014, we revised our VPSHR guideline to include new tools for external collaboration, risk assessment and reporting. We rolled out the new guideline to our operations where it has been well received and measures implemented.

[Read more about our work promoting the VPSHR in 2014](#)

CRISIS MANAGEMENT

In 2014, we completed a comprehensive programme of training and live simulations across our operations to ensure readiness for any crisis situation. We focused in particular on maritime-related incidents for the crisis teams at Group level and in Australia, Brazil and our global shipping operations.

4

KEY LOCATIONS TRAINED
CRISIS MANAGEMENT

LIFE SAVERS



Our Life Savers are nine mandatory rules regarding safety and security that we follow when carrying out recognised high-risk activities. The Life Savers are depicted in pictograms and are displayed at worksites.

They convey the basic Life Saver message visually, so that it can be understood by anyone on site, whatever their native language. Our Armed and Violent Crime Life Saver sets out the rules to be followed when travelling or away from home and in the event of a robbery.

[Learn more about our Life Savers](#)



ETHICAL CONDUCT

09

WHY IT MATTERS

A high ethical standard in all our operations is integral to how we conduct our business. This approach helps us manage ethical conduct risk and protect our licence to operate and our reputation.

OUR PRIORITIES

Train and equip our people so that they understand our values, follow our ethical conduct standards and can identify ethical conduct risks.

Conduct independent assurance of our anti-bribery and corruption compliance processes.

Reinforce awareness of “Speak Up” and promote an environment where our people feel able to raise concerns about breaches of our Business Principles, Policies or Standards.

Analyse, assess and manage fraud and corruption risk across the business, including carrying out due diligence on the organisations with whom we are considering working.

ACTIVITIES AND PERFORMANCE

ETHICAL CONDUCT CULTURE AND TRAINING

Increasing the capability of our people to manage potential ethical conduct risks and detect and prevent fraud in their work environment remains of high importance.

In 2014:

- We ran a global awareness campaign – “Do the Right Thing” – aimed at encouraging good ethical conduct and “speaking up”
- We introduced knowledge-sharing conference calls for our fraud managers
- Over 670 individuals completed our fraud and bribery e-learning and in November we launched our new fraud risk management e-learning for those in roles that are key for the detection and prevention of fraud. Over 850 individuals completed this training. Its roll-out will continue in 2015, alongside workshops to identify fraud risks in our operations
- We trained more than 110 contract managers to increase their awareness of ethical conduct risk and their ability to manage it in the contracts for which they are responsible
- We released a video from our General Counsel encouraging our people to raise any concerns about actual or suspected breaches of our Business Principles, Policies or Standards.

DO THE RIGHT THING CAMPAIGN



In 2014, we ran a “Do the Right Thing” global campaign reminding our people to disclose conflicts of interest, to carry out anti-bribery and corruption training, to report any suspicious or fraudulent activity and to use our [“Speak Up”](#) whistleblowing facility.



850+

PEOPLE IN KEY ROLES COMPLETED
OUR NEW FRAUD RISK
MANAGEMENT TRAINING

ANTI-CORRUPTION AND BRIBERY

We have a zero tolerance policy towards corruption. Corruption and bribery represent significant risks for the oil and gas industry and in 2014, we continued to assess and manage our exposure to these risks as well as monitor compliance with our ethical conduct standards.

During the year, we appointed a dedicated Fraud Prevention and Detection Officer to oversee the Group’s fraud risk management framework. This step was one of a number of improvements made in response to findings from an independent review of our fraud management processes undertaken in 2012.

We continued to manage corruption risks in our new venture activities as part of our due diligence process when entering new countries. In 2014, this included Aruba, Colombia and Myanmar.



ETHICAL CONDUCT CONTINUED

We monitor corruption allegations against those with whom we work. For example, we are closely monitoring the situation in Brazil where one of our partners, Petrobras, is subject to investigations regarding allegations related to several large (mainly construction) contractors forming a cartel and paying bribes in order to secure contracts.

We investigate all genuine [“Speak Up”](#) reports and allegations of corrupt activities. Four Speak Up cases closed in 2014 resulted in the dismissal or disciplining of employees for breaches of our ethical conduct standards.

In 2014, no fines for non-compliance with laws and regulations were imposed on the Group.¹

AUDITING AND ASSURANCE

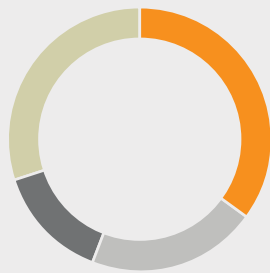
We continued to test the robustness of our anti-bribery and corruption processes using both internal assurance and independent external assessors. This forms part of our integrated assurance process, which is designed to ensure we have a joined-up approach to assuring the quality of the Group’s risk management environment.

We carried out six independent assessments to monitor the robustness of our anti-bribery and corruption programme and so exceeded our target to visit four operations. In 2014, all our operations conducted quarterly reviews of their ethical conduct risks and action plans.



OPERATIONS INDEPENDENTLY ASSESSED TO TEST OUR ANTI-BRIBERY AND CORRUPTION PROGRAMME

“SPEAK UP” (WHISTLEBLOWING) REPORTED CASES



- 35% General workplace concerns^a
- 21% Malpractice allegations^b
- 14% Health, safety, security and environment concerns
- 30% Fraud allegations^c

- a) Including allegations of harassment, discrimination and unfair treatment.
- b) Including allegations of breaches of BG Group’s Ethical Conduct Policy and Standards.
- c) Including allegations of theft, corruption or misuse of funds.

During 2014, 106 Speak Up cases were reported, compared with 106 in 2013 and 120 in 2012.

Of the 106 cases reported in 2014, some are still under investigation. Of the cases that were investigated and closed in 2014, 13 cases resulted in actions recommended against individuals, employees or contractors, ranging from training or disciplinary action, to contract termination or other appropriate action.

A further 11 cases resulted in follow-up actions, such as changes to procedures and organisational controls.

¹ We only report on significant fines or non-monetary sanctions where these have been made through a formal external legal or regulatory process. Finally determined significant fines and/or non-monetary sanctions of more than \$2 million are reported, subject to legal restrictions and commercial confidentiality. We have excluded fines and penalties imposed by tax regulatory authorities that are subject to ongoing external or legal and regulatory process (for example, where we are in appeals processes with the relevant authority).



HUMAN RIGHTS

11

WHY IT MATTERS

Our business has a responsibility to respect human rights, in line with the UN Guiding Principles on Business and Human Rights. Our commitment to respect human rights is integrated across our business.

OUR PRIORITIES

Strengthen our implementation of the Voluntary Principles on Security and Human Rights.

Assess and manage human rights risks.

Contribute to developing industry knowledge in the business and human rights field, including by participating in global forums.



ACTIVITIES AND PERFORMANCE

VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS

We are a long-standing member of the Voluntary Principles on Security and Human Rights (VPSHR) initiative which provides a framework for companies to ensure security for their operations, while respecting human rights.

In 2014, we contributed to the international debate and further strengthened our commitment to the VPSHR in our operations in the following ways:

- Participated in the annual plenary meeting of the VPSHR and presented the results of an external audit on our implementation of the principles in our business
- Implemented recommendations of this external audit to strengthen our processes and tools for managing security and human rights risks, for example through improving the monitoring of our VPSHR implementation
- Issued an updated guideline for implementing the VPSHR which is aligned to industry best practice
- Conducted VPSHR assessments for our activities in Egypt, India, Kenya, Tanzania, Trinidad and Tobago, Tunisia, and our global shipping operations, in order to identify potential security and human rights risks and develop risk mitigation plans.

HUMAN RIGHTS IMPACT ASSESSMENT

Human rights impact assessment and management is integrated across our business processes and policies. However, when we enter new countries with particular human rights challenges, we may also engage external experts to inform our approach to human rights impact assessment and management.

In 2014, we progressed work in this area in two of our emerging operations:

- **Honduras:** We conducted a conflict and human rights assessment to better understand the political and security context in our area of operation
- **Myanmar:** We began work on integrating human rights considerations into the planning for our offshore seismic operations, building on the desktop human rights impact assessment we conducted in 2013.

2014

UPDATED OUR VOLUNTARY PRINCIPLES ON SECURITY AND HUMAN RIGHTS GUIDELINES

7

OPERATIONS COMPLETED VPSHR ASSESSMENTS



HUMAN RIGHTS CONTINUED

12

DEVELOPING INDUSTRY KNOWLEDGE

In 2014, we sought to contribute to the evolution of good practice in the business and human rights field.

- We presented our work on grievance mechanisms at the third annual UN Forum on Business and Human Rights
- We continued to co-chair IPIECA's¹ grievance mechanism working group, to help develop a series of tools and guidance for the industry on grievance mechanisms
- We contributed to the development of a [sector-wide impact assessment](#) for the oil and gas industry in Myanmar, produced by the Institute for Human Rights and Business and the Myanmar Centre for Responsible Business by sharing our desktop Myanmar human rights impact assessment with them, and providing feedback on their draft methodology and report. The report provides an aggregated assessment of the impact of the oil and gas industry in Myanmar and is a resource for governments, businesses, civil society and development partners to support responsible business practice.



MYANMAR

We are integrating human rights considerations into the planning for our offshore seismic operations.

KAZAKHSTAN

We are joint operator of Karachaganak Petroleum Operating BV (KPO), a consortium that operates an onshore oil and gas condensate field in Kazakhstan.

In July 2013, a complaint against KPO was filed under the OECD Guidelines for Multinational Enterprises, claiming that KPO had caused damage to the environment and public health. The complaint is being handled by the UK National Contact Point for the OECD Guidelines, see our [2013 Sustainability Report](#) for more information. The UK National Contact Point dismissed many of the claims in the complaint, apart from those related to two properties located at the boundary of the protective zone around KPO's facilities. In 2014, KPO participated in a mediation process, convened by the UK National Contact Point. The mediation process is ongoing.

In late 2014, a number of school children and teachers in the village of Berezovka, located approximately five kilometres from the Karachaganak field, fainted and were hospitalised. Some NGOs and media alleged that pollution from KPO was the cause. The issue received coverage in the national and regional media. KPO engaged extensively with the investigators of the incident and the community of the Berezovka village, including providing ongoing transport to medical treatment centres for patients. In January 2015, the preliminary government investigation found that there was no evidence that the emissions from KPO's operations were the cause of the illnesses. However, further investigations are still underway. KPO continues to offer its support to the Berezovka community and to the Government of the Republic of Kazakhstan on the issue.

Following the incident, a new environmental monitoring station has been installed in Berezovka. KPO remains committed to achieving the highest standards of environment and safety performance and compliance with applicable regulations.

¹ IPIECA is the global oil and gas industry association for social and environmental issues.



PEOPLE AND SKILLS

WHY IT MATTERS

Our business benefits from a diverse culture, in which individuals contribute different perspectives and ways of working. Our success depends on the talent, skills, organisation and motivation of our workforce.

OUR PRIORITIES

- Develop and empower our people to reach their full potential.
- Develop an inclusive leadership approach.

Attract talented candidates to join our business.

ACTIVITIES AND PERFORMANCE

OUR WORKFORCE

At the beginning of 2014, we launched a cost and efficiency review across the business, which included a voluntary redundancy programme and other redundancy exercises in many of our locations worldwide. This efficiency review led to a reduction in our overall workforce.

At year end, we had 4 927 employees and 1 198 core¹ contractors from around 70 nationalities working for us. We work in over 20 countries on five continents in different cultural, legal and regulatory environments.

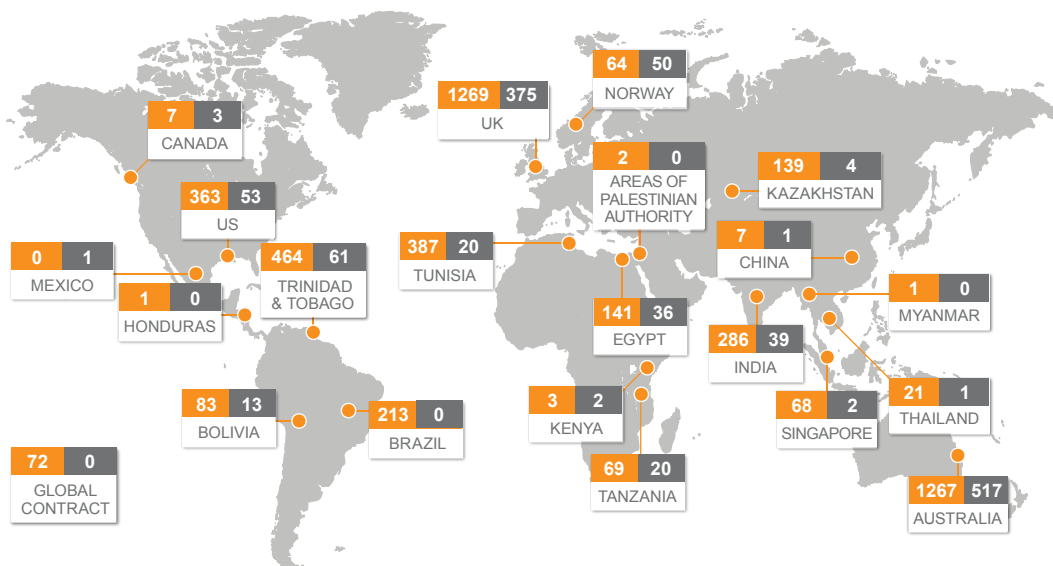
We encourage our employees to be globally mobile but we also engage many people on local terms as employees and contractors. The local employment opportunities we create represent a key part of our economic contribution to the communities and countries where we work. In common with most oil and gas businesses, contractors make up a significant percentage of our workforce. Through our “One Team” approach we work to ensure collaborative work practices between employees and contractors.

