



Sustainability Report 2011



A JOURNEY TO  
**SUSTAINABILITY**



## **Vision**

To be an energetic Asian energy provider of quality products & services and be recognized for its fairness, professionalism, and concerns for society and environment.

## **Mission**

- To develop businesses in the fields of energy in pursuit of Asian leadership position.
- To diversify and invest in strategic businesses to enhance competitiveness.
- To provide a variety of quality products and services with commitment, reliability, and flexibility.
- To conduct business in a socially, ethically and environmentally responsible manner.
- To build sustainable value for shareholders, customers, business partners, employees, local communities, and to be a good citizen to host governments.



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## Message from Chief Executive Officer

Adhering to the belief that “an industry will be strong only when it is developed in tandem with social and environmental responsibility” and our corporate values “Banpu Spirit” enables Banpu Public Company Limited to become one of the leading energy companies in Asia. From a small coal producer in Lamphun Province, the northern part of Thailand more than 28 years ago, we are now a significant coal supplier and power producer having operation bases in six countries in the Asia-Pacific region, from 0.6 million tonnes of annual coal sales in 1989 when Banpu was initially listed on the Stock Exchange of Thailand to 39.6 million tonnes in 2011, from THB 200 million (USD 6.7 million) total revenue generated to the THB 112,404 million (USD 3,746 million).



As we grow our business through expansions, sustainable development in three dimensions which are economic, social and environmental remains a core principle for Banpu. This is shown in our sustainable development policy, focusing on balancing between operational excellence, social development, quality of life and environmental management, on the strong basis of good corporate governance. Our strategic directions have put together the target of growth and sustainability, whether it is business development, production and marketing, financial management, organizational and people management, and social responsibility. They clearly demonstrate that we have operated within the framework of sustainability since our inception.

To continue our next step achievement on the path of sustainability, the Sustainable Development Committee decided to publish the first volume of sustainability report this year. We hope that this report reflects our policy, commitment, and efforts we have dedicated in bringing sustainability in significant dimensions and will enable synergies of all stakeholders toward continuous improvement. We intend to publish sustainability report on an annual basis and to enhance scope, boundary, and quality of the report as well as our practices towards a truly sustainability and internationally recognized.

**Chanin Vongkusolkrit**  
Chief Executive Officer and  
Chairman of the Sustainable Development Committee

\* Exchange rate of THB 30 per USD

# ABOUT THIS REPORT

This sustainability report is intended to convey our message to the stakeholders, both internal and external, such as employees, contractors, local communities, customers, investment communities, business partners, government, etc. to demonstrate our policy towards sustainable management as well as our practices and performances which are reflecting through our respect of stakeholders' right, our good corporate governance, our commitment to operational excellence, strategic investment, and environmental and social responsibility.

This report is prepared in accordance with the framework of the Global Reporting Initiative (GRI) G3 Guidelines, which are internationally-accepted standard that provide all elements of sustainability with standard presentation. We are confident that this report will show our direction towards a sustainable future in a proper way with reference to our corporate governance shown through our past and present exceptional performances.









The principles and application of the GRI reporting guidelines regarding the preparation of the contents and quality of the report are being applied as follows:

## Reporting Principles for Defining Content

### Materiality

This report covers topics and indicators that reflect our significant economic, environmental, and social impacts in near term and long term that would substantively influence the assessments and decisions of the stakeholders. What consider material are based upon the expectations and concerns of stakeholders both internal and external that we have collected through various channels, our own assessment of information reflecting significant economic, environmental, and social impacts as well as topics of concern being reported by the other business entities or those in the same industry.

### Stakeholder Inclusiveness

In preparing this sustainability report, we express our accountability to stakeholders who can be significantly affected by our activities and whose actions can reasonably be expected to affect our ability to successfully implement strategies and achieve our goals of sustainability in economic, social or environmental dimensions. We place our priority on all the stakeholders who have been potentially affected by both positive and negative aspects of our operations (such as communities and shareholders) and stakeholders who have influence over or can be a driving force of our sustainability (such as government and contractors).

### Sustainability Context

In our view, sustainability of the organization cannot be achieved without sustainability of the environment and society. Business cannot grow amid the deterioration of economic, environmental, and social conditions. This report, therefore, seeks to present performance in relation to broader concepts of sustainability in economic, social and environmental development in addition to our operational performance, from the past to present as well as our preparation towards future sustainability. For example, our work on community educational development starts from developing quality of life to the opportunity to access quality education, expansion of knowledge, continuing professional education, and providing job opportunity.

### Completeness

Some indicators in this report intentionally encompass more comprehensive information than the scope sustainability reports generally present by including practices and performances of all relevant stakeholders within the supply chain in order to fully reflect the sustainability in every dimension. For example, we include safety performance of our contractors in this report.

This report also presents any significant events or activities posting impact on the Company during 2011 together with the assessment of their impacts on our sustainability journey. For example, 2011 was marked the year that our conference on occupational health, safety, environmental and community so-called HSEC Summit was held at the corporate level for the first time. In addition, we also take into account the risks that may arise after the obligations under the Kyoto Protocol which ends in the year 2012. To add completeness to this report, we also present indicators of Mining and Metals Sector Supplement of the the GRI.

## Reporting Principles for Defining Quality

### Balance

This report reflects both favourable and unfavourable aspects of our results. We avoid selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the reader to enable a reasoned assessment of our overall performance. For some information lack of clarity or may cause confusion, we chose to present it in a timely manner in the future. In addition, the report presents topics in proportion to their materiality and clearly distinguishes between factual presentation and our interpretation of information.

### Comparability

It is our intention to prepare sustainability report on an annual basis. The information presented in this report shall be updated in subsequent years on a regular basis to maintain consistency and allow stakeholders to be able to compare information reported on economic, environmental, and social performance against the our past performance, objectives, and, to the degree possible, against the performance of other organizations. Comparability is necessary for evaluating performance, for this reason, we also provide both present and historical information such as accident statistics. Besides, we also use international standard methods and tools in data collection, assumption, analysis, and presentation to ensure

that information and comparisons are both reliable and meaningful over time.

In addition, the information is presented in both quantitative dimension (such as emissions of greenhouse gas) alongside with comparative dimension (such as greenhouse gas emission rate per unit of product) to provide two-sided information as well as to allow the comparison of performance efficiency at the same time.

#### **Accuracy**

In this report, topics and indicators are expressed in many different ways, ranging from qualitative responses to detailed quantitative measurements. The characteristics that determine accuracy vary according to the nature of the information and the user of the information. For example, the accuracy of qualitative information is largely determined by the degree of clarity, detail, and balance in presentation within the appropriate boundary (such as rationale and approaches for human resource training and development). The accuracy of quantitative information, on the other hand, may depend on the specific methods used to gather, compile, and analyze data (such as Injury Frequency Rate).

#### **Timeliness**

This report is published in mid 2012 and presenting results of 2011, which are in consistent with the Company's annual performance which were published in other forms, such as the 2011 Annual Report and information contained on the website. In the coming years, we intend to publish sustainability report in conjunction with our Annual Report at a single point in time which shall be released in the first quarter of each year.

#### **Clarity**

This report presents information in a way that is understandable, accessible, and usable by our stakeholders. It is available in two languages, English and Thai. Its contents are indexed according to GRI which allows stakeholders to find the information they need quickly. Since this report is intended to be disseminated to several groups of stakeholders, use of technical terminologies are being limited to only necessary parts. Information is presented in a manner that is comprehensible to stakeholders to have a reasonable understanding of our organization and activities.

#### **Reliability**

Since the data collection process and data used in this report are part of our normal business operation (such as water

quality and air quality), they are well collected and supported by internal controls or documentation that could be reviewed by individuals other than those who prepared the report.

## **Boundary**

The contents of this report reflect our policies, practices and performances in 2011 covering operations and entities the Company has control of management including coal business in Indonesia and power business in China. However, the information of those investments either held directly and indirectly including coal business in China, power business in Thailand and power business in Laos where we do not exercise control over management but rather relying on the oversight for their Board of Directors, are not included in this report. Although we own 100% stake of Centennial Coal in Australia and Hunnu coal project in Mongolia, we are currently in the process of integration, hence, sustainability development information is not yet incorporated into this report.

Even though the boundary of this report do not extended to all of the entities aforementioned, yet it covers the significant sustainability impacts from core business units generating 71% of total revenue and hiring 70% of all employees of the Company.

## **Accessibility**

This report is being published in the form of printed and electronic media (CD and PDF document on corporate website). We have also registered this report in the database of the GRI.

## **Next Step**

We are committed to sustainability by putting our strong effort on plans, practices, implementation, and dissemination of results. This report is part of the sustainable development tasks to communicate with stakeholders our commitment and progress of the implementation. We are committed to enhance scope, boundary, and quality of the report to meet the needs of all stakeholders starting with self declaration to assessment of the report by third party and the GRI in the next occasion.



# BUSINESS & SUSTAINABILITY

## Corporate Governance for Sustainability

The Company strongly believes that the continued growth and success in almost three decades of doing business is driven primarily by good corporate governance institutionalized in our systems and processes while giving fairness to all stakeholders. With such a belief the Board of Directors of Banpu and its subsidiaries governed by adhering to the vision, mission, strategic directions and conforming to the law and regulations prescribed by the Stock Exchange, Securities and Exchange Commission, Capital Market Supervisory Board of the capital markets where Banpu and its subsidiaries are being listed, Articles of Association, and the resolutions of the shareholders' meetings while safeguarding the interests of stakeholders. The Board of Directors also intends to advance its governance to international best practices.







In recognition of our good governance, in 2011, Banpu was lauded as one of the 47 listed companies for its excellent CG scoring in 2011 CG survey of the Thai listed companies conducted by the Thai Institute of Directors (IOD) and was regarded as the 2<sup>nd</sup> best of 2011 Top 10 Most Admired Companies from the Money and Banking Magazine.

As well in 2011, PT. Indo Tambangraya Megah Tbk (ITM), a subsidiary of Banpu in of Indonesia was given the following awards;

- Top Performing Listed Company of Investor magazine
- 2011 Strategy and Performance Execution Awards “Top 10 Award Finalist” of GML Consulting & Fortune magazine
- CG Award in “Best Responsibility of the Boards” from the Indonesian Institute for Corporate Directorship (IICD) & Business Review magazine
- Corporate Governance Perception Index Award “Trusted Company” from the Indonesian Institute for Corporate Governance & SWA magazine

## Structure of the Board of Directors

Banpu’s Board of Directors governs with transparency, integrity, and actively safeguards the interests of the shareholders at present as well as future benefits. The Board plays an instrumental role in defining strategic plans, action plans, risk management and monitoring. The Board delegates its authority to the Chief Executive Officer with clear and concise authority line.

The Board of Directors, which consists of 12 members, of whom 6 are independent directors, 3 are non-executive directors and 3 are executive directors. All Board members bring with them extensive skills, knowledge and experience vital to the Company’s success. The Board of Directors has appointed three sub-committees to carry out some specific functions on their behalf namely the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee. The Chairmen of the three sub-committees and all members are non-executive directors. They make independent judgment in every matter according to the good corporate governance principles and practices. The Chairman of the Board of Directors holds no position in any sub-committee.

## Internal Control Mechanisms

The Board of Directors convenes meeting at least once a month to follow up and ensure that the Company’s and business units’ performances are in line with the target set in the annual action plan. The Board oversees a formulation and a revision of the targets and strategic direction in accordance with changing business environment. In reviewing the Company’s performance and new investments, the Board focuses its primary concern not only on financial return but also management plan for environment and community, opportunities against risk exposure as well.

The Board has delegated its authority to the Audit Committee to ensure an adequacy of corporate risk management mechanisms as well as to monitor and report the result of risk management to the Board of Directors on a quarterly basis. The Audit Committee also reviews and gives opinion on an adequacy and an appropriateness of internal controls and provides report to the Board of Directors on an annual basis.

## Ethics

Banpu’s ‘Code of Conduct’ handbook was firstly published in 2002. It has been distributed to the Company’s directors, executives, and staff for reference and practice guidelines. The guidelines set out have been applied not only in Banpu but in the companies where Banpu is a major shareholder or possesses management authority whether in Thailand or in other countries where Banpu operates as well as the countries it plans to invest in the future. In this implementation, the Company also takes into consideration the legal, economic and social conditions as well as the corporate culture of its subsidiary companies.

To effectively cultivate corporate culture and raise staff’s awareness of good corporate governance, the Company has initiated a communication campaign for employees throughout the organization such as workshops on corporate governance for the management and “CG Day” event to enhance staff awareness and encourage them to comply with the principles and practices stipulated in the Code of Conduct.

And to ensure that stakeholders' rights have been protected, the Company provides two-way communication channels for stakeholders and interested parties to lodge their opinions and/or complaints in case of unfair treatment caused by the Company. Complaint channels regarding corporate governance and business ethics for three stakeholders who are customers, shareholders and investors, and employees are being provided. Corporate Governance and Nomination Committee is assigned to oversee complaint management and is required to provide a report to the Board of Directors on a quarterly basis.

