

BG GROUP plc

ANNUAL GENERAL MEETING – 15 MAY 2014

STATEMENT BY STANDARD LIFE INVESTMENTS

Mr Chairman, ladies and gentlemen.

My name is Guy Jubb. I am Head of Governance & Stewardship at Standard Life Investments. We are long-term investors and manage over 40 million shares in BG Group on behalf of our clients.

At each of the AGMs for the last 12 years we have not supported remuneration related resolutions. This year's AGM is the thirteenth year in a row we have been unsupportive, so we felt it was time - arguably overdue - to escalate our concerns, in accordance with the spirit of the UK Stewardship Code. Therefore, I have come here today to explain to the Board why we are unsupportive and to clarify expectations for the future.

The focus of our concern is the significant rewards to the executives under the long term performance share scheme, which can amount to the equivalent of 150% of salary for merely achieving TSR performance that matches the benchmark index. From our perspective, 150% of salary is a significant reward and matching the benchmark index is not challenging. Nor does it reflect exceptional performance relative to BG's competitors. Our clients do not expect us to support remuneration policies that reward participants for achieving unchallenging performance targets. And we do not expect boards to adopt policies that do so.

We have a record of engagement with the Company and our views have remained consistent. Over the last year our hopes were raised when the Remuneration Committee consulted us but they were subsequently dashed when it became clear that our concern was not going to be addressed effectively. The Board and its Remuneration Committee should be in no doubt that we are unimpressed.

Looking to the future, the proposed Remuneration Policy provides flexibility for the Remuneration Committee to use performance measures other than Total Shareholder Return (TSR), which we should welcome. Excessive focus on share price measures, such as TSR, encourages executives to manage market expectations rather than manage the business. Therefore, does the Remuneration Committee intend to use this flexibility and adopt additional performance measures over the life of the approved Policy?

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