4 927

TOTAL EMPLOYEES

1 198

TOTAL CORE CONTRACTORS



■ Total number of employees per location ■ Total number of core contractors per location

¹ 'Core' are category 1 and 2 contractors.



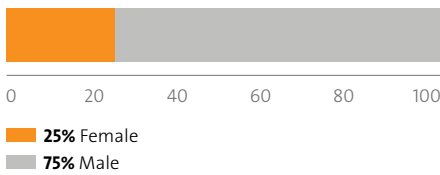
PEOPLE AND SKILLS CONTINUED

DIVERSITY

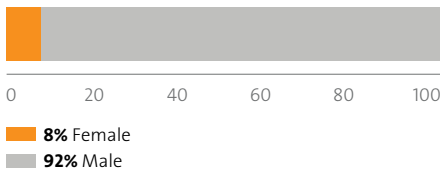
Our business benefits from a diverse culture in which individuals contribute different perspectives and ways of working. To achieve this, we aim to build a workforce that is diverse in ethnicity, gender, background and approach. We aspire to increase the proportion of women in leadership positions to 20% by 2020. As at 31 December 2014, 27% of our total employees, 8% of our senior leadership² and 25% of our Board was female.

GENDER DIVERSITY ACROSS BG GROUP

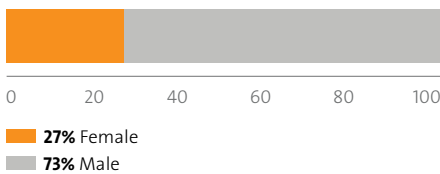
Board



Senior leadership



Organisation as a whole



We remain committed to building and retaining a diverse pipeline of talent for the future. During the year, we conducted an extensive consultation across the business, carried out detailed learning needs analysis and engaged a world-class university in order to develop an inclusive leadership programme. We also simplified competency frameworks to be more globally accessible, gender neutral and support mid-career re-entry to the workforce.

PEOPLE FOR THE FUTURE

We plan for future requirements in our business by developing our own people and through recruitment. We are committed to creating a sustainable pool of talent for the future of our business.

During the year, we continued to implement our talent management strategy. We conducted development workshops for leaders across our business to build their capability. Through active succession planning we assessed the talent in our workforce and identified a number of personal growth opportunities. This enables us to look at the talent across our business and strategically manage our resource pool as well as build it for the future.

We also continued to attract high quality graduates. During the year, as part of a global recruitment campaign, we strengthened relationships with key universities by offering students the opportunity to complete their summer projects with us and by offering internship opportunities. In 2014, we recruited 57 graduates on to our graduate programme.

TRAINING

We design training and development programmes for our employees and contractors. In 2014:

- 1 409 people participated in classroom courses
- 2 510 people completed our Life Savers modules in key aspects of safety
- 250 people completed our e-learning training on major accident hazards awareness
- 495 people completed the Business Principles e-learning course and a further 283 completed the refresher course
- 509 people completed our Information Security e-learning course
- 272 people completed our online induction programme.

Throughout 2014, we offered 1 313 different classroom and e-learning courses to our people. Development extends beyond the classroom with “on the job” learning, coaching and mentoring.

EMPLOYEE ENGAGEMENT

As the Group grows and diversifies, employee engagement is a key factor in our success. Listening to our employees through continuous knowledge sharing, to identify issues or concerns early and collaborate globally, enables us to gauge employee satisfaction. Our employee survey also gives a good indication of employee engagement. During the year, we incorporated feedback from the 2013 employee survey into our business plans.

REMUNERATION

The Remuneration Report, in our Annual Report and Accounts, sets out how we ensure our remuneration policy is aligned with shareholders’ interests. Our remuneration policy is designed to attract, retain and motivate our employees and was approved by the BG Group shareholders at the 2014 Annual General Meeting.

[Read our Remuneration Report 2014 for more information](#)

49%

OF GRADUATES FROM OUTSIDE UK

73%

OF PAST 10 YEARS’ INTAKE OF GRADUATES STILL WORKING WITH US

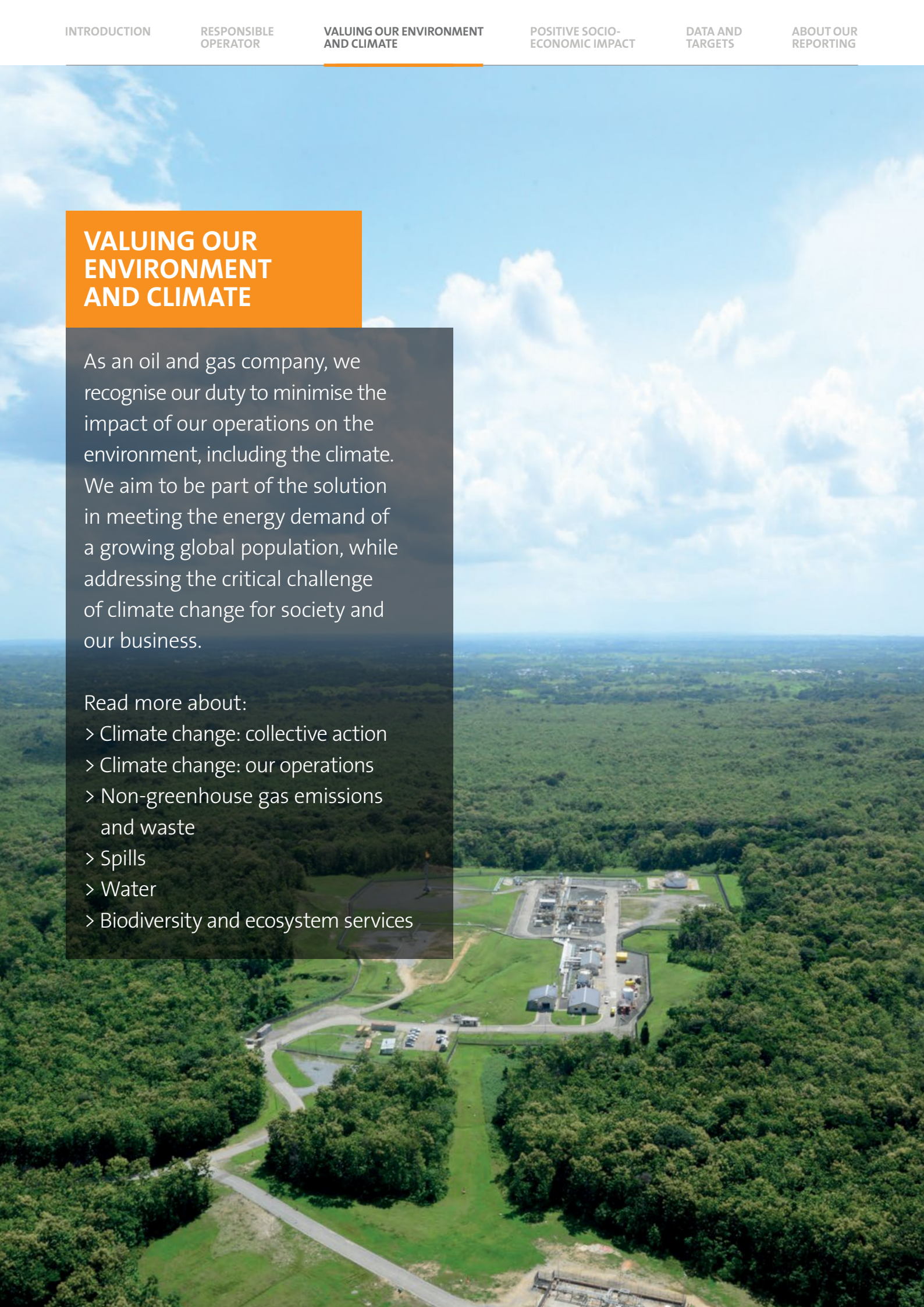
² Senior Leadership is defined as BG Group A grades and above.

VALUING OUR ENVIRONMENT AND CLIMATE

As an oil and gas company, we recognise our duty to minimise the impact of our operations on the environment, including the climate. We aim to be part of the solution in meeting the energy demand of a growing global population, while addressing the critical challenge of climate change for society and our business.

Read more about:

- > Climate change: collective action
- > Climate change: our operations
- > Non-greenhouse gas emissions and waste
- > Spills
- > Water
- > Biodiversity and ecosystem services





CLIMATE CHANGE: COLLECTIVE ACTION

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WHY IT MATTERS

We consider climate change to be a key issue for both our company and our industry. We recognise our responsibility as an energy producer and work with industry peers, academia, governments, investors and other stakeholders to be part of the solution.

OUR PRIORITIES

Recognise and respond to risks from climate change to our business, including the use of an internal carbon price in our investment analysis and decisions.

Improve our emissions performance through setting emissions intensity targets and energy efficiency initiatives with a focus on methane emissions.

Contribute to technology innovation, research and industry partnerships to ensure natural gas fulfils its potential as a vital part of a carbon-constrained energy mix.

Work with governments directly and indirectly through industry associations to develop public policy that balances flexibility and environmental integrity.

ACTIVITIES AND PERFORMANCE

INVESTING IN TECHNOLOGY

We believe that innovation is critical to deliver a cost-efficient and less carbon intensive industry. Our research and development focuses on improving emissions performance across all aspects of our business. We recognise that we cannot work in isolation and are collaborating with leading institutions, governments and organisations to help find long-term solutions through projects such as the Sustainable Gas Institute.

METHANE PARTNERSHIPS AND INITIATIVES

The oil and gas industry releases methane into the atmosphere in a number of ways, for example, through fugitive losses which include unintentional small leaks or other irregular emissions of gases from equipment. For us, methane emissions are a small percentage of our total greenhouse gas (GHG) emissions (approximately 6%). However, given methane's significant contribution to near-term climate change, it is a priority for us. We recognise that methane losses can be minimised and are committed to driving industry action in this area because effective management of methane emissions can contribute to significant, cost-effective GHG savings. The priority for the industry on methane is on improving data and reducing emissions.

In 2014, we continued to participate in collaborative initiatives to improve industry measurement, management and mitigation of methane emissions including:

- A study on methane emissions run by the University of Texas in collaboration with the Environmental Defense Fund:** This study provided new data on emissions from hydraulically-fractured shale gas wells in the USA. It is one of the first to use actual measurements from wells rather than generic estimates which have previously been used to calculate methane emissions. Several of our wells were studied as part of this research. In December, [a second phase of the research](#) was published providing new data on the relationship between well characteristics and emissions
- The Australian Department of the Environment collaborative project with the Commonwealth Scientific and Industrial Research Organisation (CSIRO):** This research project measured fugitive emissions associated with leakage from coal seam gas facilities and wells. The results are the first measurements of fugitive methane emissions from the production of coal seam gas in Australia. Our operations in Queensland contributed eight wells to this measurement programme



[See our climate change: our operations greenhouse gas emissions pages for information on our emissions data, targets and energy efficiency projects](#)

THE SUSTAINABLE GAS INSTITUTE



**SUSTAINABLE
GAS
INSTITUTE**

Founded by BG Group

The Sustainable Gas Institute (SGI) is a collaborative centre for research, technology and education in gas sustainability founded by BG Group and Imperial College London in May 2014. The institute draws on world-class expertise to answer key research questions on energy efficiency, gas innovation, and carbon capture, storage and use.

[Read more about our work with the SGI](#)



CLIMATE CHANGE: COLLECTIVE ACTION CONTINUED

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- **The Environmental Defense Fund's Methane Detectors Challenge:** This project is a collaboration between six oil and gas companies designed to encourage the adoption of new, cost-effective technologies that could provide continuous detection of methane emissions which would allow companies to find and fix leaks more quickly. We reviewed a number of technologies and will explore participating in pilot adoption projects
- **The Climate and Clean Air Coalition (CCAC) Oil and Gas Methane Partnership:** We are a founding member of this partnership which aims to help participating oil and gas companies improve understanding and management of their methane emissions as well as communications with stakeholders (see case study).

🔗 [See our work on our operations on methane assessments and emissions data for 2014](#)

INDUSTRY PARTNERSHIPS

In 2014, we helped develop two oil and gas industry partnerships, the CCAC Oil and Gas Methane Partnership, and the Oil and Gas Climate Initiative (see case study).

CLIMATE ADAPTATION AND RESILIENCE

We aim to minimise long-term physical risks of disruption to our operations from changes in weather and climate as required by our [🔗 Environment and Climate Change Standard](#). During 2014, we worked to develop our risk management approach to addressing systemic risks to the Group. This will inform our climate adaptation processes and help ensure business and environmental risks align.