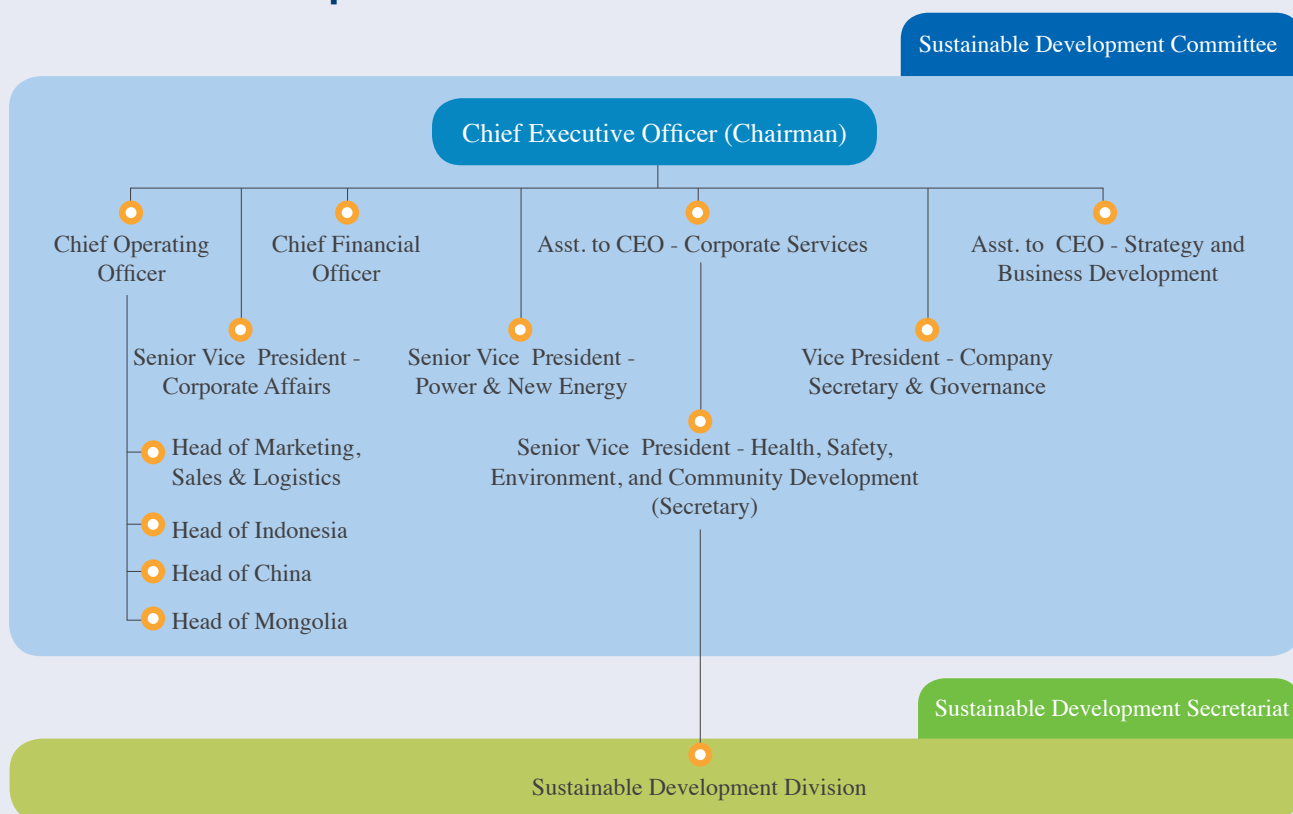
In 2008, the Company has set up a risk management framework to handle risks from fraud in order to have mechanism to accommodate the Securities and Exchange Acts and prevent damage to the Company as well as to strengthen compliance with of the Company's Corporate Governance Policy and Code of Conduct.

## Sustainable Development Governance

To ensure the substance and continuous development of sustainability, Banpu has formed Sustainable Development Committee in 2008. Chaired by the Chief Executive Officer, the Committee consists of senior executives, and heads of business units in the countries the Company has invested. The Committee performs following roles and functions;

- To determine the Company's sustainable development policy as well as other policies and management frameworks that are acceptable to the community and society in order to strengthen the competitiveness of the Company
- To track the performance of business units within Banpu group in the areas of occupational health, environment, safety, economy and society which can influence the decision making that may affect various stakeholders, thus, their trust in the Company
- To track the performance of other operations within Banpu group and ensure compliances with sustainable development policy

## Sustainable Development Governance Structure



## Stakeholder Engagement

We trust that business can be sustained only when the economic, environmental, and social drives are well balanced among stakeholders, both internal and external ones who create impacts and who may be impacted by our operation. We focus our sustainability development efforts on stakeholder engagement throughout our supply chain. Our efforts with various groups of stakeholders are shown as table below.

### Expectations and Engagement of Stakeholders

Group of Stakeholders	Expectations*	Engagement
Customers	<ul style="list-style-type: none"> <li>• Quality products at reasonable prices</li> <li>• On time delivery with the quality and volume mutually agreed</li> <li>• Other services that promote economic, social and environmental development</li> <li>• Business agreement that is fair to both parties</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction surveys</li> <li>• Channel for customers' feedback about product quality, delivery and safety aspect of product and services</li> <li>• International conferences</li> <li>• Customer visits</li> <li>• Technical support on services and product utilization to enhance product effectiveness and ensure best benefits of the customers</li> <li>• Response to customers' requests for product information disclosure or reports</li> <li>• Joint projects on environmental and social initiatives</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Respect of individuality and dignity of human beings</li> <li>• Fair compensation and welfares according to economic and social conditions</li> <li>• Safe working conditions</li> <li>• Fair treatment</li> <li>• Development of competency and skills required to effectively perform the tasks assigned and career future</li> <li>• Best effort of employees to perform their tasks</li> <li>• Commitment of employees to "Banpu Spirit"</li> </ul>	<ul style="list-style-type: none"> <li>• Internal communication within the organization such as newsletter, events, etc.</li> <li>• Annual appraisal based upon employees' performance</li> <li>• Channel for complaints</li> <li>• Employees' involvement in the management of welfare and quality of working condition, such as Welfare Committee, Occupational Health and Safety Committee, etc.</li> <li>• Employee engagement survey</li> <li>• "Banpu Spirit" behavioural survey</li> <li>• "Banpu Spirit" campaign</li> <li>• Support employees' spirit such as sports club, employee volunteer club, etc.</li> </ul>





Group of Stakeholders	Expectations*	Engagement
Contractors	<ul style="list-style-type: none"> <li>• Equal opportunity and fairness in contractor selection</li> <li>• Fair contract rates in response to the economic and social conditions</li> <li>• Safe working conditions</li> <li>• <b>Business agreement that is fair to both parties</b></li> <li>• <b>Commitment on environmental, safety and social development initiatives</b></li> </ul>	<ul style="list-style-type: none"> <li>• Fair and transparent contractor selection and evaluation process</li> <li>• Regular meetings with contractors to track and improve production, safety and environment performances</li> <li>• An annual Executive Mine Contractor Meeting to inform contractors of the Company's policies, key issues and concerns</li> <li>• Contractor Management System applied to Indonesian operations</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Return on investment in both short and long term</li> <li>• Growth and sustainability of the business</li> <li>• Transparency in business management and engagement of minor shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Annual General Meeting of Shareholders which enables shareholders to exercise their voting rights and raise their comments or questions on an equal basis</li> <li>• Annual report and others, such as SEC 56-1 report, press releases, etc</li> <li>• A channel for shareholder feedback</li> </ul>
Business Partner	<ul style="list-style-type: none"> <li>• <b>A fair return on investment for both parties</b></li> <li>• <b>An honour of the agreed commitments</b></li> </ul>	<ul style="list-style-type: none"> <li>• Subsidiaries' and associated companies' director meetings at which business partners exercise right according to their interests</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>• A fair return on loans and service fees</li> <li>• An ability to repay debt and punctual payment of the debt</li> <li>• <b>An honour of the agreed commitments</b></li> </ul>	<ul style="list-style-type: none"> <li>• Road Shows</li> <li>• Regular visits to provide updates on performance and investment status</li> </ul>

Group of Stakeholders	Expectations*	Engagement
Capital market	<ul style="list-style-type: none"> <li>• Company performance</li> <li>• Corporate governance</li> <li>• Business strategies and risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Analyst Meeting</li> <li>• Performance and investment update on events organized by capital market regulators</li> <li>• Company's Road Shows</li> <li>• Publicized Annual report and other reports</li> <li>• Exclusive interviews with the Company's executives</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Equal opportunities and fairness in the procurement process</li> <li>• Fair prices</li> <li>• Business agreement that is fair to both parties</li> <li>• An honour of the agreed commitments</li> </ul>	<ul style="list-style-type: none"> <li>• A transparent and accountable procurement process</li> <li>• On time payment policy</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Care for environment</li> <li>• Quality of life enhancement</li> <li>• Positive contributions to the economy and society while preserving local traditions</li> </ul>	<ul style="list-style-type: none"> <li>• Perception survey</li> <li>• Community visits on various occasions</li> <li>• Community development programs focusing on participation of the Company's employees, community representatives, and government agencies</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Compliances with regulatory requirements</li> <li>• Care for environment</li> <li>• Transfer of technology</li> <li>• Job creation</li> <li>• Tax payment</li> <li>• Certainty and proper timing of law enforcement</li> <li>• Fairness of laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliances with laws and timely report of such compliances</li> <li>• Payment of taxes, royalties and other fees set by the government</li> <li>• Support to governmental initiatives/activities</li> <li>• Occasional visits</li> <li>• Community development programs involved community representatives and government agencies</li> </ul>

\* Notes: The black text shows what the stakeholders expect from the Company.

The blue text shows what the Company expects from the stakeholders.

The green text shows what the stakeholders and the Company expect from each other.



## Sustainable Development Policy

Banpu Spirit provides the foundation for our approach to sustainable long term growth - management of economic, environmental and social risks and opportunities.

At Banpu, we have a strong belief in the motto that an industry will be strong only when it is developed in tandem with social and environmental responsibility, which in turn creates shareholder value at each stage of our development. This sentiment underlies our Sustainable Development Policy and commitment to be a good citizen, being committed to social responsibility, high degree of fairness, integrity and ethical standards to all parties.

In every location, we are dedicated to conducting our business responsibly, ethically and lawfully in all matters and to comply with our company standards. We put sustainable development into practice through the effective implementation of QSE management standards which identify, assess and manage risks to our people, contractors, the environment and our host communities, arising from all activities that we control or can influence.

To accomplish these goals, we:

- Minimise and responsibly manage environmental impacts, arising from our activities across the value chain.
- Set and achieve targets that promote efficient use of resources and include reducing and preventing pollution by assessing and considering ecological value and land use aspects in investment, operational and closure activities.
- Establish and maintain greenhouse gas inventory data and publicly report our emissions.

- Care for occupation health and safety of our employees and contractors by taking all practical and reasonable measures to eliminate fatalities, injuries and occupational illnesses
- Take pride in fundamental human rights and respect people of all races, nationalities, cultures and religions. We will ensure that our employees are provided with fair remuneration, fair management and opportunities for learning and professional development.
- Bring sustainable benefits to our host communities and society, we seek to understand their needs, engage in open dialogue to build trust, and take their views and concerns into account in our decision making.
- Operate efficiently and profitably by maximising revenue, minimising costs and investing to achieve long-term growth and value creation.
- Conduct or support research and innovation that promotes the use of our products and technologies that are safe, environmentally sound and efficient in their use.

In implementing this policy, we establish measurable indicators to monitor and review our environmental, health, safety and social responsibility performance, and use these to set goals for continuous improvement.

This commitment will be achieved through environmental, health, safety and social responsibility accountabilities and leadership in all levels of management.

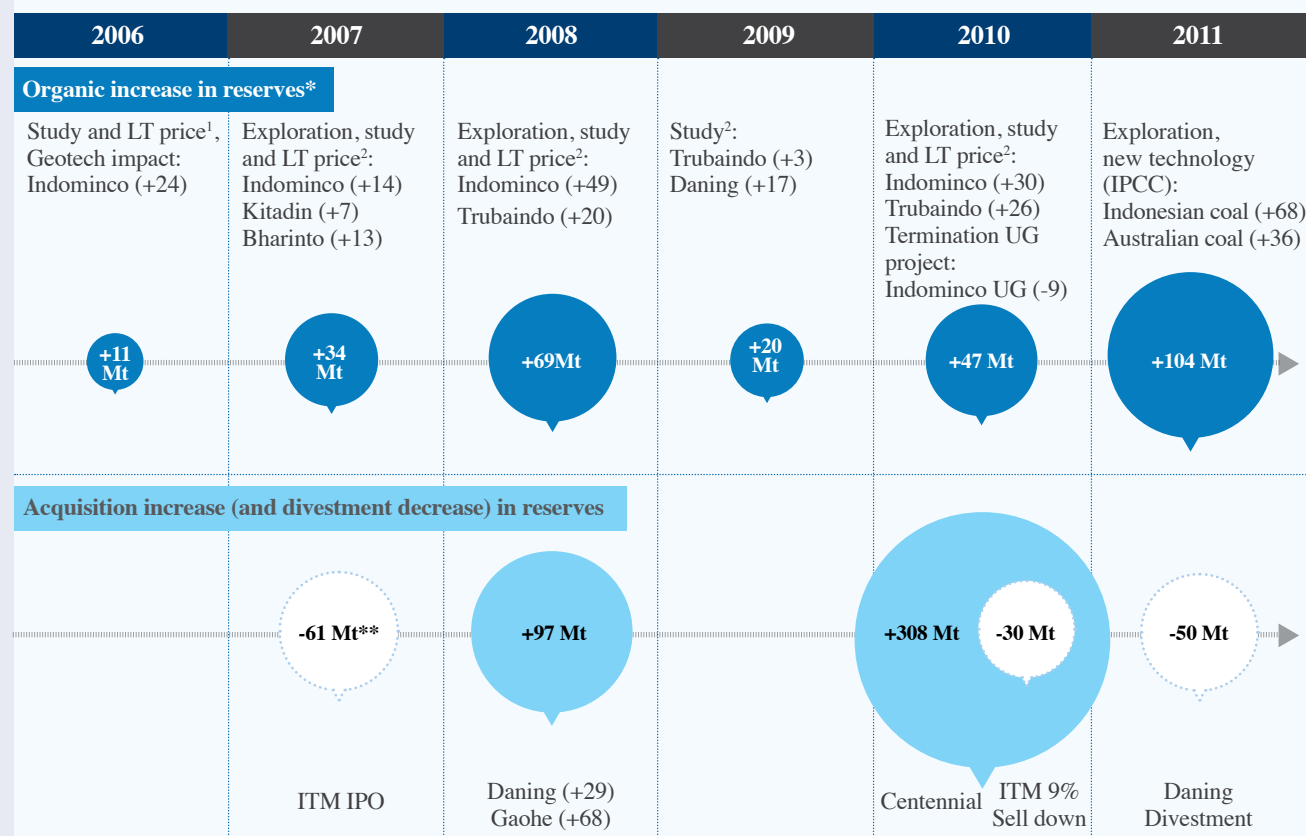


## Strategies for Sustainability

The Company has woven sustainable development into its fiber for future business growth. As it is Banpu's priority to create balance between the business growth and the development of the community, society and environment, the Company's strategies are, therefore, stressed upon value creation for all stakeholders. It is true that coal is a resource of non-renewable nature. However, if we use it with care and concerns for its effects on economy, society and environment, coal can become a primary fuel that ensures energy stability driving world economic growth. Based on this concept, Banpu's

