

IRAQ

Shell and the energy industry can play an important role in boosting employment, building skills and helping communities. We are addressing our impacts such as flaring and are seeking to improve the environment surrounding our operations.

The Shell-operated Majnoon project (Shell interest 45%) in southern Iraq, produces oil from one of the largest fields in the world. At the end of 2014, production at Majnoon averaged 210,000 barrels of oil equivalent (boe) a day – more than its initial production target of 175,000 boe a day. The Iraqi government estimates that Majnoon holds around 38 billion boe.

Iraq is currently facing significant conflict and violence, particularly in the north of the country. The security and safety of our operations, employees and contractors in Iraq remains a primary concern and we have some of the industry's most experienced security people and leading security technology. We also have mitigation measures in place so that our business continues to run effectively.

FLARING

Much of the gas produced during oil production in Iraq is currently flared. We want to help reduce this and are working with our partners to capture gas to be used in power generation in Iraq. This also supports the goal of the Iraqi government to increase the use of domestic gas.

At Majnoon, in 2014, the level of associated gas flared has increased in line with production. We have projects planned to reduce this flaring over the next three years. The first commercial production gas project is currently under construction and will capture the majority of the associated gas produced that would otherwise be flared. This gas is expected to provide power for the domestic market, through the North Rumaila power station by the end of 2015.

In the south of Iraq, the Basrah Gas Company (BGC, Shell interest 44%) captures gas from oil fields operated by other companies which would otherwise be flared. In 2014, BGC has gathered, treated and processed more natural gas than in the previous year and used this for domestic power generation. The increase in gas captured in 2014 has avoided another 5 million tonnes of carbon dioxide (CO₂) equivalent from flaring. BGC is the largest flare reduction project in Iraq's history. (See [page 49](#)).

LOCAL EMPLOYMENT AND EDUCATION

There are high levels of unemployment in Iraq, particularly among young people. We employ Iraqi people in our workforce and use local contractors and suppliers where possible.

Shell created nearly 3,000 jobs for Iraqis on the Majnoon project during its construction from 2010 to 2013. Since 2010, more than 25,000 people, including employees and secondees from the government-owned South Gas Company, have attended courses at our Majnoon training centre. Courses taken range from technical and language skills training to health, safety and environment.

Our joint venture BGC has awarded close to 300 contracts and purchased 65% of its materials from Iraqi companies since May 2013. It has awarded 49% of total contracts to Iraqi or Iraq registered companies. Since 2013, BGC has conducted more than 65,000 days of training for 5,500 Iraqi employees in language competency, technology, engineering and safety.

COMMUNITY PROGRAMMES

Many Iraqis still lack basic services, including electricity, water, sanitation and healthcare. Iraq

also has a poor road safety record with road traffic accidents one of the leading causes of death. Shell works with community partners in Iraq to support efforts to tackle these issues.

We partner with the AMAR International Charitable Foundation (AMAR ICF), a charity that works in the Middle East to help communities rebuild their lives after conflict.

In 2014, AMAR ICF and Shell's health programmes continued to provide vital health services to thousands of people every month. During the year, more than 4,500 vaccinations were administered to women and children, along with services provided by mobile health clinics to reach communities in remote locations. A network of women's health volunteers in Al-Nashwa visited more than 4,000 people every month in their homes.

AMAR ICF and Shell also continued to support health education and access to clean water. During the year, we undertook more than 1,500 health education lectures in schools and the community. During the same year, 140 primary school teachers from 72 schools were trained in road safety, reaching more than 22,000 primary school pupils.

Our community programmes also focus on boosting employment. For example, in 2014, working in partnership with the United Nations Development Programme, we developed a vocational training programme for unemployed young people from Basrah. The 31 young adults were trained in carpentry, welding and plumbing and will work with Shell suppliers in Majnoon.

CULTURAL HERITAGE AND ENVIRONMENT

The Iran-Iraq war in the 1980s scarred the landscape in the Majnoon area. We work to improve the environment that surrounds our operations. This includes clearing unexploded munitions remaining from the war.

The Iran-Iraq conflict also disturbed and scattered important archaeological remains across a vast area of the Mesopotamian Delta. Shell commissioned experts from Queensland University, Australia, to conduct an archaeological survey of the Shell site at Majnoon. This involved a study of 24 sites and improved the understanding of the area's history.

The Majnoon oil field overlaps with Iraq's most important wetland area, the Mesopotamian Marshlands. This is an environment of international importance that has been severely damaged by past drainage and warfare. In partnership with Wetlands International we are working to reduce the impact of our operations on the biodiversity and ecosystems of the marshes and support restoration of these iconic wetlands.

Since 2010, more than 25,000 people have attended courses at our Majnoon training centre, Iraq.