ENGAGEMENT ON CLIMATE RISKS

We actively engaged with our key stakeholders, including investors, on major climate risks to be better positioned to respond to, and address, their concerns. Topics of discussion included:

- The potential risk of 'stranded assets' in our portfolio due to commodity price fluctuations or the implementation of climate change legislation placing limits on emissions
- Our approach to managing methane emissions from both conventional and unconventional resources
- Our voluntary targets and the disclosure of our emissions performance
- Our position on key climate change policies and our support for carbon pricing policies as well as efforts undertaken to influence their development
- The resilience of our operations to the projected impacts of climate change
- The exposure of our portfolio to fossil fuel subsidies.

We believe it is important to understand our stakeholders' needs; receiving feedback from them on our approach helps us to ensure our business remains aligned with external expectations and best practice.

CASE STUDY: INDUSTRY PARTNERSHIPS



CCAC OIL AND GAS METHANE PARTNERSHIP

The Climate and Clean Air Coalition (CCAC) Oil and Gas Methane Partnership aims to help companies better understand and manage their methane emissions. The partnership was launched at the UN Secretary General's Climate Summit on 23 September 2014. We are a founding partner along with PEMEX, PTT, Southwestern Energy, ENI and Statoil. Other partners include the Environmental Defense Fund, the World Bank, the UN Environment Programme and agencies representing around a dozen national governments. Companies commit to:

- Conduct emissions surveys to identify sources of methane emissions from their operations
- Evaluate cost-effective options to address the sources of emissions
- Share best practices to improve the performance of the industry in reducing emissions
- Transparently report progress on reducing methane emissions.

Companies have the ability to leverage best practices across the industry to reduce methane emissions, improve their performance and develop a platform to better inform policy and regulation in this area.

OIL AND GAS CLIMATE INITIATIVE

The Oil and Gas Climate Initiative is an industry-led initiative that encourages oil and gas companies to work in a collaborative manner to deliver a tangible, credible, transparent and integrated contribution to climate change solutions. We are a founding partner of the initiative alongside Saudi Aramco, ENI, PEMEX, TOTAL, Sinopec and the World Economic Forum. The objectives are to:

- Build, strengthen and recognise the positive contribution of participating companies in the context of climate change
- Catalyse meaningful action and improved coordination among participating companies on climate change solutions
- Encourage others in the oil and gas industry to engage in collaborative actions on climate change.

The central premise of the Initiative is that companies' engagement and action on climate change is more powerful when implemented as a collaborative effort.



CLIMATE CHANGE: OUR OPERATIONS

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WHY IT MATTERS

We have made a public commitment to reduce the greenhouse gas (GHG) emissions intensity of our portfolio and report transparently on our progress. In 2014, our GHG emissions rose. Nevertheless, we remain committed to meeting our emissions intensity target.

OUR PRIORITIES

Achieve our five-year emissions intensity reduction target across our operations by 2017.

Proactively manage our methane emissions.

ACTIVITIES AND PERFORMANCE

GREENHOUSE GAS TARGET

We have set the following targets for 2017, based on our 2012 emissions intensity levels:

- An 8% reduction in GHGs per barrel of oil equivalent produced for exploration and production activities
- A 15% reduction in GHGs per barrel of oil equivalent from our LNG business.

At Group level this equates to a 10% overall reduction of our GHG emissions intensity per barrel. Our target is set on an equity share basis to include all operations in which we have a financial interest, except shipping. Progress will not be linear and the targets are sensitive to changes in our production profile and business portfolio.

In 2014, the Group's GHG emissions intensity rose 8% against the 2012 baseline. This was a result of our activities in Australia, as well as the impact of lower throughput from some operations and increased energy required to extract oil and gas in maturing fields.

The results from Australia were due to increased activity at our QCLNG project. We expected the commissioning phase to be more emissions intensive as a result of higher than normal gas flaring and commissioning of the LNG plant, both of which will continue in the early part of 2015. Once the LNG plant is fully operational by mid-2016, efficiency gains from the facility design should deliver improved emissions intensity performance. Important lessons were learnt during the start-up phase, which will help us to minimise emissions in the future. Despite these challenges, we remain committed to achieving our GHG emissions intensity target by 2017.

Each of our operated assets has its own emissions intensity target and energy management plan, which identifies the energy and emission reduction initiatives to be implemented in order to deliver these targets.

SCOPE 1 EMISSIONS

Scope 1 emissions are defined as direct GHG emissions from sources we own or control. Our Scope 1 emissions derive from fuel use, flaring, venting and fugitive losses (unintentional small leaks or other irregular emissions of gases from equipment). In 2014, operations directly under our control emitted 7.6 million tonnes of GHGs, an increase of around 600 000 tonnes, or 9%, on 2013. Our equity share emissions were 8.3 million tonnes of GHG, remaining constant with 2013 levels. The increase in our GHG emissions is due to our activities in Australia.

In 2014, we delivered emission and energy reduction projects in our exploration and production operated assets which accounted for approximately 5% GHG emission reduction compared to the 'do nothing' case. Examples included projects which delivered a reduction in fuel use at our North Sea and Tunisian facilities.

SCOPE 2 EMISSIONS

Scope 2 emissions are defined as indirect emissions from the consumption of purchased electricity, heat or steam¹. Electricity use in offices and field operations is our only significant source of Scope 2 emissions. In 2014, businesses under our control purchased electricity that emitted 260 000 tonnes of GHGs when originally generated at source. This compared with emissions of 15 000 tonnes in 2013. This increase is due to the use of electrically powered infrastructure operating in our gas fields in Australia. Electricity use is expected to increase until the project is fully operational and then remain constant.

COMBINED SCOPE 1 AND 2 EMISSIONS

Combined Scope 1 and 2 emissions are the total GHG emissions resulting from our direct business activities and are the areas we have the most influence over. Overall, our total operated Scope 1 and 2 emissions rose approximately 13% and our equity share Scope 1 and 2 emissions rose 2% to 8.5 million tonnes GHG.

+8%

INCREASE IN GHG EMISSIONS
INTENSITY

¹ We calculate indirect GHG emissions from electricity consumption by applying country-specific emission factors (reflecting the average GHG emissions per unit of electricity produced on a country-by-country basis), to electricity purchased. See [Data Methodology](#).



CLIMATE CHANGE: OUR OPERATIONS CONTINUED

SCOPE 3 EMISSIONS

Scope 3 emissions are defined as indirect emissions associated with activities outside our direct control. We sell our gas or oil into the wholesale market, or to large energy generators or suppliers. The consumption of our products by these users is by far the largest source of Scope 3 emissions associated with our business. We estimate that the emissions from the use of the fuel we supplied were 105 million tonnes in 2014, compared with 88 million tonnes in 2013.

METHANE EMISSIONS

We are implementing a methane emission assessment and management programme across our portfolio, in order to proactively manage our methane emissions and improve our performance. In 2014, we completed infrared camera surveys to detect fugitive methane emissions on five facilities: Australia, Trinidad and Tobago, our LNG facility in the UK and two platforms in the North Sea. Unintentional leaks identified during the surveys were immediately rectified and documented at the facilities for further monitoring.

Our total methane emissions increased 69% in 2014, to 23 000 tonnes. This rise is primarily due to the increased activity in Australia described earlier. Our 2014 reported methane emissions represented 6% of our operated Scope 1 GHG emissions. The most recent available International Association of Oil and Gas Producers benchmark, released in 2014 but based on 2013 data, ranks us in the first quartile of oil and gas companies for lowest total methane emissions per unit of production.

Paired with seeking to improve our own methane emissions performance, we are working on a range of initiatives in partnership with governments, industry peers and academic institutions to drive the uptake of best practice across the industry and contribute to research into methane emissions measurement and management.

[See our methane emissions initiatives](#)

FLARING AND VENTING

In line with our Environment and Climate Change Standard, our facilities are designed and operated to have no continuous flaring or venting of gas, except when required for safety reasons. Our facilities are also designed and operated to promote plant stability and avoid depressurisation events that could lead to flaring. We require flare mitigation plans to be developed for well testing, commissioning and early life, start-ups, shutdowns and similar activities.

Flared gas volumes in 2014 were 497 000 tonnes. This was an increase of 353 000 tonnes from 2013 and was 22% of our 2014 operated Scope 1 GHG emissions. As explained, in the ramp up to production for our project in Australia, we experienced higher than normal gas flaring. We expect these flaring levels to be significantly lower in 2015 for the reasons explained earlier.

The amount of GHGs emitted through venting in 2014 was 7% lower than 2013, and represented 6% of our operated Scope 1 GHG emissions from the year. This is primarily venting of CO₂ included in the reservoir gas.

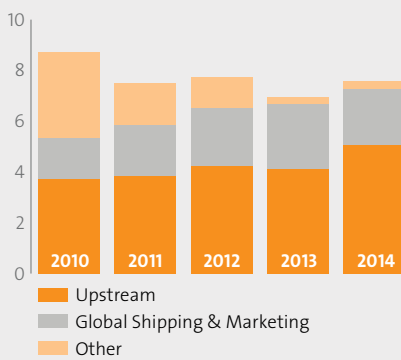


FACILITIES COMPLETED METHANE EMISSIONS ASSESSMENTS

OPERATED SCOPE 1 EMISSIONS

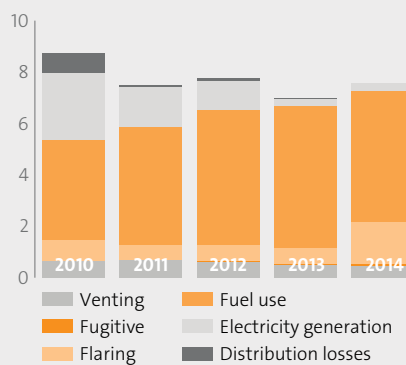
GHG EMISSIONS: BY BUSINESS

(Millions tonnes CO₂e)



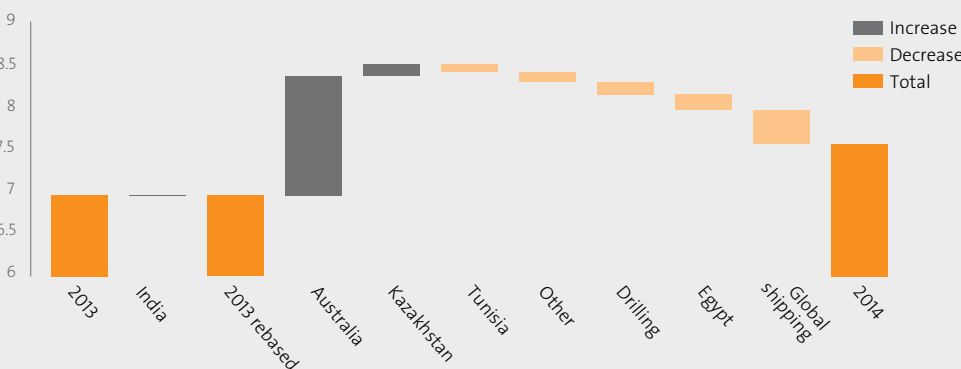
GHG EMISSIONS: BY SOURCE

(Millions tonnes CO₂e)



GHG EMISSIONS: BY OPERATION

(Millions tonnes CO₂e)





NON-GREENHOUSE GAS EMISSIONS AND WASTE

WHY IT MATTERS

We aim to measure, manage and monitor emissions to air and waste from our operations in order to minimise our impact on people and the environment.

OUR PRIORITIES

Introduce mitigation plans and measures to improve the performance of existing operations and contribute to the design of new operations.

Minimise the use of raw materials and manage waste at all our operations.

Meet or surpass air quality standards established by local and regional governments.

ACTIVITIES AND PERFORMANCE

NITROGEN OXIDE EMISSIONS

During 2014, nitrogen oxide (NO_x) emissions totalled 35 000 tonnes, an increase of 6% compared with 2013. Our NO_x emissions per unit of production also rose 6% between 2013 and 2014.

Recent years have seen an increase in NO_x. This is mainly due to an increase in use of dual fuel diesel-electric vessels in our global shipping fleet. These vessels are more fuel efficient, reducing CO₂ emissions, but have higher NO_x emissions.

SULPHUR DIOXIDE EMISSIONS

During 2014, sulphur dioxide (SO₂) emissions were 26 000 tonnes, a decrease of 7% compared with 2013. This was due to a decrease in oil used for fuel in our shipping operations. Our SO₂ emissions per unit of production decreased 6%, between 2013 and 2014.

Around 30% of BG Group's SO₂ emissions arise from our operated Miskar gas field in Tunisia where the gas has a high hydrogen sulphide content. To treat it to sales gas quality, hydrogen sulphide is sent to an incinerator, where it is converted to SO₂ and dispersed into the atmosphere.

We are currently working through various process improvement options for reducing SO₂ emissions at this facility. An option under evaluation is a redesigned sulphuric acid plant that would treat hydrogen sulphide from our gas, instead of incinerating it. These improvements will enable us to meet new Tunisian legislation on emissions levels which is due to come into force in 2016.

WASTE

Total waste disposed in 2014 was 115 000 tonnes, compared with 143 000 tonnes in 2013. Drilling cuttings are generated when drilling mud is removed from the well bore resulting in solids waste with liquid (mud) content. In 2014, we disposed of 25 000 tonnes of drilling cuttings, compared with 10 000 tonnes in 2013. This change was primarily due to the nature of drilling activity during the year. The total quantity of oil (from oil based mud) in drilling cuttings discharged offshore decreased 82% from 770 tonnes in 2013 to 139 tonnes in 2014.