current strategic plan, hence, aims to achieve the followings: production capacity increase, growing coal reserves, improving cost effectiveness, finding new business opportunities through merging and acquisition, risk management development and strengthening the "Key Enablers" that are essential to our business success. By conducting business as per these strategies, the Company has continually grown its coal reserves in numbers and has significantly added values to its shareholders as a result.

### Growth in Banpu's Coal Reserves (Equity Basis)



\* Not including the effect of sales depletion

\*\*Excludes divestment of Barasentosa

Note<sup>1</sup>: ITM 100% Note<sup>2</sup>: ITM 74%

## Strategy for “Existing Operations”

Banpu realizes that its core business in coal production can have profound impact to its employees and surrounding communities. Therefore, our effort to increase production capacity not only means more coal outputs but also signifies adding ability to produce and deliver quality products in the agreed quantity and under controlled operating environment that is closely monitored. This is to keep the risk as low as possible and to ensure that our business activities will not be interrupted or affected by occupational health, safety, environment and community factors. Hence, the production management that strictly adheres to occupational health, safety and environmental laws as well as community’s involvement and accessibility are keys to the Company’s sustainability in this area.

## Strategy for “Organic Growth”

Banpu is aware that business value adding from the existing assets is very important. We aim to achieve it by means of increasing capacity (through new technology or production process), growing coal reserves from existing resources (for instance, better accuracy of exploration drilling information), and managing costs efficiently. At the same time, we keep in mind major risks associated with activities as follow:

- Different occupational health and safety risks from an increase in activity or a change in work process
- Risks from environmental and community impacts
- Effects on environment from coal mining and exploration drillings

In carrying out all measures mentioned above, the Company focuses on achieving efficiency in a “beyond” compliance i.e. not just to comply with applicable rules and regulations but our policy also aims to achieve better result than law compliance alone. Moreover, before making a decision on any investment, our Investment Committee takes into consideration natural resources conservation and work effectiveness. These factors, in turn, are used as guidelines for managing a project and other relevant activities such as risk management, internal control, etc.

## Strategy for “Inorganic Growth” (Merger & Acquisition)

Strong management in occupational health, safety, environment and community development is one of the major factors Banpu takes into consideration when assessing a new asset investment. This means the management approach of that particular business must be fit into Banpu existing sustainable development framework. However, if that is not the case, the improving of management method is one of the major priorities during the management integration process following the acquisition.

## Strategy for the “Key Enablers”

Apart from factors that are quantifiable, Banpu also considers qualitative factors that lead to long-term success. It is undeniable that management for sustainability falls into the latter category which also includes:

- Financial management, including better management of sources of funds
- Customer-focus management approach
- Standardization of key process
- Transaction expertise
- “Right” people with strong leadership based on the “Banpu Spirit”
- Executions under sustainable development framework that take occupational health, safety, environment and community development issues to such levels that will help drive the Company in the long run
- Dynamic business model that excels on flexible organization structure and appropriate management in each business unit



# Map of Operations





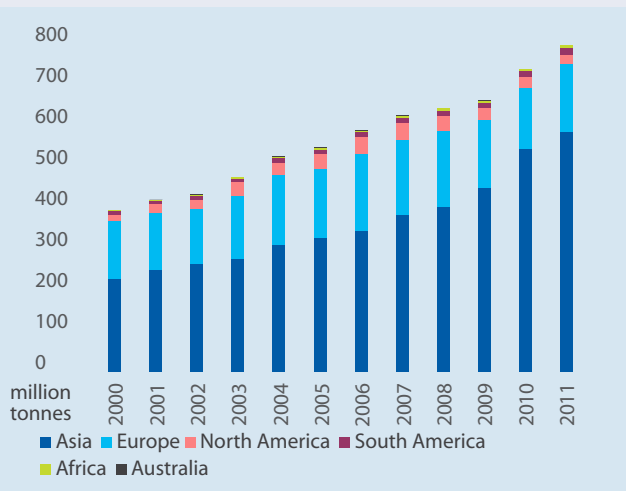
# Products and Services

## Coal Business

### Coal Market Situation

Coal is a natural resource whose reserves can be found in many countries across the globe. World coal reserves are much larger in quantity than those of oil and natural gas. This fact makes coal a primary fuel that ensures energy stability for mankind. Coal uses can be classified into two main categories: coal as fuel (also known as steam coal or thermal coal) and coking coal. Thermal coal makes up for a bigger market between the two since it is commonly used as raw material in power plants for its price is the cheapest compared to other commercial fuels. At present, almost all coal products from Banpu are sold in the thermal coal market whose growth is steadily on the rise. Although, during the past 10 years there have been many economic crises, the demand for import coal still grows at 6.6% annually on average.

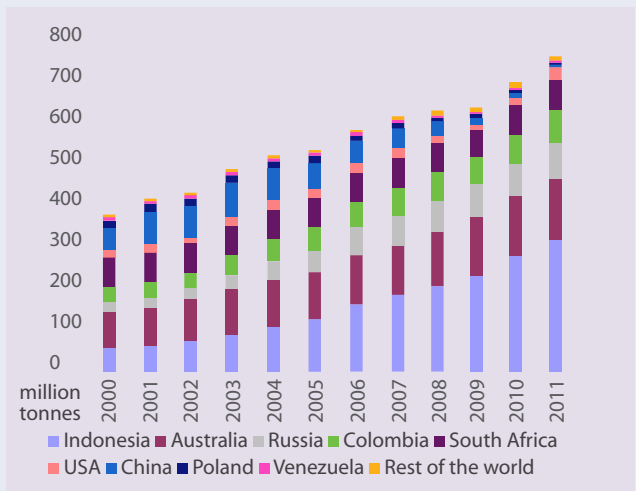
Historical of World Seaborne Thermal Coal Import



Source: Wood Mackenzie and Marketing, Sales & Logistics Analyst, Banpu

The entire world’s coal import in 2011 totaled 752 million tonnes, an increase of 8% from previous year. An approximate of 70% of the increased demand came from the Asian market, especially China and India. The earthquakes and tsunami that hit Japan in March 2011 caused great damages to several nuclear and coal-fired power plants in the north-eastern region of Japan and, in turn, led to a slight decrease in coal demand of the country. In the second half of 2011, India’s coal import slowed down from decelerating economic growth, a weakening of Rupee and an increase in hydroelectric generation following higher intensity of

Historical of World Seaborne Thermal Coal Export



Source: Wood Mackenzie and Marketing, Sales & Logistics Analyst, Banpu

rainfall. Nevertheless, India’s overall coal imports in 2011 rose considerably compared to the previous year. Coupled with a steady growth in coal demands from South Korea and Taiwan, imports into the Asian coal market were bullish. For the European market, 2011’s coal demand fared higher than that of the previous year despite the public debt crisis. That is because natural gas price in Europe hovered high all through the year; therefore, it is more profitable to run a coal-fired power plant instead of a gas kind. It is also expected that coal demand from Europe will increase 13% from last year.

Our coal production and export also increased, especially from our major production base, Indonesia, whose coal export quantity rose 17.4% a year on average during the past 10 years and has become world's number one thermal coal exporter since 2005. Last year, there were 740 million tonnes of coals exported from all over the world, a 9.3% increase from the previous year. Despite heavy rainfalls in Queensland, Australia in early 2011 which affected coal production of the country, Indonesia, on the other hand, exported much more than last year due to scarcity of rainfall which was a plus for coal production. However, the increased output from Indonesia was mostly of low rank coal. This inevitably led to the oversupply of low quality coal during the second half of 2011.

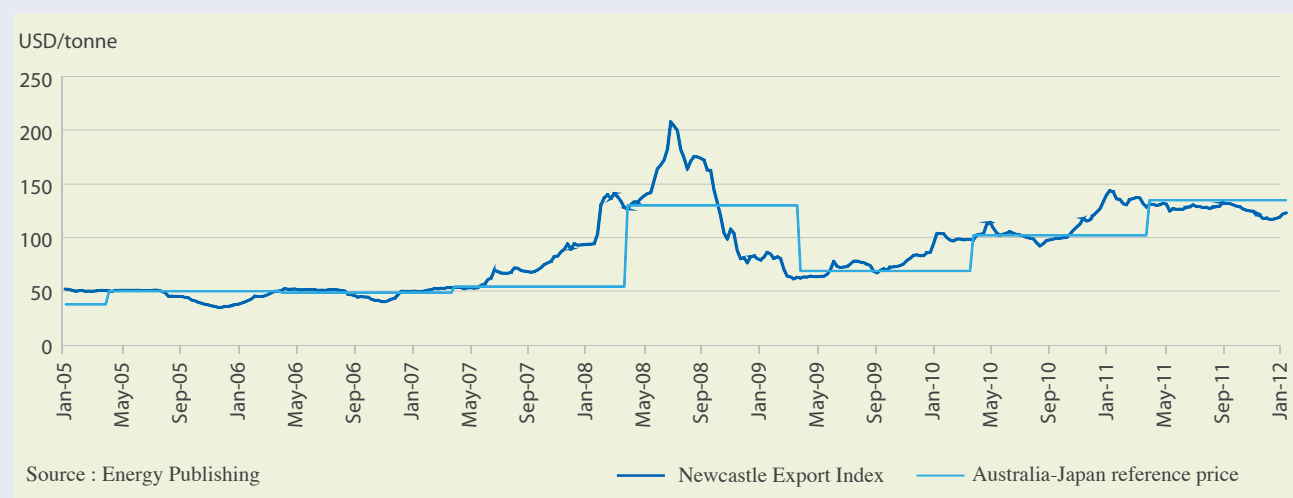
The world market's coal prices rapidly shot up in 2008 thanks to the soaring coal demand. Coupled with natural disastrous events in many parts of the world that prevented coal production from running at full capacity, coal prices reached a new high in mid-2008 before dropping dramatically at the end of the same year due to the global financial crisis. Later on, the prices continued to pick up following the economic recovery.

In early 2011, coal prices hovered at a high level as supply for high rank coal was tight. Since there was heavy rainfall in Queensland, the prices, therefore, remained high all through the first quarter of the year. When buyers from China and

India postponed their coal purchases, coal prices began to decrease as there was no major purchaser in the market. In late 2011, the Chinese government imposed a coal price regulation policy, capping the domestic selling price at RMB800 per tonne. Effective 1 January 2012, the price control measure, intended to curb inflation, brought down the domestic coal prices to the similar level witnessed in late 2011 and caused a price fall in the overseas market. However, despite the price decrease in the second half of the year, 2011 coal prices remained high especially for high quality coal.

Nowadays, coal is regarded more as a commodity; therefore, its prices inevitably relate to economic situation. However, as supply for high rank coal is still tight, coal prices of this kind remain floating at a high level. This means good news to Banpu since most of our coals are in the high rank market. The use of financial instruments such as coal forward and swap helps reduce the price volatility risk. In addition, the Company has developed an internal coal market information system that connects to the internet, enabling overseas units to access information and to respond to a customer's needs in a timely and appropriate manner as sales and production models of short and medium term are constantly adjusted. Moreover, from closely monitoring and assessing coal market's situation as well as its price trend, the Company is able to select the right time to settle a price with its contracted customers, and to adjust sales proportion between fixed and index linked prices as per market condition at the time.