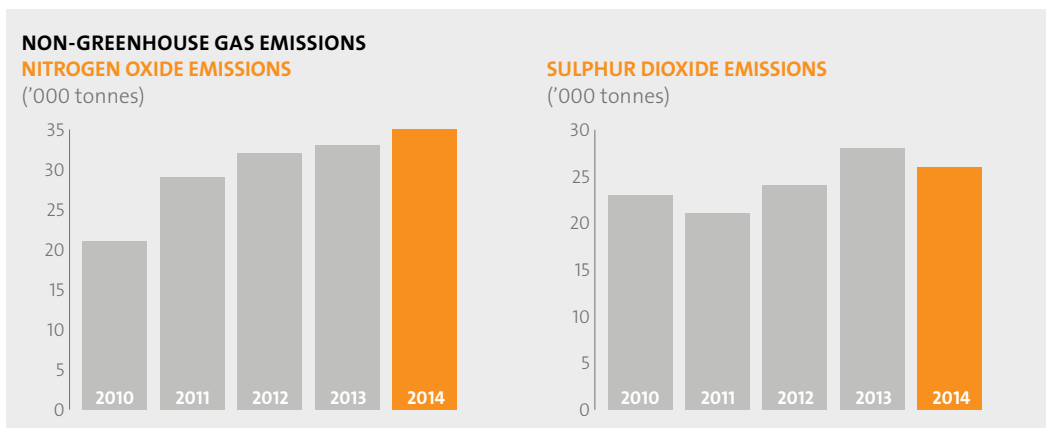
46% of our disposed waste was reused or recycled, including 54% of our total hazardous waste.

+6%

INCREASE IN NO_x EMISSIONS

-7%

DECREASE IN SO₂ EMISSIONS





SPILLS

WHY IT MATTERS

Our facilities and operational procedures are designed to reduce the risk of spills and ensure a comprehensive response should a spill occur. We are committed to ensuring the safety of people and reducing our impact on the environment.

OUR PRIORITIES

Lower the risk of spills and leaks, through design in new facilities and through maintenance in existing facilities.

Increase our spill response capability, including training our people.

ACTIVITIES AND PERFORMANCE

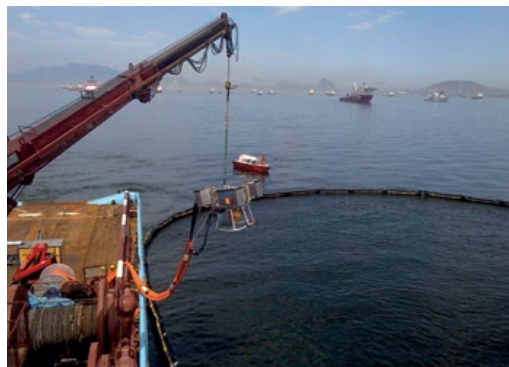
OIL SPILL PREVENTION

We have in place a wide range of precautionary measures to ensure the risks of an oil spill are reduced to a level that is as low as reasonably practicable. Through the design, operation and maintenance of our facilities, we work to achieve 'asset integrity', or the ability of our physical assets to perform their required function effectively whilst safeguarding life and the environment.

During 2014, a focus across the Group was on strengthening well integrity, which is ensuring the safety, reliability, efficiency and general fitness for service of every well. For example, all BG Group-operated wells now have a well integrity management system in place that plans for the various stages throughout the lifecycle of a well with the aim of reducing the risk of uncontrolled releases or spills. In 2015, we will roll out a data program to provide real-time information from all our wells to facilitate enhanced management of well integrity and early detection of potential incidents.

OIL SPILL PREPAREDNESS AND RESPONSE

We put in place measures to ensure that if a spill occurs it will be contained and not discharged to the environment. All of our facilities or operations that produce, store or transfer oil have an oil spill contingency plan which assesses the potential risks of oil pollution and outlines response procedures. During 2014, we established a spill response capability to cover offshore wells being drilled in our early life operations in Kenya and Tanzania. This includes pre-positioning spill response equipment and training teams to mobilise the equipment in the event of an incident. We also conducted several oil spill response exercises in our operation in Brazil. This consisted of deploying oil spill containment equipment, such as booms (temporary floating barriers to contain an oil spill) in Rio de Janeiro. We continued to participate actively in several industry initiatives to improve our oil spill response, including the International Association of Oil and Gas Producers (IOGP) and IPIECA Oil Spill Response Joint Industry Project, Oil Spill Response Limited initiative, and the Subsea Well Response Project.



OIL SPILL RESPONSE
Exercise in Rio de Janeiro, Brazil.

HYDROCARBON SPILLS

In 2014, we had no significant spills. The total amount of oil spilled during the year was 20 barrels, a 68% decrease from 2013. There was a total of three barrels of oil spilled to sea, and only one spill to sea was a barrel or greater in volume.

WATER SPILLS

While we aim to contain and dispose of the water produced by our operations safely, in 2014 we did experience some uncontrolled releases of slightly saline and desalinated associated water which is produced during operation. The total number of water spills greater than a barrel in 2014 was 37, with a total of 7 900m³ water spilled. This compared with 29 spills in 2013 totalling 6 200m³. This rise is aligned with the increased volumes of associated saline water that is produced at our operations in Australia, which ramped up production during the year.

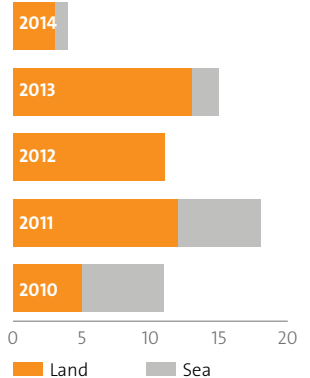
OTHER SPILLS

In 2014, we had no significant spills of other substances or chemicals.

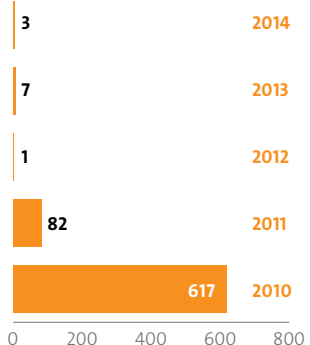
-68%

DECREASE IN OIL SPILL VOLUME

NUMBER OF HYDROCARBON SPILLS (of one barrel or more)



TOTAL VOLUME OF HYDROCARBON SPILLS TO SEA (barrels)





WATER

WHY IT MATTERS

Our operations use and produce water in diverse areas around the world. We manage water resources throughout the lifecycle of our operations. We aim to minimise our impact on water resources and take opportunities to benefit our business and stakeholders.

OUR PRIORITIES

Continually review and update our water management approach to align with industry best practice.

Develop and implement water management plans to mitigate identified risks and manage any potential impacts.

Assess our exposure to potential environmental, social and economic water risks.

ACTIVITIES AND PERFORMANCE

COLLABORATION

We work with IPIECA (the global oil and gas industry association for environment and social issues), industry experts and academics to understand our water risks and advance our approach to managing water. During 2014, we also worked with a specialist consultancy, Irbaris, to review our current approach. It applied the [Ceres Aqua Gauge](#) tool as part of an assessment. In 2015, we will incorporate the findings of their assessment.

We continued to develop a proposal to address water challenges through technology as part of a five-year research partnership in nanotechnology with Rice University, Houston, USA, and the Federal University of Santa Catarina, Brazil. The proposed research would examine ways to use nanotechnology to treat produced water for re-use, reinjection or disposal purposes.

We also continued our participation in the annual [CDP Global Water Report](#), to which we have been a contributor since 2011.

MANAGING OUR IMPACT

We use and produce water in a number of ways across our operations. In certain operations we have to find an appropriate source of water to use for process cooling, in the drilling process, in construction and in hydrocarbon reservoir management. In addition, some of our activities generate produced water from hydrocarbon reservoirs.

The water we use and that we generate as produced water requires appropriate management to avoid environmental impacts and detrimental effects on local stakeholder communities.

In 2014, we progressed work to mitigate and manage impacts in countries where we have identified water risks:

- **Australia:** We face challenges in our project in Queensland associated with operating in a water stressed area and managing produced water from our activities. In 2014, we made progress on water treatment, groundwater monitoring and reviewing future plans to ensure we manage water resources in a responsible manner (see case study)
- **Kazakhstan:** We are generating increased volumes of produced water in our operations which present new water management challenges. In 2014, we developed a water management plan that sets out a range of actions designed to minimise the impact of produced water on hydrocarbon production, asset integrity and health, safety, security and environment (HSSE) risks. This plan will be implemented during 2015
- **Tunisia:** Produced water from one of our offshore platforms has historically been sent onshore and transported by trucks for disposal. In 2014, operational improvements significantly reduced the amount of oil in the water we produce to levels of 12 parts per million, well below the levels acknowledged as industry good practice. As a result, we are now able to discharge produced water offshore, achieving a level of treatment that makes this one of the cleanest offshore discharges across the company while simultaneously removing the HSSE risks associated with the onshore water disposal process
- **Tanzania:** We recognise that there will be a challenge developing a major LNG project in a water stressed country. In 2014, we completed a water risk assessment of our early life operation in order to identify and prioritise risks and opportunities associated with water management. The risk assessment will be further developed into a detailed water management plan during 2015.



WATER CONTINUED

WATER USE

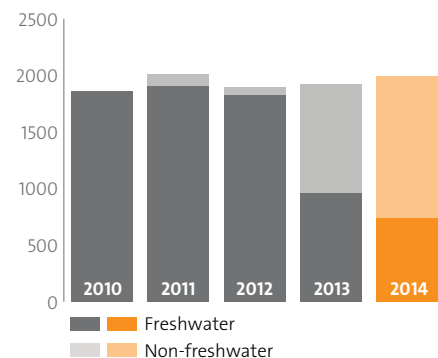
In 2014, the total volume of water we withdrew for use in our activities remained fairly constant at 2 million tonnes.

The water we disposed of from our operations increased 59% from 25.0 million tonnes in 2013 to 39.7 million tonnes in 2014. This rise reflects increased volumes of saline water that is produced from our coal seam gas operation in Australia. This water is treated to fresh water quality (see case study).

Our offshore gas exploration and production processes result in water discharges that contain oil, known as controlled discharges. We seek to minimise such discharges in order to maintain water quality. In 2014, the amount of oil in produced water discharged from our operations decreased 2% from 117 tonnes in 2013 to 115 tonnes. Across our operations annually, total volumes of oil discharged are very low.

WATER WITHDRAWN

(Million m³)



CASE STUDY: WATER MANAGEMENT IN AUSTRALIA

As part of our efforts to manage water responsibly in Australia, we treat produced water for beneficial use which we make available to the local landholders, industry and communities in Queensland. In 2013, we constructed the Central Water Treatment Plant near the town of Chinchilla. In 2014, it produced on average 38 megalitres a day of clean water. This water was particularly valuable to the farming community nearby and to feed the Chinchilla Weir on the Condamine River in a year of drought conditions. During the year, we also progressed with construction of the Northern Water Treatment Plant. It is expected to produce approximately 30 megalitres a day of treated water for farmers near the town of Wandoan and Glebe Weir on the Dawson River after commissioning in the first quarter of 2015.

In 2014, as part of our ongoing groundwater monitoring programme, we largely completed construction of the network of monitoring bores. A few non-essential bores required re-design and will be completed in 2015. The results from these monitoring bores will provide confidence that the health of the groundwater system is being maintained. Early monitoring results are consistent with predictions from our initial groundwater assessments.

As production in Australia ramped up during 2014, we were better able to assess actual water and brine production against our forecasts. Overall, our operations are producing less water and brine than predicted. While our long-term plan for salt management is a secure landfill, we undertook a detailed review of brine management and salt commercialisation options in 2014 to ensure we had the most suitable solution. Planning will continue in 2015.



THE NORTHERN WATER TREATMENT PLANT

Currently under construction in Queensland.

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MEGALITRES OF CLEAN WATER A DAY PRODUCED AT OUR WATER TREATMENT PLANT IN AUSTRALIA

-2%

DECREASE IN THE LEVEL OF OIL IN PRODUCED WATER DISCHARGES



BIODIVERSITY AND ECOSYSTEM SERVICES

WHY IT MATTERS

We explore and develop reserves in diverse and sometimes remote environments. We seek to understand and respond to any potential impact our activities may have on biodiversity and ecosystem services and look for opportunities to make a positive contribution.

OUR PRIORITIES

Strengthen our biodiversity risk identification and management process.

Manage our impact on biodiversity and ecosystem services where we work through survey, assessment, monitoring and mitigation projects.

ACTIVITIES AND PERFORMANCE

BUILDING OUR APPROACH

We work with industry associations, international and national organisations and expert consultants to learn and share best practice approaches for understanding biodiversity and ecosystem services – the benefits that people, including businesses, derive from ecosystems.

In 2014, we continued to work with The Biodiversity Consultancy to review and strengthen our approach to assessing and managing biodiversity risks. We implemented its recommendations and updated our Environment and Climate Change Standard to be further aligned with the [International Finance Corporation's Performance Standard 6](#). Performance Standard 6 is internationally recognised as the best practice approach for the integration of conservation requirements with human development activities.