### Thermal Coal Export Price FOB Newcastle



## Banpu's Coal Products

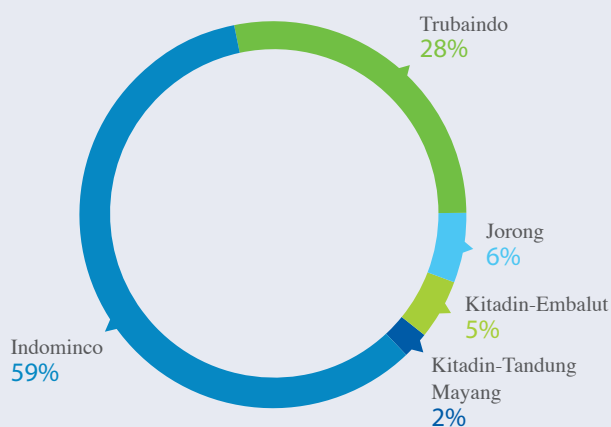
Banpu owns many coal mines in different locations; the quality of coals produced, therefore, varies according to its source. The Company, in certain occasions, blends coals from several sources to match the quality specified by an individual customer.

Coal production volume from Banpu's Indonesian operations in 2011 are as follows:

**Coal Production Volume in Indonesia in 2011**

Coal Mine	Production Volume (thousand tonnes)
Indominco	14,765
Trubaindo	7,053
Jorong	1,426
Kitadin-Embalut	1,276
Kitadin-Tandung	436
Mayang	

**Percentage of 2011 Coal Production from Indonesian Operations**



Coal products from Banpu can be categorized as per quality into five main variants as follows:

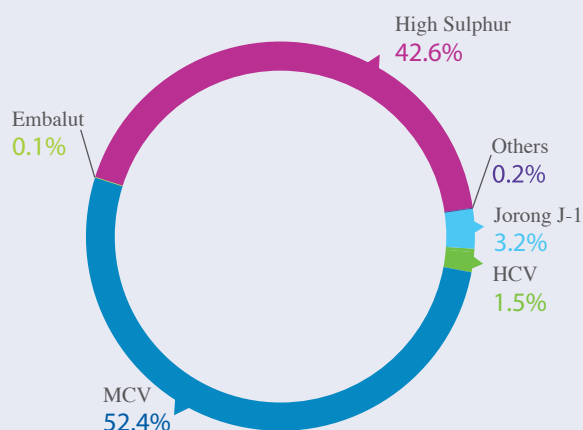
- **HCV (High Calorific Value)** is the highest quality variant from Banpu's Indonesian operations. It is also regarded as considerably high quality coal in the international coal market. Produced from Trubaindo Mine, HCV has high heating value with low ash and moisture property and in high market demand.

- **MCV (Medium Calorific Value)** is of a high rank kind and Banpu's main product. Last year, MCV accounted for 52% of sales of the Company's Indonesian produced coals. Bontang MCV, produced at Indominco Mine, is Banpu's primary product and well known among customers in the power and cement industrial markets.
- **High Sulphur** is a high sulphur coal and normally used in cement factories and power plants that are equipped with effective sulphur capture system.
- **Jorong J-1** is a sub-bituminous coal with high moisture and low heating value yet remarkably low ash and sulphur content. This product is from Jorong Mine.
- **Embalut** is a high rank coal with ultra low sulphur. It is produced from Kitadin-Embalut Mine.

**Coal Sales Volume (by Product Quality)**

Order	Product Variant	Sales Volume (tonne)	
		2010	2011
1	MCV	13,363,399	12,960,218
2	High Sulphur	7,418,724	10,542,057
3	Jorong J-1	777,476	782,436
4	HCV	464,132	365,878
5	Embalut	139,247	26,400
6	Others	145,748	60,981
	Total	22,308,726	24,737,970

**Percentage of 2011 Sales Volume (by Product Quality)**



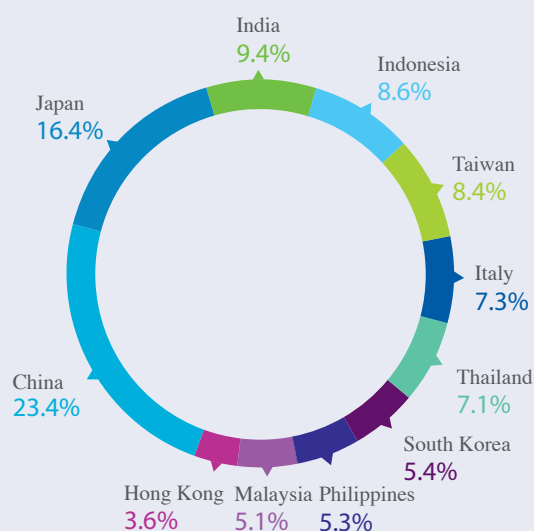
## Customer Profile

Banpu's primary customers are large scale operators of coal-fired power plants in various countries, namely Japan, South Korea, Taiwan, China, Malaysia, the Philippines, Indonesia and several European countries, who require delivery stability from their supplier. The Company focuses its sales efforts specifically on this segment as large power plants not only possess a proper environmental management system but also are under strict governmental regulations. These reasons ensure us that their uses of Banpu's products will be in compliance with each country's regulations and, therefore, will cause the least effect possible on environment and community. Moreover, the Company also sells coals to the cement industry, whose production activities cause low environmental effects. This is because certain materials used in producing cement will capture and lock polluted chemicals inside of the cement product.

**Coal Sales Volume (by Country)**

Order	Country	Sales Volume (tonne)	
		2010	2011
1	China	6,284,444	5,776,864
2	Japan	4,532,173	4,053,761
3	India	863,403	2,324,976
4	Indonesia	712,651	2,134,391
5	Taiwan	2,450,011	2,088,526
6	Italy	1,754,193	1,812,472
7	Thailand	1,692,776	1,765,252
8	South Korea	1,783,312	1,328,739
9	Philippines	1,117,970	1,307,310
10	Malaysia	1,117,791	1,265,159
11	Hong Kong	0	880,520
	<b>Total</b>	<b>22,308,724</b>	<b>24,737,970</b>

**Percentage of 2011 Sales Volume (by Country)**



Source: Banpu's Marketing, Sales & Logistics

Banpu always strives to add more satisfaction for customers. In 2010, the Company conducted a customer satisfaction survey via a questionnaire that covered all aspects of Banpu's products and services. This questionnaire was sent to executives of our major customers in every region. The response rate was 71% of all coal transactions occurred in 2010. In addition, one-on-one customer interviews were done to ensure better accuracy of the survey results.

This research revealed that the Company scored 78.74% on the customer satisfaction subject, which means a high level of customer satisfaction especially in the corporate reputation area that covers customers' confidence regarding company's response to their needs, after-sales services, business transparency, compliance with relevant laws, care for environment, etc.

Apart from customer satisfaction, Banpu also insists on customer privacy. We put great care into protecting customers' confidential information from loss, theft, misuse as well as unauthorized disclosure, modification and destruction. Our track records have proven that there was no complaint ever received regarding the mentioned issues.



Furthermore, our marketing team frequently visits customers to maintain good relationship. Communications with customers are regularly done via the use of emails, faxes or telephone calls. The Company also invites customers to visit an operation so that customers will understand Banpu's production process, quality control and environmental management, which will eventually lead to higher confidence in product quality of the Company.

Banpu also organizes Board visits, events when Banpu's Board makes a trip to meet with a customer's management board to strengthen the relationship between the two firms further.

Quarterly, the Company sends out operational results and highlights on Banpu's various operational developments to all major customers, agents and stakeholders in each country to give them confidence that Banpu is capable of producing and delivering coal as per its promises.

## Responsibility for Coal Products

It is Banpu's policy to manufacture safe products for users. The Company commissions a Customer Relationship Management (CRM) unit, combining staff from various departments namely marketing, production and logistics, to carry out quality control prior to each product delivery. With the unit's focus on Product Liability Prevention, our product safety starts from safe mine planning, safe production planning and operation, safe logistics and storage, as-per-customer's-agreement product quality to monitoring for any effect on environment and community in every step of the operation. Although it is unnecessary for product of this nature to have a packaging or label, the Company has prepared a Material Safety Data Sheet (MSDS) if required by a customer. As of now, there is no report on harms caused by using the Company's products.

The CRM unit has also developed the coal quality forecast software to arm the team with advance knowledge and lead time for any adjustment in case the output quality deviates from the requirement. This way, a customer can be assured that the quality of the delivered product will match its requirement.

Moreover, Banpu has built a central laboratory at its main port in Indonesia and commissions an independent superintending company to work at this facility. Coal quality assessment reports released from this laboratory are, therefore, credible and fast, allowing Banpu to manage its Product Liability Prevention with efficiency.





## Products and Services

### Power Business

### China's Power Business Market Situation

The China's power industry has been growing consistently thanks to the country's economic expansion in both industrial and domestic consumption sectors. Electricity consumption growth rates of China are as follow:

#### Growth Rate of Electricity Demand in China

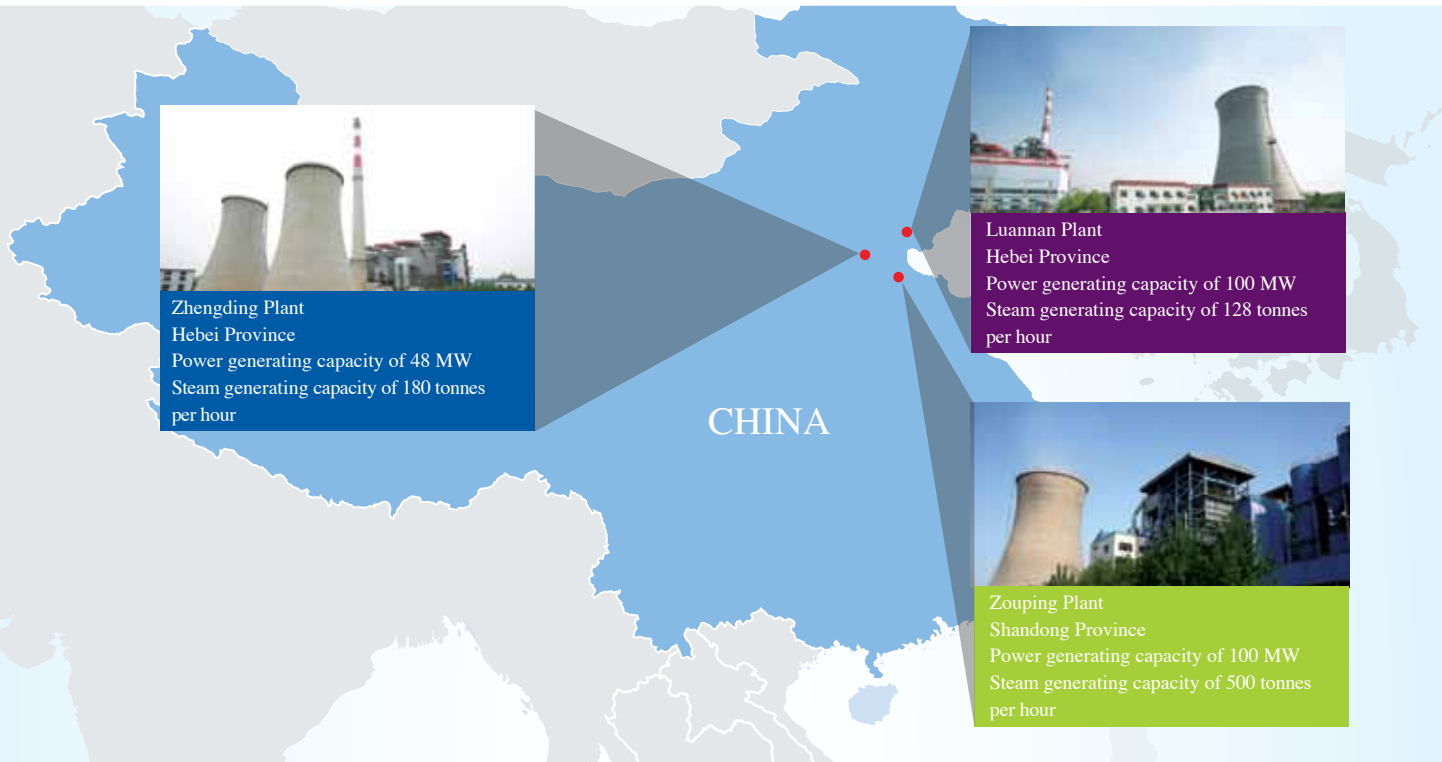
	Unit	2011	2010	2009
Growth rate of total consumption	%	11.7	16.0	6.0
Growth rate of industrial sector consumption	%	11.9	17.0	4.2
Total production capacity	MW	1,055,760	941,372	874,073

Due to effects on air quality from the industrial sector, the Chinese government has laid several stringent policies on energy efficiency and pollution control. Nevertheless, since Banpu's combined heat and power plants possess higher efficiency and better pollution control, they receive more supports from the Chinese government as a result. The list of extra benefits includes guaranteed power purchase agreement from local power authorities and an exclusive right to sell steam and heat distribution in designated districts.

Furthermore, Banpu administers its business to be in line with market opportunities. That is to say in winter time when demand for steam is high; Banpu dedicates its full capacity to producing and distributing electricity and steam. During other times when the need for both power and steam is low, we would shift our focus to production efficiency to reduce production costs. This strategy allows the Company to manage its costs and sales effectively. The competitiveness is also attained through the achievement of production and sales targets.

## Products and Customers of Power Business

At present, Banpu operates in three combined heat and power plants located in northern China, with total capacity of 248 MW of electricity and 808 tonnes per hour of steam. The details are as follows:



Main products from these combined heat and power plants are electricity and heat. The latter is distributed in the forms of steam and hot water for industrial and household customers.

The Company pays close attention to quality of the products as well as services. Readiness and stability in the production and sales of both power and steam is our key to customer satisfaction. Maintaining good customer relationship through honesty and mutual benefits makes Banpu win trust and confidence from the customers. In addition, contracts signed with industrial steam customers allow us to adjust selling price in case fuel price exceeds the value stated in the contract. This helps the Company better manage increasing fuel costs.

In conducting business with electricity customers in the government sector, building relationship with a local authority based on alliance and mutual benefits is a key to success. At the same time, it is essential, when providing basic public utility (power and heat) to a local community, that the Company must create the sense of confidence and equality among its customers. That is why Banpu always supports community activities. By doing so, the Company is able to receive assistance, in the form of monetary support or approval for steam price increase, from a local authority when affected by an external factor. Furthermore, engaging in community activities has given Banpu opportunities to be recognized by both government sector and communities as role model business in various localities.





# OUR EMPLOYEES

## HR Management

### Our Employees

Banpu is currently one of leading companies in the Asia - Pacific with over 6,000 employees working in six countries. The integration of people who come from different backgrounds and cultures and the preparation of human resources both in terms of quality and quantity to keep pace with the growth of the organization pose a major challenge for the Company. Human resources management is therefore one of our primary focus. Rapid expansion of mining and energy industry over the last several years has resulted in a tight labour market in technical and engineering fields. Our efforts are being placed on the human resource management in parallel with human resource development. In the meantime, adhering to international best practices in human resource management, we respect employees' rights, provide them with equitable treatment as well as put effort on enhancing their satisfaction of work.





**Number of employees in the countries Banpu has been operating\* as of December 31, 2011.**

	Thailand	Indonesia	China	Total
No. of employees (persons)	430	3,233	919	4,582
No. of employees (%)	9.38	70.56	20.06	100.00
<b>No. of employees by types of employment</b>				
Permanent employees	430	2,516	830	3,776
Contract employees	0	624	69	693
Daily workers	0	93	20	113
<b>No. of employees by job level</b>				
Senior management	24	9	0	33 (0.72%)
Middle management	138	89	50	227 (6.04%)
Junior management	121	172	122	415 (9.06%)
Staff and supervisors	147	2,963	747	3,857(84.18%)
<b>Turnover Ratio</b>				
2010 (%)	3.54	4.69	7.35	
2011 (%)	5.34	4.23	7.89	

\*Note: Employees in Australia, Mongolia and Laos are excluded.

## Bring Diverse Background and Cultural Differences into One

In order to bring a unity of employees with different religious, ethnic and cultural background, Banpu has developed professional human resource management system which helps foster a unique corporate culture so-called “Banpu Spirit”. The Spirit has brought about employee unity, encouraged our employees to treat each other appropriately, think creatively and contribute continually for corporate development.

In managing its human resources, Banpu has adopted international human resource management philosophy under three main principles which are

- Equitability Principle
- Performance-based Principle
- Competency-based Principle

### Equitability

Equitability emphasizes on the recruitment of the most capable and competent candidates and rewarding them in a way which is seen as internally fair and externally competitive.

### Performance-based

All staff participate in the performance management system, which entails the setting of agreed business goals, monitoring and evaluating assigned task in a way that is intrinsically linked to compensation and annual bonus payment.

### Competency-based

With our belief that every individual’s capability can be developed and enhanced, Banpu support and provide opportunity for every employee to maximize his or her professional growth through various types of development including self development, on-the-job training, coaching, training, and job rotation. Employee competency is in the meantime a foundation of executive succession planning which brings long-term sustainability to the organization.



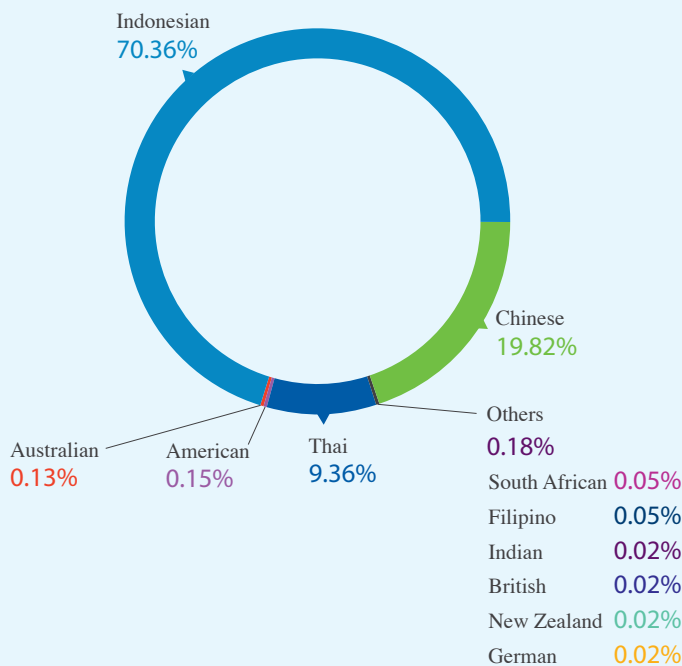
## Human Resources Management

We are exquisitely aware that our growth and success comes primarily from the superior effort, capability, and appropriate behaviour of our staffs. We therefore provide equal opportunity to everyone, regardless of race, nationality, language or gender. We believe strongly in our vision, strategic goals and the strong solidarity of bonding.

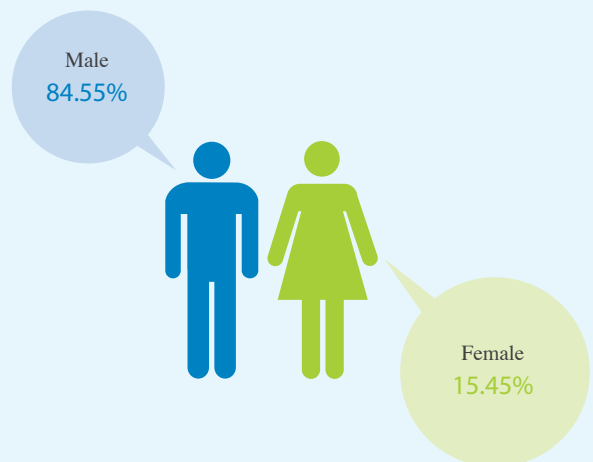
### Employee Recruitment

Our employee selection process is designed in accordance with our corporate culture “Banpu Spirit” which is fair and gives all candidates equal opportunity regardless of race, ethnicity, language, religion and gender. At present we have more than 10 nationalities of employees, and the proportion of female employees higher than 15% is relatively high for mining and energy industry.

#### Percentage of Employee (by Nationality)



#### Percentage of Employee (by Gender)



At Banpu, we focus on capability, competency as well as behavior of employees. We give top priority to human resources selection process to ensure that candidates appreciate similar values in consistent with Banpu Spirit. We have developed an electronic testing system as well as an approach for interviewer to be able to identify characteristics of the candidates according to Banpu Spirit values.

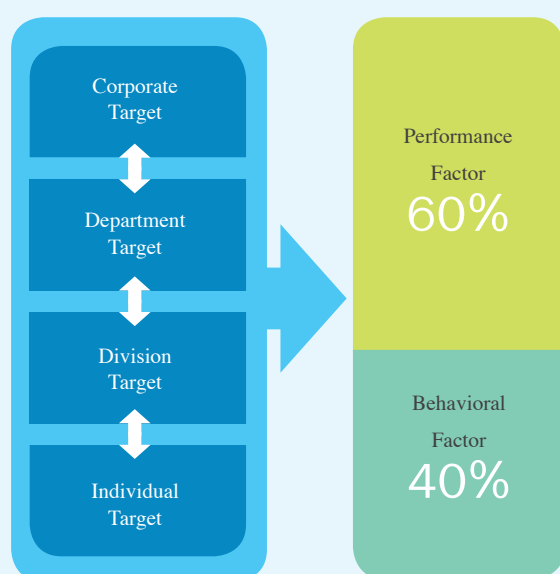
In terms of competency-based dimension, the Company looks for candidates who meet the requirements of the job. We conduct competency-based interview where Human resources representative also joins head of respective department in every job interview. The interviewer must prepare the detailed job description in order that candidate has a clear picture of his or roles and responsibilities.



## Performance Management

Through our Performance Management System which is being deployed on top-down basis, each staff is involved in setting up aligned functional plans while the assignment of work is delegated through agreed individual and team Key Performance Indicators (KPI) which are evaluated periodically. Individual performance factor is accounted for 60% while behavioural factor is accounted for 40% of total performance score.

### Criteria for Performance Evaluation



## Compensation

Banpu believes in paying for performance. The compensation structure is designed to be internally fair and competitive with the market. In line with good corporate governance principles, we have adopted internationally-accepted compensation practice and appointed Compensation Committee and Job Grading Committee emphasizing on transparency and fairness.

Job Grade is assigned systematically to each position by considering the complexity of the task and the scope of responsibility. The remuneration structure is competitive compared with the market. Salary survey has been periodically conducted and salary base is being adjusted accordingly to reflect the market rate as well as consumer price index (CPI) and the economic condition.

## Corporate Values “Banpu Spirit”

Banpu has institutionalize corporate shared values namely “Banpu Spirit” as a way of working together and living together for employees in Thailand as well as other countries since 2004.

The Company has undergone an exercise to identify the shared values and attributes that characterize Banpu’s corporate culture, that have led the Company to success in the past – and which are likely to lead to future success. It is the spirit that leads our people to work smart and behave smart at the same time.

We believe that all Banpu employees collectively contribute to Banpu Spirit cultivation. Organization Development Committee which comprises the Chief Executive Officer and top management in each business group play an important role in driving and supporting the development of our corporate shared values “Banpu Spirit”. Led by Human Resources Department, a group of employee called ‘Banpu Spirit Change Leader or BCL’ volunteers to mobilize the culture development activities.



## BANPU *spirit*

### Innovation

Banpu people aim for continuous improvement. They seek wisdom. They take initiative and are proactive. They are flexible and adaptive to change. They aim to think 'out of the box' and to think ahead. Banpu people confront new challenges with courage. Through this approach, Banpu people create an environment and culture of **'innovation'**.

### Integrity

Banpu people behave in an ethical, honest and transparent manner. They are trustworthy and honour commitments. They are disciplined and persistent. They have **'integrity'**.

### Care

Banpu people are open, humane, warm and friendly. They are respectful and empathetic with each other and extend the same consideration to external stakeholders and counterparties. They **'care'**.

### Synergy

Banpu people strive for 'win-win' solutions. They seek collaboration and teamwork. They are fair. They develop strong networks. In good SPIRIT, they seek **'synergy'** in all that they do.

## Planning for Growth

We believe that human capital is a core to our phenomenal growth and the past success as well as future success. To effectively accommodate our growth target, it will take not only quantity of people but quality alike.

### Human Resources Development

We believe that human resources development is a key success factor of organization's business target achievement and is also a key element in career growth of employees. It is our policy to allocate a budget at a proportion of not less than 5% of total salary for employee development. The estimated total amount is more than USD 1.6 million in 2011. All of our employees

are given the opportunity to develop themselves through in-house trainings and other trainings, conferences or seminars organized externally based upon learning and development framework and roadmap defined.

Human resources development starts with performance appraisal as part of Performance Management System and Competency Management System which allows employees to participate and take responsibility in their own assessment, define the areas of their interests while management is responsible for guiding to ensure the aligned benefits to employees, department and organization, respectively.



Learning and Development Framework and Roadmap helps define the pattern of learning and development of employees based upon their roles and responsibilities which can be classified into two major groups which are management and specialist. The frameworks comprise the following programs.

#### Detail of BANPU Leadership Program

Program	Target Employees	Year Commenced	No. of Participants
BANPU Senior Leadership Development Program	Senior Vice President and upper	2009	7
BANPU Leadership Development Program	Vice President	2006	10-12
BANPU Manager Development Program	Division Manager	2009	20

- **BANPU Leadership Program:** a program to promote leadership for management at entry level to top level of every office including that in Indonesia and China.
- **BANPU Foundation and Managerial Skills:** a course focusing on people management and work administration which is the basis for the management in the staff to manager levels as well as specialists.
- **Technical or Professional Program:** the program tailored to the specific needs of management in the staff level to managers and specialists, most of which are outside trainings. However, we design internal training programs for the areas that are essential to the organization which are technical, including mining engineering, geotechnical and geological engineering, and other professionals including finance, information technology, legal, human resources etc.
- **Rotation Program:** a mechanism to promote the career growth of employees which allow employees to tab on a range of experience and a broader knowledge.
- **Coaching Program:** a program by which our executives have been trained one-on-one with a number of consultants. The executives then receive comments and advices on self-improvement, develop their skills, and bring back new idea to the organization.
- **Short Courses:** training programs that meet the needs of middle to top management level.
- **Further Education:** scholarships granted to specialists and management from the division manager level and upper to enhance the degree and experience based upon the defined qualification. Initiated in 1994, the program has been carried until present with the accumulated candidates shown in table below.

#### Number of Employees Granted Scholarship

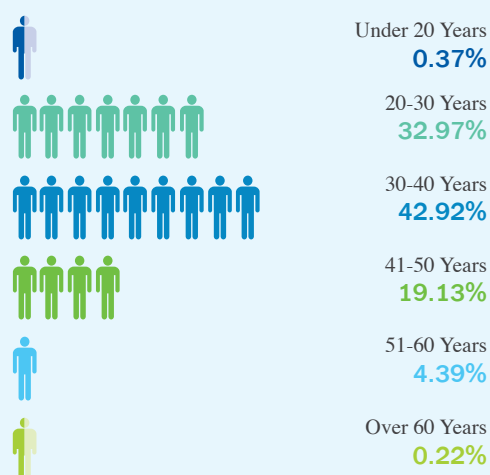
Degree Program	No. of Employees Granted Scholarship
Business Management	23
Engineering	3
Diploma	2
Others	6

#### Workforce Management

To lay out a foundation of human capital for future growth, Banpu has initiated a scholarship program where the scholarships are being granted to students in mining engineering, geology and geotechnical annually. Together with the scholarship, we provide internship opportunities in our operating locations. Not only this helps the Company fill its pipeline of key professions, it contributes to the enhancement of the standard of education in the country as well as industrial exposure for students.