During the year, we joined the Proteus Partnership, a collaborative forum of extractive companies and the UNEP World Conservation Monitoring Centre. The partnership provides access to extensive biodiversity and ecosystem information worldwide. We use this information in assessing our potential impact when we enter new countries and in managing our existing operations.

ASSESSING OUR RISKS AND POTENTIAL IMPACTS

In 2014, we continued to build our knowledge of biodiversity and ecosystem services where we work through a programme of surveys and assessments in our early life projects. This helps us to understand our local risks in each environment at the beginning of the project lifecycle and informs our overall environmental and social impact assessments. Appropriate mitigation measures for each situation are then developed to minimise potential impacts.

2014

UPDATED STANDARD TO ALIGN WITH BEST PRACTICE

BIODIVERSITY ASSESSMENT WORK IN 2014 WAS ASSOCIATED WITH OUR EARLY LIFE PROJECTS





BIODIVERSITY AND ECOSYSTEM SERVICES CONTINUED

25

Assessments from the year included:

- **Bolivia:** We gathered baseline data and engaged with local stakeholders to identify key biodiversity features and ecosystem services for an area of proposed exploration in southern Bolivia – a diverse mountainous dry forest area and adjacent to the protected Tariquía National Park. The data gathered will increase our understanding of specific habitats and sensitive locations and will inform the mitigation plans to be adopted for our proposed exploration work programme
- **Canada:** We carried out baseline surveys working with stakeholders, such as Indigenous First Nations groups, to understand better the potential impacts of our proposed LNG project in British Columbia, particularly on the marine environment. Work in 2014 included a fish monitoring programme with First Nations representatives
- **Honduras:** We used remote satellite sensing prior to exploration activities to map seabed features and sensitive shallow water habitats to begin building our database of knowledge in support of our planning for potential future activities
- **Tanzania:** We continued to use the SERPENT initiative in our seabed surveys in support of our drilling activities. SERPENT is an initiative set up by the National Oceanography Centre in the UK where marine biologists use remotely operated vehicles to explore the seabed to map key features and collect sediment samples from the seabed.

MANAGING OUR IMPACT

We require that all our operations assessed as having significant biodiversity sensitivities near our activities develop action plans. These plans outline mitigation and monitoring measures to minimise potential impacts from our operations.

In 2014, we completed a new biodiversity action plan for Trinidad and Tobago, began developing an action plan for our proposed new exploration activities in Bolivia and continued to implement the action plans in place for our existing activities in Bolivia and Kazakhstan. In Australia, we implement species specific management plans to manage risks from our operations to important biodiversity features.

BIODIVERSITY OFFSET PROGRAMMES

We develop plans to avoid adverse impacts to biodiversity and where this is not possible we implement measures to minimise and then restore associated impacts. Where we have significant impacts on biodiversity, we aim to implement an offset programme.

Biodiversity offset programmes are designed to achieve positive conservation outcomes to compensate for impacts to sensitive areas or important biodiversity features. During the year, we delivered a biodiversity offset project at our Australian operation which added nearly 25 000 hectares of land to a conservation area on Curtis Island.

25 000

HECTARES ADDED TO
A CONSERVATION AREA
IN AUSTRALIA

CASE STUDY: OFFSET PROGRAMME IN AUSTRALIA



THE CONSERVATION AREA ON CURTIS ISLAND

Former Queensland Minister for the Environment and Heritage, Andrew Powell, visiting the island.

In 2014, we expanded a conservation area on Curtis Island in Queensland where we have an LNG plant. This offset was delivered in partnership with two companies who are also developing LNG facilities on the island. By working together the offset will achieve more significant conservation benefits. The offset has added nearly 25 000 hectares of newly protected land, expanding conservation coverage to nearly two thirds of the island. It protects important habitat for threatened fauna and ecological communities. This offset exceeds the level required under Australian legislation.

[Read more about the programme](#)

POSITIVE SOCIO- ECONOMIC IMPACT

We are committed to contributing to the social and economic development of the countries where we work. We aim to create shared value and develop strong partnerships and meaningful stakeholder engagement with the governments, communities, businesses and people that we work with. The relationships we build have a significant impact on our ability to operate effectively.

Read more about:

- > Social performance
- > Our economic contribution
- > Supply chain



SOCIAL PERFORMANCE

27

WHY IT MATTERS

The long-term sustainability of our business is dependent upon establishing and maintaining effective relationships with our stakeholders. This approach can reduce risk and create value for our business and the societies where we operate.

OUR PRIORITIES

Deliver social baseline and impact assessments that enable us to identify and manage risks, impacts and opportunities for the Group and other stakeholders.

Expand our social investment partnerships to deliver jobs, skills and benefits in the countries where we operate.

Build and maintain open relationships with our stakeholders in our areas of operation.

Ensure social performance is integrated into our business planning and development as well as our operations.

ACTIVITIES AND PERFORMANCE

CONSULTATION AND IMPACT ASSESSMENT

We assess potential social and economic impacts and develop mitigation measures for planned or proposed projects, in consultation with stakeholders and local communities. For example, our social impact assessment for an onshore seismic exploration project in Bolivia involved widespread consultation and participation from Indigenous and non-Indigenous groups in the area. In 2014, we worked on five social impact assessments, in relation to Bolivia, Brazil, Canada, Honduras, and Myanmar. We go beyond compliance with local legislation to meet internationally accepted best practice. For instance, in Honduras, we are conducting an integrated environmental and social impact assessment for all major geophysical operations; the depth of our social baseline research and level of consultation conducted for these assessments surpass regulatory requirements, as we work to build strong stakeholder relationships in the country.

WORKING WITH INDIGENOUS PEOPLES

In 2014, we upheld our commitments to respect, engage and build mutually beneficial relationships with Indigenous communities in and around our areas of activity. Our level of engagement depends on the stage of our project development in country. We currently work alongside Indigenous communities in four countries:

- **Australia:** We continued to implement our Indigenous employment, training and business development programme. The number of Indigenous persons employed by the Group and its contractors increased from 63 in 2011 to over 300 in 2014. Over the life of the project, our Australian operation has traded with 19 Indigenous businesses to the estimated value of A\$40 million. We published a [good practice guide](#) on Indigenous employment, training and business development, in partnership with the University of Queensland's Centre for Social Responsibility in Mining

- **Bolivia:** We consulted with the two Guarani representative groups within our proposed exploration areas and will negotiate agreements prior to starting our seismic activities in 2015. We also continued to work with the Weenhayek communities on building their capacity to manage their own affairs and to develop alternative livelihoods
- **Canada:** We signed capacity funding agreements with Tsimshian First Nations groups and set up a multi-stakeholder employment and training roundtable with First Nations
- **Honduras:** We engaged with the representative organisations of the Miskito and Garifuna peoples on the potential impacts from our exploration activity.

GRIEVANCE MECHANISM REVIEW

Our community grievance mechanisms aim to provide a proactive and structured approach to receive, acknowledge, investigate, respond to and remedy grievances about our projects from affected stakeholders in a planned, timely and respectful manner.

In 2014, we conducted an internal review of our community grievance mechanisms which highlighted our progress in improving grievance processes at several of our operations. For instance, in Tanzania, where it is common for community members to report grievances to local government, we collaborated with the local government process, so that any grievances related to BG Group would be addressed in a manner consistent with our grievance process. In 2015, we will work to strengthen our grievance mechanisms by improving our processes for recording, monitoring and reporting grievances, and by conducting internal training on grievance management.



Review

CONDUCTED INTERNAL
REVIEW OF OUR COMMUNITY
GRIEVANCE MECHANISMS



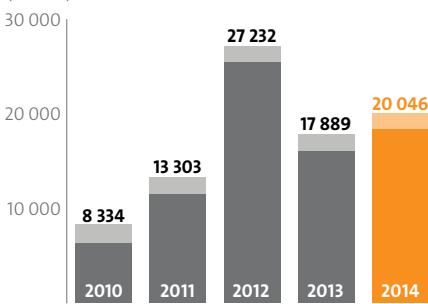
SOCIAL PERFORMANCE CONTINUED

SOCIAL INVESTMENT

In 2014, we spent approximately \$20 million on social investment, compared with \$17.9 million in 2013. In addition to an overall increase in social investment, we increased the proportion of social investment spend in our three strategic areas for investment: science, technology, engineering and mathematics (STEM) education, vocational training, and livelihoods and enterprise development. These three strategic areas now make up 67% of our overall spend. Our strategy focuses on long-term, strategic investment in the countries where we work, in contrast to philanthropic giving. In 2014, 13% of our social investment spend was on charitable or philanthropic donations.

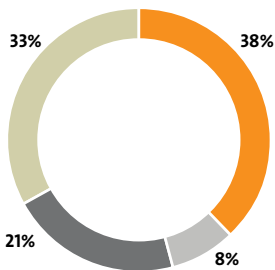
SOCIAL INVESTMENT

(\$'000)



Legend: Mandatory (light orange), Voluntary (dark orange)

TOTAL VOLUNTARY SOCIAL INVESTMENT BY THEME



Legend for Donut Chart:
 \$7.0m STEM education
 \$1.6m Vocational training
 \$3.8m Liveliness and enterprise development
 \$6.0m Other

TOTAL SOCIAL INVESTMENT BY COUNTRY (\$'000)

Australia	3 179
Bolivia	970
Brazil	2 829
Canada	1 890
Equatorial Guinea	1 700
Kazakhstan	793
Tanzania	2 789
Trinidad and Tobago	2 422
UK	2 167
Other ^a	1 307
Total	20 046

^a Other includes Colombia, Egypt, India, Kenya, Thailand, Tunisia, USA and Uruguay.

SUPPORTING YOUTH ENTREPRENEURSHIP

In 2014, we implemented youth entrepreneurship programmes to help provide jobs in Canada, Kenya, Tanzania and Trinidad and Tobago through our global partnership with Youth Business International. We also conducted feasibility work for a fifth programme in Myanmar. For example in Kenya, we worked with Kenya Youth Business Trust (KYBT) to support young entrepreneurs close to our offshore exploration area. The project focuses on disadvantaged youth, and builds on KYBT's existing activities such as providing start-up loans, business skills and business plan training.



YOUNG ENTREPRENEURS

Fatma Omar is one of the young entrepreneurs who has benefited from KYBT. [Read her story](#)

VOCATIONAL TRAINING

We invest in technical and vocational training because they are the most important skills for local people seeking employment in the energy and related sectors. In addition to our ongoing support in countries like Australia and Tanzania, we started to widen our work in other countries during the year. Our business in the USA invested \$50 000 in a scholarship fund to support local people in Louisiana to gain the trade skills and qualifications needed to be employed in the Lake Charles LNG project and wider industry development in the area. We also engaged with UK and German development organisations (DFID and GIZ) on the establishment of an East African umbrella organisation to provide technical and vocational training related to the emerging oil and gas sector in Kenya, Mozambique, Tanzania, and Uganda. We commissioned a scoping study to identify a new vocational training partnership in Kenya in the area where our business is exploring.

STEM EDUCATION

BG Group invests in STEM education to create opportunities for young people, particularly those from backgrounds under-represented in the science and technology sector. We also aim to contribute to building the pipeline of talent that is critical for the future success of our industry.

CASE STUDY: STEM EDUCATION

We published an external review of our investments in STEM education from 2011 to 2013. Since 2011, the BG Group STEM education programme has expanded to 25 projects in nine countries and now works with more than 20 partner organisations globally. We have invested more than \$6 million in STEM programmes that have directly benefited more than 30 000 students. [Read the full report](#)

\$20m

SOCIAL INVESTMENT SPEND

30 000

STUDENTS BENEFITED FROM OUR STEM PROGRAMMES



OUR ECONOMIC CONTRIBUTION

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WHY IT MATTERS

We have a commitment to develop natural resources in a way which creates lasting benefits for our host countries. We contribute to the economies of local communities and broader society where we work through taxes, jobs and investments.

OUR PRIORITIES

Employ people from host communities and countries where possible.

Committed to transparency of payments to governments.

ACTIVITIES AND PERFORMANCE

ECONOMIC CONTRIBUTION

We aim to share prosperity generated from our activities. The table below shows the direct economic value we generated and distributed over the past five years to governments through taxes, to people through jobs and social investments and to suppliers and contractors.

DIRECT ECONOMIC VALUE GENERATED (\$ MILLION)^a

	2014	2013	2012	2011	2010
Revenue and other operating income	19 949	19 311	19 200	17 849	13 710
Operating costs	13 572	11 827	11 355	10 459	8 485
Finance costs	753	114	138	34	51
Dividends paid	1 024	923	859	772	680
Income taxes paid	2 616	2 468	2 720	2 720	1 984
Employee costs	1 259	1 105	1 393	1 271	1 134
Social investment	20.0	17.9	27.2	13.3	8.3

^a See our [Annual Report and Accounts Financial Statements](#) for more information.

[Read more about our social investment](#)

[Read more about local content within our supply chain](#)

LOCAL EMPLOYMENT

The jobs that we provide are a fundamental part of our economic contribution in the communities and countries where we work. We aim to create employment opportunities for people from local communities. During 2014, we increased the number of local employees as a percentage of the total workforce in Singapore by 8.0%, Brazil by 6.4% and Thailand by 6.2%.