In addition, to facilitate business continuity and accommodate future growth, the Company has laid out an executive succession plan for positions that are critical to the business as well as the positions of employees who are approaching a retirement in order to prepare employees to be ready to step into new job or a higher position. Our Individual Development Plan has been put in place strategically and systematically, hence, employees in each age range are well distributed.

#### Percentage of Employee (by Age Group)



In conducting succession plan, the Company has established Succession Plan Committee (SPC) to determine the policy,

positions required, selecting successor candidates, and define training and development plans for individual (Individual Development Plan: IDP), monitor and evaluate the results as well as appoint the successors.

## Employees' Rights and Welfare Protection

It is our policy to respect and comply with local laws, regulations and traditions of every place we conduct our business. We intend to treat employees with respect for dignity of human beings.

The Company provides employees at all levels with accurate and adequate information in relation to them to bring mutual understanding, and to strengthen a good relationship between the Company and employees through proper communication channels, including through the labor unions where applicable. In such case, a meeting between the Company and the union representatives is held on a quarterly basis. As a result, there were no complaints; neither strikes in the past year.

Currently, there are eight labor unions at mine sites in Indonesia whose members are more than 1,800 employees.

#### Labor Unions in Indonesia Coal Mines

Union	Site	No. of Members	Total No. of Employees	%
Serikat Pekerja KEP PT.Kitadin	Kitadin-Embalut	155	163	95.09
Serikat Pekerja Tandung Mayang	Kitadin-Tandung Mayang	155	1,053	53.37
PK FPE SBSI	Kitadin-Tandung Mayang	214		
Serikat Pekerja Keadilan	Kitadin-Tandung Mayang	193		
Serikat Pekerja Indominco Mandiri	Indominco	200	727	70.15
Serikat Buruh Sejahtera Indonesia	Indominco	310		
Serikat Pekerja PUK SP KEP SPSI – JBG	Jorong	210	246	85.37
Serikat Pekerja Trubaindo	Trubaindo	410	672	61.01

## Care for Employees: Happy Workplace\*

### Work from Home

Given a bad traffic condition in central Bangkok, much of time and expense was wasted. We have put an investment in information technology that allow a virtual work station, allowing Bangkok employees to work from home where they can spend more quality time with their family. We allow employees to work from home as many as three days per month.



### Flexible Working Hours

Recognizing the differences in employees' family lifestyles, Banpu has introduced a flexible working hour program where employees can manage working hours on their own. There are as many as five options open to staff per day.

### Health Concern Promotion

Apart from providing an annual physical check up by employees' age range, Banpu encourages employees to stay healthy. We provide a fitness facility (Exercise Room) within the office as well as promote the sport clubs in response to the interests of each employee, including futsal, tennis, golf, badminton, aerobics, yoga, etc.



\* These programs are held only at Bangkok Office.





## Occupational Health and Safety (OHS)

### The Challenge

Mining and power are high-risk industries, where the well-being and safety of people are a priority. Having said that, the Company does not consider Occupational Health and Safety (OHS) as threats or challenges but perceive it as one of key enablers for organization's growth and sustainability accomplishment. With better OHS management, the Company strives for achieving better sustainable development performances in terms of

- Higher productivity through operational reliability and contractor performance,
- Higher people engagement through employees' morale and embedded Company's value,
- Higher recognition and trust through satisfactions of key stakeholders (e.g. government and community).

### Our vision

Our vision is to create a safe workplace. This supports the Company to secure both license-to-operate and competitive edge through safety leadership, proper safety management, and proactive initiative and system development.

### Our Commitment

Using Banpu Sustainable Development Policy as the guiding principle, the Company always aims at a safe and sound working environment by taking all practical measures to eliminate the risks that can potentially lead to fatalities, injuries, or occupational illnesses of both its staffs and contractors. The Company has also made this commitment explicit in the Occupational Health and Safety Policy and communicated to all that

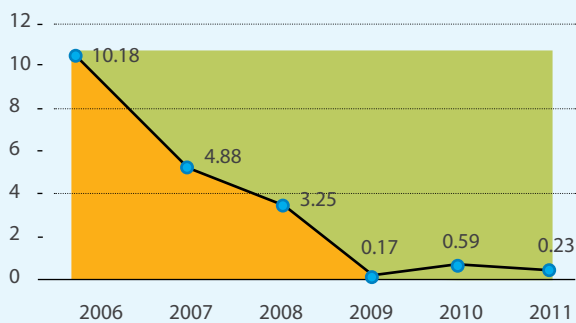
- All incidents must be prevented,
- Any previous incident must not recur, and
- No compromise is to be made with regard to health and safety.

'Zero Incident' is the Company's long-term aspiration with annual target of zero fatality as the commitment. On top of that, the Company challenges everyone to strive for continual improvement by beating the safety record in terms of injury frequency rate.

## Performance

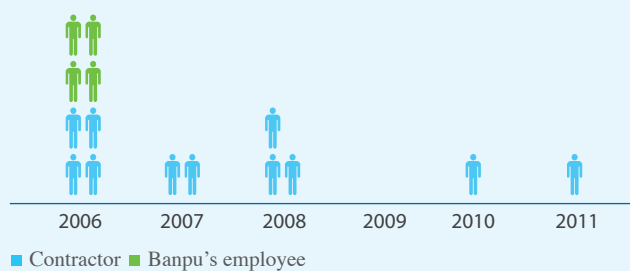
With continued efforts to keep people safe from harm, the Company are encouraged by the significant progress in its safety performance between 2006 and 2011. During such period, the number of Injury Frequency Rate (IFR) has declined significantly from 10.18 persons per million man-hours in 2006 to 0.23 in 2011.

**Injury Frequency Rate**  
person per million man-hour



However, the Company deeply regrets for one incident that led to the fatality of its contractor's employee at Trubaindo Mine last year. This incident reminds everyone about the importance of the contractor management system which has been implemented since 2008. To prevent any future fatal incident, the Company emphasizes on a more comprehensive occupational health and safety management system and the engagement of its people and contractors.

**Number of Fatality**  
person



## Managing risks

It is the responsibility of the heads of sites and business units to ensure that the functions and staffs under their supervision are in compliance with applicable laws and regulations as well as company's internal standards. In addition, the Company works proactively to systematically address the risks and impose the mitigations that are effective in minimizing those risks. The management at all levels is asked to take full responsibility and accountability to prevent and correct unsafe work conditions and unsafe behaviour. It is a common practice across the company to have OHS performance review in most of management meetings at corporate level, business unit and site level. Moreover, whenever practical, the Company seeks to provide an opportunity for workforce representative to be involved in directing OHS governance and management through OHS committee platform. For instance, the OHS committee with members from employees' nominated personnel and company's assigned representatives is set-up at every mine sites and the Head Office in Thailand.

The highest governance body to oversee the management of OHS is the Sustainable Development (SD) Committee chaired by Chief Executive Officer (CEO). The OHS performances are set as one of the key performance indicators (KPIs) of the Chief Executive Officer (CEO) and the Chief Operating Officer (COO) and are shared among country operations and concerned support functions. The OHS responsibility is then cascaded down to the operation in all levels where the OHS performances are reviewed and managed as integral parts of business management. At corporate level, apart from a quarterly review, OHS performances are reported and discussed among management on the monthly performance review meeting.

Quality, Safety, and Environmental (QSE) Department has been established and worked as a support function in all locations, from corporate level down to country and site level respectively, to assure total compliance and required performances in all OHS aspects. The accountabilities of QSE include

- Development of policy and guidelines (e.g. management standards, manuals, and procedures),
- Assurance of OHS compliance with both internal standards (through capacity building, technical support, and Quality Assurance Review (QAR)) and external obligations (through monitoring and reporting),
- Establishment and application of systems essential for effective implementation of OHS policy and standards, and
- Analysis and review of OHS performances and set-up of proper targets that reflect the Company's journey towards continuous improvement.

## Working Together

By the nature of the Company's business operations in which the activities involve the use of heavy machineries and mobile equipment in typically remote and wild environments, people is the most important factor in guaranteeing the success of any OHS program and performance. At Banpu, the focus is placed on enhancing the level of engagement of all employees and contractors driven by high responsibility and strong leadership of business unit leaders and heads of sites. Moreover, the Company takes the journey in creating safety culture where desirable safety behaviour and practice are valued and recognized, extended from senior leaders to frontline workers, administrative offices to operations, employees to contractors, and the company throughout its value chain. At corporate level, the safety culture initiative has been started since 2010. In the

year 2012, the emphasis is placed on Indonesian operations where the planning and implementation of safety culture development program will be realized.



It is also a belief that sharing and learning from each other both within and across the organization can bring a higher level of cooperation and help to define precisely the direction for OHS development and its corresponding targets. The Health, Safety, Environment, and Community Development (HSEC) summit at the group level was then organized for the first time in 2011. During the summit, heads of business units and sites from Thailand, Indonesia, China, and Australia shared and discussed their leading practices, challenges, and improvement opportunities while leadership commitment was reinstated by the group of senior leaders including Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Assistant to CEO-Corporate Services (CS).



## Milestone and Key Achievement

As mentioned, remarkable improvements in the Company's OHS performances since 2006 can be considered partly as a result of variety of initiative/program implementations as briefly illustrated below.

### OHS Initiatives and Programs

Year	Location	OHS Initiatives/Programs
2007	Indominco Mine	OHSAS 18001:1999 (Issue 1, certified since October 2004)
2008	Coal Business Indonesia	Contractor's EHS Management System
2009	Indominco Mine	OHSAS 18001:2007 (Issue 3)
2010	Corporate Level	Kick-off safety culture program
		Integrated Contractor Management System
		Quality Assurance Review: Crisis & Emergency Management Activation
	Indominco Mine	OHSAS 18001:2007 (Issue 4)
2011	Corporate Level	The 1 <sup>st</sup> HSEC Summit
		Safety VDO: I'm QSE
		Quality Assurance Review: OHS Risk Assessment, Incident Reporting & Investigation
	Coal Business Indonesia	Kick-off safety culture program



Our OHS commitment, management, and performances have been recognized consistently by stakeholders who have direct contact with our operations at company, team, and individual levels.

#### OHS Awards and Recognitions

Year	Location	OHS Awards/Recognitions	By
2007	Kitadin-Tandung Mayang Mine	Zero Accident Award	Ministry of Manpower and Transmigration, Republic of Indonesia
	Chiang Muan Mine	Zero Accident Award	Department of Labour Protection and Welfare, Ministry of Labour
		Outstanding Award for Safety, Occupational Health, and Working Environment	Department of Labour Protection and Welfare, Ministry of Labour
		AIDS - Response Standards Organization (ASO - Gold level)	Department of Labour Protection and Welfare, Ministry of Labour
2008	Indominco Mine	Zero Accident Award	East Kalimantan Governor, and Ministry of Manpower and Transmigration, Republic of Indonesia
		OHS Program Award “Observer/ Who take an interest in implementation of OHS Program”	East Kalimantan Governor
	Chiang Muan Mine	Zero Accident Award	Department of Labour Protection and Welfare, Ministry of Labour
		Outstanding Award for Safety, Occupational Health, and Working Environment	Department of Labour Protection and Welfare, Ministry of Labour
		AIDS - Response Standards Organization (ASO - Gold level)	Department of Labour Protection and Welfare, Ministry of Labour

Year	Location	OHS Awards/Recognitions	By
2009	Indominco Mine	The Best OHS Management Company Award	East Kutai Regent
		Mine Safety Award “Silver Level”	Directorate General of Mineral, Coal and Geothermal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Zero Accident Award	Indonesia Quality Management Association (IQMA), East Kalimantan Governor, and Ministry of Manpower and Transmigration, Republic of Indonesia
		1 <sup>st</sup> Winner - Gold Medals for Individual Skill Event	Indonesian Fire & Rescue Committee
		1 <sup>st</sup> Winner - Gold Medals Motor Vehicle Accident	Indonesian Fire & Rescue Committee
	Kitadin-Tandung Mayang Mine	Zero Accident Award	East Kalimantan Governor, and Ministry of Manpower and Transmigration, Republic of Indonesia
		The Best OHS Management Company Award	East Kutai Regent
	Trubaindo Mine	Mine Safety Award “Bronze Level”	Directorate General of Mineral, Coal and Geothermal, Ministry of Energy and Mineral Resource, Republic of Indonesia
	Chiang Muan Mine	Outstanding Award for Safety, Occupational Health, and Working Environment	Department of Labour Protection and Welfare, Ministry of Labour
2010	Indominco Mine	Mine Safety Award “Silver Level”	Directorate General of Mineral, Coal and Geothermal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Zero Accident Award	East Kalimantan Governor, and Ministry of Manpower and Transmigration, Republic of Indonesia
		Safety Award (For PT. Indominco Mandiri - Rescue Team to recover the Mentawai’s disaster (Tsunami))	State Ministry of Environment of the Republic of Indonesia

Year	Location	OHS Awards/Recognitions	By
2011	Trubaindo Mine	Mine Safety Award “Bronze Level”	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
	Kitadin-Embalut Mine	Mine Safety Award “Bronze Level”	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
	Indominco Mine	2 <sup>nd</sup> Winner-Silver Medal Fire Fighter Fitness Drill	Indonesian Fire & Rescue Challenge Committee
		Mine Safety Award “Silver Level”	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia

# SOCIAL SUSTAINABILITY

Aiming to become a good corporate citizen, the Company places a high emphasis on social responsibility and engagement. Our Corporate Social Responsibility (CSR) activities are being implemented in two levels, which are CSR at corporate and local level.









## CSR at Corporate Level

In 2011, the Company announced a five-year CSR strategic plan (2011-2015) where different CSR activities are to be driven by different “Learning” platforms. This corresponds to our belief that learning is a power of constructive change and development. All of our CSR activities have been undertaken with the “Do by Heart” approach, on the basis of “sincerity”, “serious concern”, and genuine “good will”.



At corporate level, our CSR programs have been emphasized on the three major areas, namely educational, environmental, and youth capabilities development. All initiatives share one core concept to promote the continual learning in various areas, in and out of classrooms.

### Educational Development

- In recognition of the importance of education and learning to the nation’s sustainable development, the Company has continuously been providing funding to 6 schools in Lamphun, Lampang and Phayao Province. The objective of this program is to improve the schools’ facilities and learning systems as well as to enhance teachers and students’ competencies. We have contributed approximately over THB 24 million (USD 0.8 million) in total throughout the eight years of our support. The program helps students develop their academic and ethical standards. Moreover, students from these schools have received several recognitions from academic competitions and known for their moral promotion activities at both regional and national levels.

- For the fifth year running, the Company continued to fund schools affected by the unrest in southern Thailand where THB 7 million (USD 0.23 million) in total was donated to 57 schools under the Bureau of Education Development for Administrative Zone in the southern province of Songkhla, Narathiwat, Pattani, Yala and Satun. The funding was to help students in the affected areas to continue holding their capabilities despite the upheavals, and to boost morale among teachers and students in the areas.
- For the fourth year running, the Company granted RMB 50,000 (USD 8,000) fund and supplies in need to the Luannan Banpu Special Education School which is the school for handicapped children in Luannan County. The school with 30 teachers provides education for 76 children with hearing impairment, as well as other physical and mental disabilities. The total fund of RMB 200,000 (USD 32,000) has been granted to the school by far. This year, the school has also added courses on vocational skills and the self reliance for the young generations to its curriculum.

### Environmental Development

- With an aim to raise environmental awareness and to promote the sustainable conservation of natural resources among future generations, the Company in collaboration with the Faculty of Environment and Resources Studies of Mahidol University has been organizing the “Power Green Camp”, an annually environmental science youth camp, for 11<sup>th</sup> grade students with science-major nationwide. Throughout six years of the program, there were about 400 participating students.





- Employees from different offices in Beijing, Jincheng, and Zhengzhou as well as the Hebi Mine joined the tree planting activity on China's Arbor Day (National Tree Planting Day). In addition, Beijing Office also held its own tree-planting activity to instill environmental awareness among its employees.

## Youth Development

- In 2011, the "Banpu Champions for Change" program was initiated to further support the development of new generation of social entrepreneurs, the area in which the Company has supported since 2006. The new initiative has been broadened into the "Social Enterprise Development" program which gives Thai youth opportunities to create and manage their own "Social Enterprise", aiming to connect business with society and environment through management tools as well as ethical practices in order to drive social enterprises forward. Funding was originally given to 10 teams of aspiring youths for a certain period experiment. So far, participants of this program have well proven their abilities in operating their social enterprises.



- The Company has established the "Banpu Table Tennis Club (BTTC)" since 2008 to support young Thai talents in table tennis to further develop their skills to achieve international level. BTTC focuses on athletes' self-development on physical, mental and emotional health by means of various activities, for instance, participation in major domestic and international tournaments, and coaching sessions by Chinese trainers. In addition, we strive on developing our table tennis standards, and managing system as well as creating an individual development plan for our athletes. There were also other activities to nurture athletes' ethics, discipline and unity. Currently, BTTC has sponsored approximately 70 table tennis players nationwide, under supervision of a well-known Thailand's ex-national table tennis player as the head coach. It has developed skills of athletes and many were given an opportunity to enter university with their table tennis skills while many others won competitions both locally and internationally. In 2011, one of our players was selected to play at the 26<sup>th</sup> SEA Games at Jakarta, the Republic of Indonesia. This marked the very first time that the BTTC's players was given opportunity to represent the country in regional sport competitions.



- Since 2007, Banpu Investment China Limited (BIC), the Company's subsidiary in China, has been providing funding of RMB 150,000 (USD 24,000) annually to Zhengding's Table Tennis Club, a national-acclaimed club reputable in training national table tennis athletes and table tennis coaches around the world. Until now, BIC has sponsored the club of RMB 900,000 (USD 140,000) in total.

## Social Contribution

In times of crisis or natural disaster, the Company, as a part of society, provides help and support in several ways to alleviate the suffering of the victims. In 2011, we made the following contributions.

### Help for Earthquake and Tsunami Victims in Japan

Due to the earthquake and tsunami in Japan, the Company and its overseas subsidiaries, namely PT. Indo Tambangraya Megah Tbk (ITM) in the Republic of Indonesia and Centennial Coal in Australia, together with our employees donated a fund of approximately USD 1.004 million to the Japanese Red Cross as a rehabilitation fund for those who had been affected by the earthquake and tsunami.

### 2011 Flood Relief for Thailand

2011 flood is one of the worst and biggest floods in Thailand's history which caused substantial damages in vast area. By joining forces with various organizations including government, independent and private sectors, the Company together with its employees wholeheartedly provided assistance to those affected by the flood. Parts of our relief efforts were as follows:

- Donation of THB 3 million (USD 100,000) was made to the Office of Prime Minister's Disaster Relief Fund and the Rajaprajanugroh Foundation to help flood victims in the South in March 2011.
- As for the great flood around end of the 2011, the Company made a contribution totaled approximately THB 40 million (USD 1.3 million) to help flood victims through various forms including:

Providing 20 trucks with fuels and drivers to the Thai Red Cross for use in transporting relief bags, medical relief teams and volunteers into flood-affected areas for almost 3 months (October to December 2011) The support allowed the Thai Red Cross Society to be able to distribute about 300,000 relief bags to several provinces in the central region, northeastern region, as well as Bangkok and vicinity areas. The trucks were also used to transport the mobile medical units for 67 times, providing people in affected area an access to the much needed medical service.

Monetary contribution to the Royal Thai Army Disaster Relief Fund to support its flood relief operations and the Office of Prime Minister's Disaster Relief Fund.

Contributed to the "Capital Market Flood Relief Fund" to restore the civic sector back to normalcy as soon as possible.

The Company led its volunteer employees in preparing relief bags, ready meal boxes and living necessities to the Thai Red Cross and the Thammasat University Rangsit Campus' Flood Victims Shelter.

Under a concerted flood-relief project with the Royal Thai Navy and the Thai Red Cross Society, the Company provided 10 motorized fiberglass boats for the distribution of relief bags, medicines and medical relief teams to assist the flood victims of the western side of the Chao Phraya River. In addition, the Company also provided necessities such as waterproof suits, T-shirts and underwear for soldiers on their mission to help flood victims.







## CSR at Local Level

For the CSR at local level, the Company and its subsidiaries have put top priority on bringing sustainability to local communities in every location we operate, under cooperation with local government agencies. A number of community development programs have been implemented by focusing on engagement and active participation of the community members, ranging from planning to implementation and evaluation process. This is to ensure that those activities resolve the community's problems in a way that best responds to each community's real needs. Besides, the Company also takes into account the concerns of the community and local government on the environmental impacts which may arise from its activities.

### Community Development in the Republic of Indonesia

Although all of our operations in the Republic of Indonesia are located on the island of Kalimantan, we take into consideration the difference in subculture and community identity in each area we have been running community development initiatives. A deep understanding of local conditions and environment is the key success factor for effective collaboration between the Company and local people, leading to sustainable development of each community. Our community development work can be divided into three phases, namely pre-mining, mining, post-mining stages.

#### Pre-mining stage

With respect to the ownership of the area, regulations, culture, tradition and religion of each community, the Company gives first priority on understanding and exchanging opinion around issues of sustainability between itself and communities. The following are our guidelines of pre-mining work.

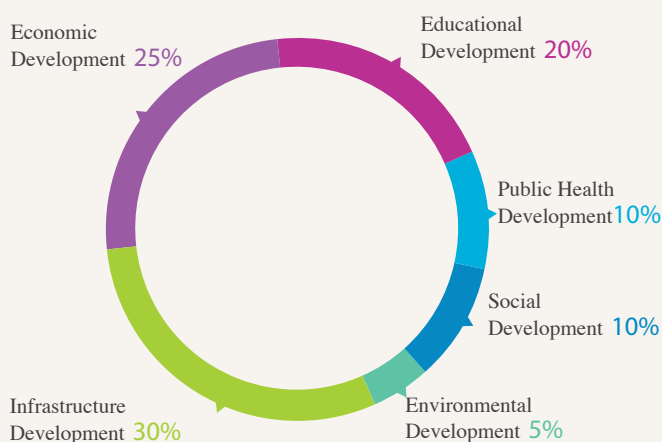
- Stakeholder Analysis and Engagement, which refers to community classification and key community identification. The derived information is used to identify local people, opinion leaders and other stakeholders as well as to be a guideline for determining the scope of community engagement.
- Social Mapping, which is to study and prepare community profile report covering demography, education, occupation, community utilities and infrastructures, tradition, culture, resources, etc, helps us to understand what are important to their quality of life and factors contributing to sustainable development. Our work with communities, for example communities around the Trubaindo Mine where the majority of population are native inhabitants, has contributed to better quality of life and living conditions of indigenous people through job creation, vocational trainings, and other assistances. The Company has also supported on the building of the community cultural center and encouraged communities to maintain local traditions and restore local rituals.
- Community Development Planning, which is an establishment of the Company's policies and guidelines for community development framework throughout the period of mine life through a Community Consultative Committee (CCC), comprising of representatives of local people, officials from local government agencies and the Company's community development staff. CCC is responsible for planning programs and activities that are consistent with the stated policies, setting the target, and performing program evaluation.
- In case mining area is overlapping with community area, the Company has compensation practices that are fair to the stakeholders.

## Mining stage

The Company works closely with the CCC throughout our mine life. We focus on developing and sharing knowledge and experience to bring in effectiveness and efficiency of every community development program which, we believe, will lead to the sustainability of the community. The followings are our work during the mining stage.

- Defining and reviewing community development policies, which include defining working procedures, action plan and execution, evaluation and preparation of project reports, conducting survey to assess community perception, improving community capacity, sharing good practices or successful projects implemented at some certain areas with other communities so that they can apply the gained knowledge or techniques to their local conditions.
- Enhancement of the CCC's capacity by keeping them with up-to-date knowledge and understanding of sustainable development as well as project management skills, including selection of community development projects, project prioritization, project implementation, project monitoring and evaluation.
- Collaboration between the Company and CCC through regular meetings (twice a year) to monitor progress of the on-going projects and discuss the future directions. The below diagram shows the percentage of the budget used for different types of programs.

### Percentage of the Budget Used for Community Development Programs



Community Development Projects include;

#### Basic Infrastructure Development

- 3 km. long concrete road linking Santan Tengah village to the main road at Indominco Mine
- A multi-purpose building for Matadinata village at Indomicon Mine
- Tap water supply system for Basiq and Bermai villages at Trubaindo Mine
- Two local health care centers for Dilang Puti village at Trubaindo Mine
- Two child development centers for Muara Bunyut and Gegnan Danum villages at Trubaindo Mine

#### Economic Development

- Seaweed farming project for Teluk Pandan village at Indominco Mine where the Company has supported the project over six years
- Vegetable farming for Bontang Lestari village of Bontang where the Company has provided training course on planting and marketing as well as support for seeds and fertilizer, aiming to encourage self-reliance and sustainability
- Rubber plantation for Karang Rejo village at Jorong Mine where the Company provided training techniques of cultivation and maintenance of rubber plants and supported 6,250 rubber seedlings to the villagers
- Fabric dying technique training and organic fertilizer production training for a housewife club at Jorong Mine
- Vocational training on motorcycle repairing for local youths at Trubaindo Mine

#### Educational Development

- Six hundred scholarships for students from 40 schools nearby Indominco Mine
- Transportation service (school bus provided) for 200 students in 7 villages around Indominco Mine
- Two scholarships for local students at Bharinto Mine to complete their nursing degree

### Public Health Promotion

- Mobile medical service for 3 villages at Indominco and Kitadin-Embalut Mines

### Environmental Development

- “Five Trees Each” forest planting project at Indominco Mine where 20,000 timbers and 17,000 mangrove trees were planted
- Conducting community satisfaction survey every five year in which the survey findings are used for improving community development plan
- Collaborating with local government agencies to prevent public safety risks, especially those which may arise from illegal small-scale mining in the area of the Company’s concession

### Post-mining stage

To ensure continual sustainable development for communities after the mine closures, the Company continues to involve in the community activities using the following guidelines:

- Continuing collaborating with CCC and local government agencies in community development projects after the mine closures for at least a minimum term prescribed by law
- Focusing on activities that strengthen community professional skills and create economic sustainability by providing training assistance in local product design, production planning, accounting and marketing, as well as providing professional advices and field-trip trainings
- Keeping on providing financial support for community development plans as mutually agreed by the Company and local authorities

### Community Development in Thailand

All mines in Thailand are currently under mine closures and rehabilitation process where some areas have been handed back to the government. However, the Company continues its community development works such as career trainings on fabric decoration and fresh flower arrangement for Baan Hong villagers, Li District, Lamphun. We also remain our engagement in local custom and cultural activities by supporting religious events in Li District, Lamphun Province and Chiang Muan District, Phayao Province.