INFRASTRUCTURE INVESTMENTS

As well as building infrastructure for our core business, we also invest in public or shared infrastructure, which has both business and societal value. For instance, in Australia, we are contributing approximately \$1 million to the Thorn Hill Training Centre, which will provide training and employment opportunities for the Indigenous community in construction, civil and asset maintenance within the coal seam gas sector. In addition, we spent approximately \$33 million on road upgrades in 2014. In Tunisia, during the year we invested \$120 000 on a health centre and \$555 000 on water infrastructure to connect community members near our operations in Sfax to the water grid.

TRANSPARENCY OF PAYMENTS TO GOVERNMENT

We support transparency of payments to governments, which are an important part of our contribution to host countries and local economies. Transparency supports an informed public debate about natural resource extraction and the use of revenues.

We are working towards reporting in 2016 on all payments to government that are eligible under the UK regulations that implement Chapter 10 of the EU Accounting Directive. Chapter 10 requires all extractive sector companies registered in EU member states to report on payments to governments worldwide, on a project-by-project basis. The UK is the first member state to pass this requirement into law. In 2014, we participated in an industry working group that developed a guidance document to support implementation of the UK regulations.

We continued our support for the Extractive Industries Transparency Initiative (EITI), the international standard for the disclosure of tax payments by extractive companies, and receipts by governments. We have supported EITI since its inception and have interests in ten EITI implementing countries: Colombia, Honduras, Kazakhstan, Madagascar, Myanmar, Norway, Tanzania, Trinidad and Tobago, UK and USA.

[View our 2014 EITI reporting](#)



SUPPLY CHAIN

WHY IT MATTERS

As a global business operating in a technical industry, we work with a wide range and number of contractors, suppliers and local businesses. We work to gain knowledge of our sphere of influence and identify risks and opportunities in our supply chain.

OUR PRIORITIES

Manage contracts to meet our sustainability standards.

Use and develop local services and suppliers where possible.

Work in partnership with contractors to manage risks and impacts.

ACTIVITIES AND PERFORMANCE

OUR APPROACH TO MANAGING RISKS

We aim to provide a consistent and integrated approach to managing our supply chain. We identify and manage potential risks and opportunities, with a particular focus on: ethical conduct, human rights, socio-economic development, and health, safety, security, and environment (HSSE) risks. In 2014, we continued to strengthen our approach in the following areas:

- **Organisational structure:** During 2014, we reorganised our global procurement team and created a new Supply Chain team and Head of Functional Excellence. This will increase our focus on sustainable sourcing with the aim that it becomes common practice across our organisation
- **Contracts and procurement:** Contractors make up a significant percentage of our workforce (completing 75.8 million hours of work out of a total of 97.4 million in 2014) and often carry out the highest-risk activities. They are frequently the first people on the ground when we enter a new country. Contractor behaviour can significantly affect our operational efficiency, reputation with governments and relationship with local communities where we work

In 2014, we worked to integrate human rights, ethical conduct and social performance considerations into the selection process for a strategic partnership with a global engineering, project management and procurement contractor. The company, KBR, will work with BG Group in an integrated way with the aim of delivering engineering services and project management support for future projects for the Group. We will work with KBR to strengthen its capacity to identify and manage social issues. The aim is for such considerations to be factored into strategic business decisions at an early stage of the project lifecycle.

Our Contracts and Procurement Standard sets minimum requirements for contractor selection and management. It sets specific requirements for contracts assessed as having high HSSE, human rights or ethical conduct risks. We track how well individual contracts are managed and, in 2014, we met our target of actively managing 95% of high-risk contracts against these requirements. This improves on performance of 91% in 2013.

- **Training:** It is vital that those who work for us understand their role and have the tools to work to a high standard. As part of addressing this ongoing challenge, we piloted a Demand Manager Training Programme designed by Ashridge Business School. A demand manager is an employee who undertakes procurement of a product or service from a contractor, alongside their other core work. They are responsible for assessing risk and selecting the best value contractors including taking into account sustainability aspects. They also manage the contractor throughout the term of the contract. There are about a thousand potential demand managers across the Group.

The programme aims to raise awareness and capacity to manage risks in our supply chain. It seeks to ensure demand managers across the Group take a consistent, best practice approach and are equipped to do their role competently.

During the year, we delivered the programme to more than 110 people across our operations in India, Tanzania, Trinidad and Tobago, UK and USA. In 2015, we will continue to roll out the programme across our business.

95%

OF HIGH RISK CONTRACTS ACTIVELY
MANAGED



SUPPLY CHAIN CONTINUED

LOCAL CONTENT

We recognise the importance of local content to contributing to the sustainable economic development of the countries and communities where we work. We develop procurement approaches suitable for each location and commit to consider opportunities to source locally where possible.

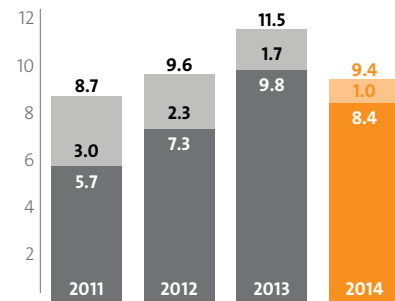
In 2014, the total spend on local suppliers was \$8.4 billion, 89% of our total supplier spend compared to 85% in 2013. Notably, we increased our use of Indigenous businesses to supply goods or services to our operation in Australia.

We are also committed to developing the competitiveness and employment potential of domestic contractors. For example, in Trinidad and Tobago, we continued to work with suppliers to improve their performance and regional competitiveness to develop and sustain strong in-country capability, by:

- Working with the Energy Chamber of Trinidad and Tobago to help suppliers compete for business
- Collaborating with key suppliers to improve their performance, for example by developing quarterly performance reviews with targeted key performance indicators and performance improvement interventions
- Engaging with local community members on employment opportunities and business opportunities for local service providers.

SPEND WITH LOCAL SUPPLIERS

(\$ billion)



■ Non-local spend
■ Local spend



LOCAL SUPPLIERS

Working on our Hibiscus platform in Trinidad and Tobago.

89%

OF TOTAL SUPPLIER SPEND ON LOCAL BUSINESSES

2014 GROSS EXPENDITURE WITH SUPPLIERS

BY COUNTRY (\$ MILLION)^a

	Payments to suppliers	Of which local ^b suppliers
Australia	5 312	4 887
Brazil	183	179
Canada	60	46
Egypt	288	230
India	301	241
Kenya	97	74
Norway	772	746
Tanzania	296	265
Trinidad and Tobago	684	536
Tunisia	150	69
UK	983	878
USA	222	166
Other ^c	35	32
Total	9 384	8 351

^a The figures shown are from primarily BG Group-operated exploration and production operations and are compiled from our accounts payable records, which classify vendors by type. Figures are for unaudited, gross, invoiced spend and do not include all spending on our behalf. Spend covers only those contractors with whom we contract directly, and for whom we have records in our system. We include here spending on behalf of our joint venture partners in operations where we have the majority interest. We do not include spend by non-operated or joint venture operations in which we have an interest, but where we do not fully control the procurement process. Figures are shown for countries with total spend over \$50 million.

^b 'Local' suppliers are either national companies, or international suppliers which are tax registered and have core facilities/ infrastructure relevant to the scope of work/services located within the country in question.

^c Other includes Algeria, Bolivia, China, Kazakhstan, Nigeria, Singapore and Thailand.

DATA AND TARGETS

We report our sustainability data for the year and track progress against previous years. We also set targets for the coming year. This helps us monitor and drive performance in our key areas.

Read more about:

- > Data
- > Targets

DATA: RESPONSIBLE OPERATOR

OCCUPATIONAL HEALTH AND SAFETY

	2014	2013	2012	2011	2010
Total recordable case frequency (per million work hours)					
Employees	0.56	0.48	0.53	0.67	0.63
Contractors	1.61	1.95	2.73	2.35	1.04
Total workforce	1.38	1.64	2.26	1.92	0.94
Lost time injury frequency (per million work hours)					
Employees	0.14	0.35	0.31	0.18	0.31
Contractors	0.45	0.45	0.70	0.59	0.43
Total workforce	0.38	0.42	0.61	0.49	0.40
Fatalities (number of incidents)					
Employees	0	0	0	0	0
Contractors	0	1	2	3	2
Occupational illness frequency (per million work hours)					
Total workforce	0.13	0.17	0.21	0.49	0.56

ETHICAL CONDUCT

	2014	2013	2012	2011	2010
Employees and individual contractors who have completed our Fraud & Bribery e-learning ^a	671	2 560	–	–	–
Speak Up/whistleblowing cases	106	106	120	134	151
Cases where actions were taken against individuals, following Speak Up investigations	13	18	18	28	24
Speak Up/ whistleblowing cases relating to^b:					
General workplace concerns ^b	35%	48%	–	–	–
Malpractice allegations ^c	21%	29%	–	–	–
Health, safety, security and environment concerns	14%	12%	–	–	–
Fraud allegations ^d	30%	11%	–	–	–

^a This data was not reported in data tables in previous years but was reported in the narrative of the report.

^b Including allegations of harassment, discrimination and unfair treatment.

^c Including allegations of breaches of the Group's Ethical Conduct Policy and Standards. Prior to 2014, corruption allegations were classified as malpractice.

^d Including allegations of theft, corruption or misuse of funds. Since 2014, corruption allegations have been classified as fraud to mirror the revised definition of 'fraud' in BG Group's revised Fraud Risk Standard.

DATA: RESPONSIBLE OPERATOR CONTINUED

PEOPLE^a

OUR PEOPLE BY COUNTRY 2014

	Total employees on local contracts	Local employees by gender		Employees working in country from other BG Group locations	Contractors	Total Workforce
		Male	Female			
Areas of Palestinian Authority ^b	2	2	0	0	0	2
Australia	1 117	854	263	150	517	1 784
Bolivia ^b	77	51	26	6	13	96
Brazil	195	109	86	18	0	213
Canada	0	0	0	7	3	10
China	6	0	6	1	1	8
Egypt	108	83	25	33	36	177
Global Contract ^c	0	0	0	72	0	72
Honduras	0	0	0	1	0	1
India	274	240	34	12	39	325
Kazakhstan	54	18	36	85	4	143
Kenya	0	0	0	3	2	5
Mexico	0	0	0	0	1	1
Myanmar	0	0	0	1	0	1
Norway	41	23	18	23	50	114
Singapore	44	18	26	24	2	70
Tanzania	35	18	17	34	20	89
Thailand	15	4	11	6	1	22
Trinidad and Tobago	405	279	126	59	61	525
Tunisia	368	305	63	19	20	407
UK	1 161	800	361	108	375	1 644
USA	316	197	119	47	53	416
Total	4 218	3 001	1 217	709	1 198	6 125

^a All figures are reported as at 31 December, 2014.

^b Includes employees on contracts in locations not hosted on the central human resources data system in 2014: Palestine (2 employees) and Bolivia (13 contractors).

^c Employees on global contracts with no fixed location counted as a separate group rather than where they are physically working.

OUR EMPLOYEES

	2014	2013	2012	2011	2010
Total (average for year)	5 143	5 536 ^a	6 569	6 472	6 171
of which employed outside of UK	3 515	3 758	4 703	4 496	4 211
of which working away from home country	771	802	775	679	646
Male (%)	73	72	72	71	72
Female (%)	27	28	28	29	28
Women in senior leadership positions (%)	8	13	12	10	10
Total turnover (%)	19	10	14	11	11
New graduates recruited during the year	57	80	99	96	–
of which from the UK	29	17	34	39	–
of which from overseas	28	63	65	57	–
Graduate Retention ^b (%)	73	76	–	–	–

^a Significant decrease of employees due to the exit of Comgas (November 2012) and Gujarat Gas (June 2013).

^b Percentage of past 10 years' intake of graduates still working with us.

DATA: VALUING OUR ENVIRONMENT AND CLIMATE

35

ENVIRONMENT

NON-GREENHOUSE GAS (GHG) EMISSIONS

by type ('000 tonnes)	Venting	Fugitive	Flaring	Fuel use	Electricity generation	Distribution losses
Carbon monoxide	–	–	4	16	0	–
Nitrogen oxides	–	–	1	33	1	–
Sulphur dioxide	–	–	13	13	0	–
Volatile organic compounds	4	3	0	2	0	–

by type ('000 tonnes)	2014	2013	2012	2011	2010
Nitrogen oxides	35	33	32	29	21
Sulphur dioxide	26	28	24	21	23
Volatile organic compounds	9	9	11	12	12

by type (tonnes/mmboe)	2014	2013	2012	2011	2010
Nitrogen oxides	89	84	68	63	42
Sulphur dioxide	66	70	52	46	46
Volatile organic compounds	22	22	23	24	24

ENERGY USE (GWHrs)

	2014	2013	2012	2011	2010
Gas	20 515	21 575	25 443	25 627	28 577
Electricity	328	28	34	32	46
Oil	3962	4 762	3 948	2 897	2 391
Total	24 805	26 365	29 425	28 556	31 014

WASTE

Disposed and stored by type and method ('000 tonnes)	Authorised landfill	Incineration	In situ disposal	Treatment / discharge	Reuse / recycling	On-site storage
Cuttings	1	0	18	0	6	1
Metals	0	0	–	0	1	0
General	10	1	1	0	10	227
Hazardous	14	4	11	2	36	26
Total	25	5	30	2	53	254

Disposed by type ('000 tonnes)	2014	2013	2012	2011	2010
Cuttings	25	10	7	10	7
Metals	1	1	1	1	2
General	22	20	40	13	7
Hazardous	67	112	65	15	24
Total	115	143	113	39	40

WATER

Water disposed by type and method ('000 tonnes)	Groundwater / reinjection							
	Coastal water	Open marine	to freshwater aquifer	to non-freshwater aquifer	Inland sewerage system	Inland surface water	Soil water / irrigation	Evaporation
Produced water	–	5 117	–	591	–	15	–	1 963
Oil in produced water	–	0	–	0	–	–	–	–
Process water	2	14	–	–	1	–	4	–
Oil in process water	–	–	–	–	–	–	–	–
Other waste oily water	–	17	–	7	–	3	3	–
Oil in other waste oily water	–	0	–	0	–	–	–	–
Associated water	–	–	–	–	–	–	29 033	1 927
Total oil	0	0	0	0	0	0	0	0
Total water	2	5 148	0	598	1	18	29 040	3 890

DATA: VALUING OUR ENVIRONMENT AND CLIMATE

CONTINUED

36

ENVIRONMENT

WATER CONTINUED

Water disposed by type ('000 tonnes)	2014	2013	2012	2011	2010
Produced water	7 686	6 700	6 921	6 090	–
Oil in produced water	0	0	0	0	–
Process water	21	69	230	287	9 386
Oil in process water	0	0	0	0	0
Other waste oily water	30	23	14	8	–
Oil in other waste oily water	0	0	0	0	–
Associated water	31 923	18 218	4 558	3 272	–
Total oil	0	0	0	0	0
Total water	39 660	25 010	11 723	9 657	9 386

Water withdrawal by type and source ('000 tonnes)	Desalinated associated water	Desalinated ground water	Ground water	Desalinated seawater	Seawater	Municipal water supplies	Rain water	Reused / recycled
Freshwater use	–	2	186	22	–	265	–	66
Non-freshwater use	367	–	–	19	29	–	–	–
Total	367	2	186	41	29	265	0	912

Water withdrawal by type ('000 tonnes)	2014	2013	2012	2011	2010
Freshwater use	735	961	1 824	1 904	1 857
Non-freshwater use	1 261	950	74	107	–
Total	1 996	1 911	1 898	2 011	1 857

CONTROLLED DISCHARGES TO SEA

from drilling activities ('000 tonnes)	2014	2013	2012	2011	2010
Drill cuttings	4	22	13	10	15
Oil in cuttings	0	1	0	0	0
Muds	5	57	14	13	15
Total	9	80	27	23	30

SPILLS TO THE ENVIRONMENT

Hydrocarbon spills of more than 1 barrel (number)	2014	2013	2012	2011	2010
Spills to land	3	13	11	12	5
Spills to sea	1	2	0	6	6
Total	4	15	11	18	11

Volume of hydrocarbon spills (bbls)

Spills to land	17	55	60	203	42
Spills to sea	3	7	1	82	617
Total	20	62	61	285	659

Saline associated water spills (number)

Spills to land greater than one barrel	37	29	16	25	25
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Saline associated water spills (volume – m³)

Spills to land	7 922	6 229	170	1 030	774
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DATA: VALUING OUR ENVIRONMENT AND CLIMATE

CONTINUED

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CLIMATE CHANGE

GREENHOUSE GAS (GHG) (CARBON DIOXIDE EQUIVALENT) EMISSIONS

GHG emissions from operations under BG Group control ('000 tonnes CO ₂ e)	2014	2013 ^a	2012 ^a	2011	2010
Scope 1	7 590	6 959	7 740	7 507	8 716
Scope 2	260	15	19	16	24
Scope 1 and 2 combined	7 850	6 974	7 759	7 523	8 740
Scope 3	104 773	87 695	90 419	87 678	88 692
GHG emissions intensity ('000 tonnes per mmboe)					
Scope 1 intensity	19.2	17.5	16.6	16.3	17.5
Scope 2 intensity	0.66	0.04	0.04	0.04	0.05
Scope 1 and 2 combined	19.8	17.5	16.6	16.3	17.5
Scope 1 and 2 equity share basis GHG emissions					
GHG emissions ('000 tonnes)	8 475	8 321	9 608	10 611	12 232
GHG emissions intensity ('000 tonnes per mmboe)	24.7	22.6	22.9	25.3	28.4
Scope 1 GHG emissions by source ('000 tonnes of CO₂e)					
Venting	452	486	595	676	643
Fugitive	76	49	45	19	6
Flaring	1 637	584	620	559	795
Fuel use	5 081	5 549	5 276	4 623	3 902
Electricity generation	344	288	1 114	1 526	2 614
Distribution losses	0	3	90	104	756
Total	7 590	6 959	7 740	7 507	8 716
Scope 1 GHG emissions by GHG ('000 tonnes of CO₂e)					
Carbon dioxide	7 051	6 609	7 306	7 064	7 665
Methane	480	283	368	381	985
Nitrous oxide	59	67	66	62	66
Total	7 590	6 959	7 740	7 507	8 716
Scope 1 GHG emissions by business segment ('000 tonnes)					
Upstream	5 075	4 101	4 250	3 852	3 723
Global Shipping and Marketing	2 170	2 562	2 271	2 007	1 605
Other	345	296	1 219	1 648	3 388
Total	7 590	6 959	7 740	7 507	8 716
Scope 1 GHG emissions intensity by business segment ('000 tonnes per mmboe)					
Upstream	19.0	13.7	13.2	11.9	10.9
Global Shipping and Marketing	17.0	27.1	21.4	21.2	21.6
Other	367.4	89.8	34.1	41.0	40.6
BG Group overall	19.2	17.5	16.6	16.3	17.5

^a Scope 2 GHG emissions updated for 2012 and 2013 using latest IEA CO₂ emission factors for purchased electricity.

DATA: VALUING OUR ENVIRONMENT AND CLIMATE

CONTINUED

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CLIMATE CHANGE

GREENHOUSE GAS (GHG) (CARBON DIOXIDE EQUIVALENT) EMISSIONS CONTINUED

Methane emissions from operations under BG Group control (tonnes)	2014	2013	2012	2011	2010
Venting	6 161	5 780	5 620	7 069	6 227
Fugitive	3 604	2 296	2 148	981	306
Flaring	8 895	2 269	2 376	2 016	2 447
Fuel use	4 172	3 007	3 055	2 991	1 700
Electricity generation	28	23	100	137	263
Distribution losses	0	123	4 225	4 949	35 962
Total	22 860	13 498	17 523	18 143	46 904

Total methane emissions per unit of production by business segment (percentage of production)

Upstream	0.03%	0.02%	0.01%	0.01%	0.01%
Global Shipping and Marketing	0.01%	0.01%	0.01%	0.01%	0.00%
Other	0.01%	0.02%	0.05%	0.05%	0.17%

Direct methane emissions^c (losses) per unit of production by business segment (percentage of production)

Upstream	0.01%	0.01%	0.01%	0.01%	0.01%
Global Shipping and Marketing	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.02%	0.05%	0.05%	0.17%

Flaring

Flared gas in tonnes	497	144	155	142	228
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^c Direct methane emissions exclude combustion sources.

DATA: POSITIVE SOCIO-ECONOMIC IMPACT

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SOCIAL PERFORMANCE

SOCIAL INVESTMENT (\$'000s)

	2014	2013	2012	2011	2010
Total voluntary ^a	18 346	16 089	25 432	11 484	6 328
Total mandatory ^b	1 700	1 800	1 800	1 819	2 006
Total	20 046	17 889	27 232	13 303	8 334

TOTAL SOCIAL INVESTMENT, BY COUNTRY (\$)

	2014
Australia	3 179 207
Bolivia	969 817
Brazil	2 829 177
Canada	1 889 871
Equatorial Guinea	1 700 000
Kazakhstan	793 049
Tanzania	2 788 932
Trinidad and Tobago	2 421 932
UK	2 166 845
Other ^c	1 307 067
Total	20 045 897

^a Voluntary – Social investment spend that BG Group makes on a voluntary basis.

^b Mandatory – Social investment spend that is a requirement or obligation under a licence, production sharing contract or other commercial agreement with a host government.

^c Other includes Colombia, Egypt, India, Kenya, Thailand, Tunisia, USA, and Uruguay.

TARGETS

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RESPONSIBLE OPERATOR

SAFETY

Our targets for 2014	Our 2014 outcomes	Our targets for 2015
Total recordable case frequency (TRCF) of 1.40 per million work hours	✓ Target met TRCF of 1.38	TRCF of 1.20 per million work hours
95% of high risk contracts to be actively managed	✓ Target met	95% of high risk contracts to be actively managed

HEALTH

Occupational illness frequency (OIF) per million work hours of 0.50	✓ Target met 0.13 incidents per million man hours	Group OIF per million work hours of 0.50
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ETHICAL CONDUCT

Undertake at least four visits to operations deploying either in-house teams or independent assessors	✓ Target met Six independent assessments and four visits by in-house teams were carried out	Roll out new Business Principles e-learning modules. All new starters to complete this training
100% of operations to conduct quarterly reviews of their ethical conduct risks and action plans	✓ Target met	Launch communications to raise Speak Up awareness across BG Group
Roll out new fraud management training to all individuals in key roles for the detection and prevention of fraud	✓ Target met Over 850 key individuals completed the training	Create a personal conduct standard through rationalising and simplifying existing standards

PEOPLE

Actively manage university relationships to attract the best candidates from around the world	🔄 Ongoing Launched a global recruitment campaign in partnership with key universities from our key countries	Strengthen our global university partnerships for future graduate recruitment campaigns
Develop action plans to respond to the results of the 2013 employee survey	🔄 Ongoing Managers of our global businesses reviewed their survey results and incorporated key actions into their business plans	
Implement our diversity and inclusion strategy	🔄 Ongoing Increased proportion of women in graduate intake, designed a new leadership programme and simplified competency frameworks to include diversity considerations	
Develop and deliver an Inclusive Leadership workshop	🔄 Ongoing Delivered the first pilot programme	Roll out our Inclusive Leadership workshop across three hubs: Americas, Australasia and Europe

TARGETS CONTINUED

VALUING OUR ENVIRONMENT AND CLIMATE

Our targets for 2014

Continue to work towards the 2013 to 2017 GHG emissions intensity target equating to a 10% intensity reduction overall¹


Conduct methane assessment and report progress on minimising methane emissions


Reduce Group-wide operated sulphur dioxide (SO₂) emissions by 35% from 2012 levels by end 2015 through process improvements in Tunisia


Develop a water management plan for Tanzania


All businesses with water management plans to implement agreed actions for 2014


Our 2014 outcomes

 **Ongoing** Although our GHG emissions intensity increased in 2014, we remain committed to achieving our targets by 2017

 **Target met** Five methane emissions assessments conducted. 23 000 tonnes methane emissions reported in 2014

 **Ongoing** Currently reviewing various process improvement options in Tunisia

 **Ongoing** Water risk assessment completed. Management plan will be developed in 2015

 **Ongoing**

Our targets for 2015

Continue to work towards the 2013 to 2017 GHG emissions intensity target, equating to a 10% intensity reduction overall

Deliver on the CCAC Oil & Gas Methane Partnership commitments, including completing the implementation plan and at least one asset assessment covering the core methane sources pursuant to CCAC guidelines

100% of producing operated assets complete energy and emissions management plans

Update Group water strategy

All operated assets to carry out an updated environmental review and amend their environmental risk register accordingly

¹ The specifics of our GHG emissions intensity target are: 15% improvement in LNG liquefaction segment GHG emissions intensity and 8% improvement in upstream production segment GHG emissions intensity. It does not include shipping.

TARGETS CONTINUED

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POSITIVE SOCIO-ECONOMIC IMPACT


SOCIAL PERFORMANCE

Our targets for 2014


Our 2014 outcomes

Our targets for 2015

Establish a Group-wide community information management system


 **Target not met** Following an internal review, we are approaching this on a country-specific basis

Ensure we have effective grievance mechanisms in all our new operations and major exploration projects

 **Ongoing** Conducted internal review of our community grievance mechanisms. Recommendations made to improve their effectiveness


Strengthen grievance mechanisms in line with recommendations from 2014 review

Expand and consolidate our social investment partnerships in the areas of STEM education, vocational training and livelihood and enterprise development

 **Target met** Increased the proportion of our social investment spend in these three areas from 49% to 67%

Develop a strong monitoring and evaluation framework for four social investment programmes

Implement youth entrepreneurship programmes under our global partnership with Youth Business International in five countries


 **Ongoing** Programmes implemented in four countries, with one country in feasibility stage

Establish new programmes or partnerships in vocational training in at least three countries


 **Ongoing** We established a new vocational training partnership in the USA, and engaged with DFID and GIZ regarding a programme to provide technical and vocational training related to the emerging oil and gas sector in Kenya, Mozambique, Tanzania, and Uganda

Establish new vocational training programmes in three countries

Publish our approach to human rights implementation


 **Ongoing** Delayed because of internal organisational change

Strengthen implementation of the Voluntary Principles on Security and Human Rights (VPSHR), including by updating our VPSHR guidelines


 **Target met** Updated VPSHR guidelines published which strengthen processes and tools for identifying and managing security and human rights issues

Conduct VPSHR training in three countries

Contribute to the development of human rights impact assessment methodology

 **Target met** Contributed to development of the sector wide-impact assessment in Myanmar

Participate in at least one relevant global forum

 **Target met** Participated in two global forums: the UN Forum on Business and Human Rights and the Annual Plenary of the VPSHR Initiative

ABOUT OUR REPORTING

We report on our material issues from the year, informed by global reporting frameworks. This section covers how and where we report. Our report is assured by independent assurance providers.

Read more about:

- > [About our reporting](#)
- > [Index](#)
- > [Independent assurance statement](#)



ABOUT OUR REPORTING

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This report provides information and data on the most material sustainability issues from 2014.

Our website, bg-group.com/sustainability, is an integral part of our sustainability reporting, covering our management approaches and policies, a wide set of issues and case studies.

MATERIALITY PROCESS

We develop our reporting around the issues we believe are the most important to our stakeholders and have the greatest potential to significantly affect our business performance and society.

Many of these issues emerge through our regular stakeholder engagement with investors, governments, business partners, NGOs, academia and other stakeholders throughout the year. In addition, we commission bi-annual in-depth and independent research to review and confirm the key issues for the report. While 2014 was not a year scheduled for a full-scale materiality research process, we internally reviewed our approach to sustainability reporting to ensure that we continue to report on the material issues for our business, in an accessible and transparent way.

A SHORTER REPORT

In 2014, following our internal review, we moved to producing a shorter sustainability report and expanded our coverage of sustainability on the website. In order to make the report concise and relevant at a global level, we cover the highest priority material issues from the year within the report. On our website we provide more detail on our high priority issues including case studies from the year, as well as information about a wider set of issues and our management policies and approaches. We only report on the sustainability issues that are relevant for our industry and our business.

UNCONVENTIONAL GAS

In 2012, we published BG Group's Operating Principles for Unconventional Gas, and in the last year's SR we provide an update on the progress made in 2013 under each heading in the document. This year's SR takes a different approach and provides the relevant information in the sections on climate change, water, safety and social performance.

In the first half of 2015 we will review the Operating Principles in the light of changes to our US business, and the progress made on the QCLNG project in Australia in 2014. We will publish on our website in July an assessment of our approach to our unconventional gas operations with reference to the 2012 Operating Principles.

[Read our Operating Principles for Unconventional Gas](#)

REPORTING FRAMEWORKS

We report our sustainability performance using internationally recognised reporting standards and frameworks. We report in line with the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting developed by IPIECA (the oil and gas industry association for environmental and social issues), the American Petroleum Institute (API) and the International Oil and Gas Producers Association (IOGP), as well as the UN Global Compact Ten Principles

Our reporting is also informed by the Global Reporting Initiative (GRI) G3.1 guidelines and the Oil and Gas Sector Supplement. See our index for how we report against these frameworks on the following page.

REPORTING SCOPE AND BOUNDARIES

The 2014 Sustainability Report covers data from 1 January to 31 December 2014. Our Data Methodology appendix outlines the scope and methodologies of our data reporting. These follow industry guidelines set out by IPIECA/API/IOGP.

ASSURANCE

Our sustainability report is assured by independent, external assurance providers. In 2014 this was completed by DNV GL.

We recognise the importance of assurance for building credibility and for driving performance. At the end of the reporting process every year, our assurance providers produce a detailed report for our management on their recommendations for areas of improvement. We aim to address these areas and annually report on our progress through our learning from our assurance appendix.



MORE INFORMATION ONLINE

- [Stakeholder engagement](#)
- [Performance in sustainability indices](#)
- [Climate Change Public Position](#)
- [Data Methodology](#)
- [Sustainability Standards and Policies](#)
- [UN Global Compact reporting 2014](#)
- [Learning from our assurance](#)

INDEX

WHY IT MATTERS

This index cross-references our reporting against the IPIECA/API/IOGP sector-specific guidelines with the GRI G3.1 indicators and the UN Global Compact (UNGC) ten principles.

IPIECA indicator	GRI G3.1 indicator	UNGC Principle	2014 Sustainability Report (page)	bg-group.com/sustainability
ENVIRONMENTAL INDICATORS				
E1: Greenhouse gas emissions	EC2, EN16, EN17, EN18	8	18, 19, data	Climate change
E2: Energy use	EN3, EN4, EN5, EN7	8	18, 19, data	Climate change
E3: Alternative energy sources	n/a	n/a	n/a	n/a
E4: Flared gas	OG6	8	18, 19, data	Climate change
E5: Biodiversity and ecosystem services	EN11, EN12, EN13, EN14, EN15, OG4, EN25	7, 8	24, 25	Environment
E6: Fresh water	EN8, EN9, EN10, EN25	8	22, 23, data	Environment
E7: Other air emissions	EN20	8	20, data	Environment
E8: Spills to the environment	EN23	8	21, data	Environment
E9: Discharges to water	EN21, OG5	8	23, data	Environment
E10: Waste	EN2, EN22, OG7, EN24	8	20, data	Environment
HEALTH AND SAFETY INDICATORS				
HS1: Workforce participation	LA6		6, 7, 8, 14	Safety Health
HS2: Workforce health	LA7		7, data	Health
HS3: Occupational injury and illness incidents	LA7		6, 7, 33	Safety
HS4: Product stewardship	EN26, PR1		3, 4, 5, 6, 7, 21	Step forward Health
HS5: Process safety	OG13		7	Safety
SOCIAL AND ECONOMIC INDICATORS				
SE1: Local community impacts and engagement	SO1, SO9, SO10, OG10		12, 27, 28, 29	Social performance
SE2: Indigenous peoples	HR9, OG9		27	Social performance
SE3: Involuntary resettlement	DMA		–	Social performance
SE4: Social investment	EC8		28, 29	Social performance
SE5: Local content practices	EC6		31	Supply chain
SE6: Local hiring practices	EC7, EC9		13, 29	People
SE7: Local procurement and supplier development	EC6		31	Supply chain
SE8: Human rights due diligence	HR1, HR3, HR10	1, 2, 3, 4, 5	11, 12, 14	Human rights
SE9: Human rights and suppliers	HR2, HR6, HR7	1, 2	30	Human rights Supply chain
SE10: Security and human rights	HR8	1, 2	8, 11	Security Human rights
SE11: Preventing corruption	EN28, SO2, SO3, SO4, SO8	10	9, 10	Ethical conduct New countries & governments
SE12: Preventing corruption involving business partners	SO4	10	10	Ethical conduct
SE13: Transparency of payments to host governments	EC1	10	29	Transparency
SE14: Public advocacy and lobbying	SO5, SO6	10	–	People New countries & governments
SE15: Workforce diversity and inclusion	EC5, LA1, LA2, LA13	6	13, 14, data	People
SE16: Workforce engagement	LA5, LA9	3, 5	14	People
SE17: Workforce training and development	LA10, LA11		14	People
SE18: Non-retaliation and grievance system	HR4		9, 10, 27	Social performance Speak Up

INDEPENDENT ASSURANCE STATEMENT

OUR SCOPE

BG International Limited ("BG Group") commissioned DNV GL Business Assurance Services UK Limited ("DNV GL") to undertake independent assurance of its Sustainability Report 2014 (the "Report") as published at www.bg-group.com. Our scope included all sustainability performance data for the year ended 31 December 2014, as published in the [Data](#) section of the PDF report and the website, and claims related to these data included in the Report. The scope of our work did not cover other types of data that are included in the Report but are not listed in the [Data](#) section. The review of financial data from the Annual Report and Accounts was not within the scope of our work.

OUR APPROACH

We performed our work using DNV GL's assurance methodology [VeriSustain™](#), which is based on our professional experience and international assurance best practice, including reference to the International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits and Reviews of Historical Financial Information'.

We evaluated the report for adherence to the VeriSustain™ Principles (the "Principles") of stakeholder inclusiveness, materiality, responsiveness, completeness, neutrality and reliability. We evaluated the performance data as published in the [Data](#) section of its Sustainability Report 2014 using the reliability principle together with BG Group's [Data Methodology](#) which sets out how the sustainability performance data are measured, recorded and reported.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. A 'high level' of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our assurance opinion.

RESPONSIBILITIES OF THE DIRECTORS OF BG GROUP AND OF THE ASSURANCE PROVIDERS

The Directors of BG Group have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of BG Group; however our statement represents our independent opinion and is intended to inform all of BG Group's stakeholders including its management. We were not involved in the preparation of any part of the Report. However, having reviewed and provided feedback on drafts of the Sustainability Report 2014, in a number of instances changes were made to the final version.

DNV GL provides a range of other services to BG Group, none of which constitute a conflict of interest with this assurance work.

DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work at BG Group headquarters and at two of BG Group's operations. We undertook the following activities:

- Review of the current sustainability issues that could affect BG Group and are of interest to stakeholders
- Review of BG Group's approach to stakeholder engagement and information provided to us on its reporting and management processes relating to the Principles
- Interviews with senior management responsible for management of sustainability issues and reviews of selected evidence to support the issues discussed in relation to the Principles
- Reviews of controls around the collation of data through interviews with staff members at headquarters who are responsible for oversight and implementation of data gathering, aggregation and quality control for the disclosures included within the scope of this assurance
- Reviews and sample checks on the sustainability performance data measurement, collection and reporting processes at Group level
- Reviews of supporting evidence for key claims and data in the report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated group level
- Visits to BG Bolivia and Karachaganak Petroleum Operating B.V. in Kazakhstan to review process and systems at operational head office level for preparing sustainability data and implementation of sustainability strategy.

OPINION

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe BG Group's adherence to the Principles. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

OUR KEY OBSERVATIONS AND RECOMMENDATIONS

Without affecting our assurance opinion, our key observations and recommendations are summarised below. We have provided a confidential Management Letter containing additional detail on these observations and recommendations to BG Group management.

Materiality

The process for determining the issues that are most relevant to an organisation and its stakeholders.

We observed that BG Group has endeavoured to focus its report and KPIs on issues that represent the most material for the Group. As part of this, we have noted that data peripheral to the Group's sustainability strategy have been removed in order to provide more focused data and information.

While we welcome the new indicators in the people section for graduates, we recommend reviewing the effectiveness and design of the graduate retention indicator.



INDEPENDENT ASSURANCE STATEMENT CONTINUED

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

BG Group has well-established processes for submission and approval of data from its operations to Group level systems. We found a limited number of errors and omissions at Group level and these were corrected prior to inclusion in the Sustainability Report 2014.

We recommend that BG Group strengthens the controls in relation to participation in mandated training as part of their induction programme. For example, when we assessed the fraud and bribery e-learning, we found that only one third of new joiners from 2014 had completed this training, despite all new employees and contractors being required to complete the training within 90 days of joining. There are other mandatory e-learning courses for which we did not assess as they fell outside our assurance scope.

We also restate last year's recommendation to improve the processes for entering 'People' data from countries not using the central HR system. We also restate our recommendation from last year that BG Group improves the system for classifying safety incidents.

Responsiveness

The extent to which an organisation responds to stakeholder issues.

We understand that BG Group has seen an increase in stakeholder requests for sustainability performance information, in particular from investors and local communities. The Group's increased external visibility in several areas, including its participation in a number of external climate change initiatives, as well as a review of supporting internal documentation, has helped increase stakeholder's confidence that issues are given appropriate attention by Group management.

We have also noted BG Group's increase in targeted social investment, leading to a larger proportion of investments in the areas of STEM education, vocational training and livelihood and enterprise developments. We recognise this increase in investment in these three areas aligns with BG Group's targeted social investment strategy.

Completeness

Whether the report contains sufficient information on the material issues identified by the organisation within the defined reporting boundaries and period.

BG Group's reporting of performance including the disclosure of data is comprehensive.

We recommend that BG Group should consider reviewing the design of indicators in order to allow for meaningful comparison and analysis. In particular, we noted the removal of the regional breakdown for health and safety indicators, with only consolidated Group totals disclosed for 2014. We recommend that for the year ahead, BG Group should consider disclosing breakdowns of health and safety indicators to reflect of the Group's activities in a more representative manner.

Stakeholder inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

We observed a continuation of BG Group's response to issues raised through its 2013 stakeholder engagement and materiality review. For example, we saw a high degree of transparency in relation to social and environmental considerations in areas considered of high risk by stakeholders, including the Group's activities in Canada and Kazakhstan. We have also observed BG Group's continuing progress in communications around the areas of water and methane emissions. To keep the Group's understanding of stakeholder views current, we understand that the stakeholder engagement and materiality review will be repeated during 2015.

Neutrality

The extent to which a report provides a balanced account of an organisation's performance, delivered in a neutral tone.

BG Group reports on the challenges faced during the year throughout the report. The social performance and people sections in particular outline a number of initiatives underway or taken to address the most material challenges.

We noted the reduction in indicators related to employee diversity. Last year we observed an increased focus on diversity information, including the appointment of a new Head of Diversity and the launch of BG Group's Pride network. We restate our recommendation to consider ways to measure and report progress to further demonstrate implementation.

We note that BG Group saw an 8% rise in their greenhouse gas emissions intensity for 2014 against their five-year reduction target of 10%. We encourage the Group to continue to monitor their progress in order to meet this target in the coming years.

**For and on behalf of DNV GL Business Assurance Services
UK Limited London, UK
31 March 2015**



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