In addition, the Company has provided vocational training support for students at Baan Puangkam School (Pracha-Uthit), Li District, Lamphun Province. The purpose is to equip 50 students who may not have the opportunity for higher education to have their own career. Through this support, an interest-free lending fund has been set up for the school and 6 master teachers have been trained to further support participating students throughout the project.





# ENVIRONMENTAL SUSTAINABILITY

## The challenge

How can the world sustain the prosperity and well-being of its people amid resource constraint and limited environmental holding capacity?

## Our vision

Our vision is to grow together with all stakeholders with the right balance of the economic development and the environmental and social responsibility.









## What is happening?

On the global scale, there are growing concerns on the climate change and its impact to world's environment and respective economic and social development through more severe and/or more frequent natural disasters across the world. Despite uncertainties in the global strategic framework to combat the climate change after Kyoto Protocol which is due in 2012, a number of isolated initiatives have been introduced by both public and private sectors. To one end, various tax schemes are issued to exert accountability on carbon emitters, both energy suppliers and consumers. These result in cost uplifting for energy industry and in many cases an increase of energy price. To the other end, there are significant trends on lessening the public intervention or subsidizing on fossil fuels (mainly coal and petroleum) while promoting investments on greener energy supplies. It is therefore clear that more and more pressure will be placed on the fossil based energy providers, distributors, and consumers. Many energy providers have even found that the growth prospect of their current portfolio is hindered, and they are forced to bid for the future opportunity in alternative fuels/energy.

On the local scale, the threat of degraded ecological systems becomes imminent. Many life support systems are being destroyed such as mangroves, coral reefs. These degradations can cause losses of biodiversity and, in turn, deteriorate quality of environmental resources (such as fresh water) necessary for sustaining human well-being. Urbanization, large-scale hydropower, tourism, agriculture, fishery, agro-forestry, and mining are the prime focus for their impacts on biodiversity. More stringent regulatory controls have been witnessed while economic instruments (such as environmental charges) become increasingly popular. There is a trend that the biodiversity issue will be brought into a global agenda in the near future and, hence, the protection of biodiversity-rich areas will be strengthened and become much more effective. This includes the use of market-driven approaches, technology transfer and trans-boundary subsidies, multi-lateral agreements, and standardizations of national policies with world organizations such as the United Nations as key players.





## Our strategies

By positioning itself as an energy provider to fulfill energy resources needed for world socio-economic development, the Company's growth strategy is to enhance the service values of its products without compromising a long-term prospect of an environment. The Company takes a careful consideration in the energy and other resources efficiency to make sure that its business activities including those of supply chains are operated in an environmentally friendly manner. The main focus is on the prevention strategies where all key environmental risks and impacts are taken into consideration prior to the commencement of business activities. In this regards, both short-term impacts and long-range effects on the environmental quality are brought to discuss upon new project developments and major changes in the Company's existing operations. Learning as it grows, the Company continuously issues a more comprehensive internal management standards and procedures in order to cope with all present and future challenges and developing concerns on the environmental aspects.

To combat the climate change, the Company seeks to bring more of low-carbon energy into its product mix. However, a great caution is taken in each step forward to make sure that the Company's investment in alternative energy does not have significant negative side effects on other sustainability aspects.

## Our commitment

Being highly aware of the environmental challenges the world is facing and the adaptations human race does in response, as a citizenship the Company is committed to taking an environmentally responsible approach to every business activities by working towards 3 principles;

- Conserving natural resources
- Minimizing negative effects, and
- Enhancing environmental quality.

As a result, the Company works innovatively to achieve the highest efficiency in its operations and all other business activities that may cause impacts on the environment. The Company does not tolerate any non-compliance to local rules as well as widely accepted global standards. Whenever practical, doing better than what legally required is always the aim. Furthermore, with strong belief in business sustainability that 'An industry will be strong only when it is developed in tandem with social and environmental responsibility', the Company extends its responsibility to the environment beyond its controlled operations through the circle of influence to contractors, customers, joint ventures, business partners, and peers. This reflects clearly the vision for growing together (with stakeholders) with the right balance of the economic development and the environmental and social responsibility.

## Our Management Efforts

The table below represents some of the Company's recent initiatives on management structure, systems, and programs on environmental management in the past 5 years.

### Environmental Initiatives/Programs

Year	Location	Environmental Initiatives/Programs
2007	Corporate Level	Establishment of New Energy Development (NED) function
	Indominco Mine	ISO14001:2004 (Issue 4, certified since 2004)
		Application of Geographic Information System (GIS) for Integrated Environmental Management
2008	Coal Business in Indonesia	Contractor's Environmental, Health, and Safety Management System
	Lamphun Mine	Introduction of Combined Acid Treatment & Manganese Removal System
2009	Corporate Level	Carbon Disclosure Project (CDP) – Investor Response
	Ayudhya Coal Center	<ul style="list-style-type: none"> <li>• Facility and process design for environmental protection,</li> <li>• Environmental Management Program with local community involvement</li> </ul>
	Luannan Power Plant	ISO14001 (Issue 1)
2010	Corporate Level	Integrated Contractor Management System
		Quality Assurance Review – Acid Mine Drainage Management
		Carbon Disclosure Project (CDP) – Investor Response
		Establishment of Energy Management function
	Indominco Mine	ISO14001:2004 (Issue 5, certified since 2010)
	Bharinto Mine	Kick-off biodiversity project (in partnership with Purwodadi Botanical Gardens)
	Zhengding Power Plant	ISO14001 (Issue 1)
2011	Lamphun Mine	Introduction of Successive Alkalinity Producing (SAP) System
	Corporate Level	The 1st Health, Safety, Environment, and Community Summit
		Quality Assurance Review - Mine Rehabilitation
		Carbon Disclosure Project (CDP) - Investor Response
		Carbon Disclosure Project (CDP) - Supply Chain Response
		Environmental VDO production - The 1 <sup>st</sup> Series



## Managing Resources

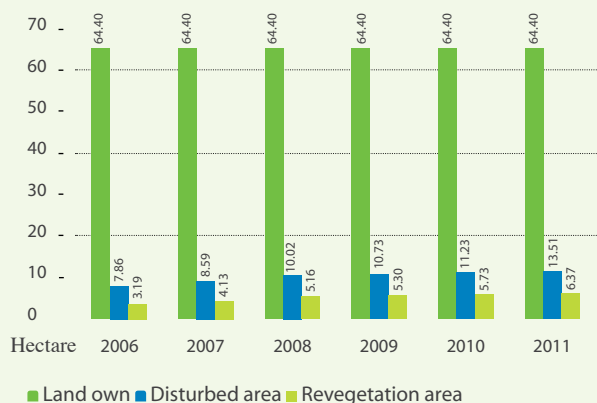
### Coal Resources

For mining, saving resources means to maximize the utilization of extracted minerals underneath the earth surface, including the optimization of the percent extraction in each deposit. As majority of its coal products are from open-pit mining, the Company focuses on the geological exploration and mine planning as two key enablers for maximizing the proportion of coal reserve in comparison to coal resource available in each concession. It is known that the product price and the operating cost are the factors that determine how much of the resource can be commercially turned into the reserve. The higher the margin between revenue and cost, the higher the proportion of coal reserves.

On the revenue side, the Company applies a number of practices from coal blending (for value added), exercising customer relationship management, opting pricing policy and flexible sales plan with marketing intelligence, to using financial instruments to realize the optimal sales revenue through stabilizing the product price (e.g. hedging). On the cost side, the technical development staffs work innovatively to explore and introduce new methodology/technique and new technology that drive a cost competitive operation in the long-run. At the same time, every contractor/customer is engaged as the Company's strategic partner to ensure optimum benefit sharing across the value chain. As a result, the Company is able to

- Maintain a competitive gross profit margin amid higher stripping ratio,
- Secure the projected production growth with controlled amount and proportion of land disturbances.

### Status of Land Usage



## Energy Resources and Greenhouse Gas Emission

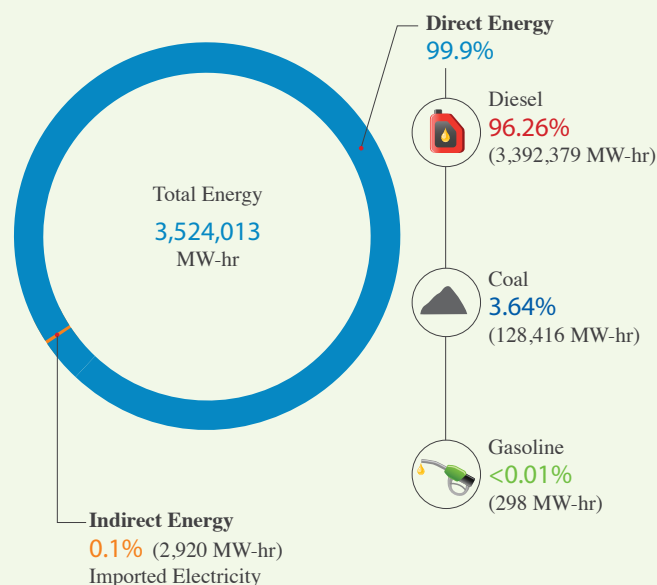
At Banpu, the aspect of energy usage and its environmental implications are taken seriously. Since 2005, the energy conservation program was launched company-wide with active working committee in every location including corporate and country offices.

### Coal Business

At present, diesel is the dominant source of energy in the Company's coal mining operations. For instance, out of 3.52 million MW-hr of total energy consumption by all operations in Indonesia, diesel and coal account for 96.26% and 3.64% respectively. Diesel is mainly used in land clearing, excavating, material handling, and small self-supplied electricity generation while coal is supplied to Bontang Power Plant to accommodate the demand of Indominco Mine. Gasoline is also used to fuel light vehicles which is not a significant form of energy when compared to diesel and coal.

Electricity import is rare as most of the operations are in the remote locations where availability and reliability of supply is an issue. Only Jorong Mine purchases a mere 2,920 MW-hr of electricity from the power plant nearby. As a result, 99.9% of total energy demand is supplied as direct energy (diesel, coal, and gasoline).

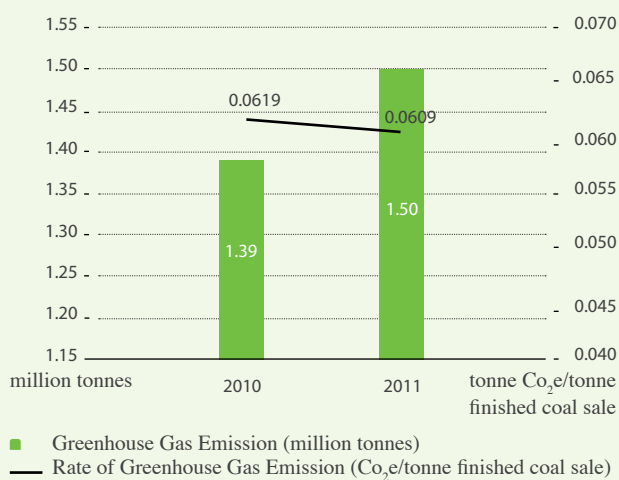
### Percentage of Energy Consumption by Coal Business in Indonesia



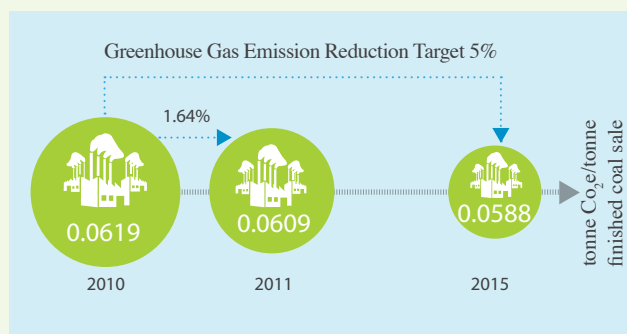
Upon being almost independent of the external supply of the indirect energy, the Company is in a good position to manage its environmental impacts from energy usage, particularly the greenhouse gas emission. With an advance in production capacity, the total greenhouse gas emission increases inevitably but the emphasis is made to control the Company's emission rate determined by the amount of greenhouse gas emitted (tonne CO<sub>2</sub>e) per unit product (tonne product). Using 2010 as the baseline, the Company aims at cutting down its greenhouse gas emission rate in the coal business by 5% at the end of 2015. Thus far, the reduction of 1.64% (from 0.0619 to 0.0609 tonne CO<sub>2</sub>e/tonne finished coal sale) has been achieved after one year. Various initiatives have been proposed and implemented including,

- Reduction of fuel consumption by minimizing coal and overburden haulage through proper mine design and planning,
- Enhancement of energy efficiency of equipments and vehicles, and
- Introduction of relatively low carbon energy sources to operation fleets such as biodiesel in barging and feasibility study of natural gas usage in coal hauling.

#### Greenhouse Gas Emission from Coal Business in Indonesia



#### Greenhouse Gas Emission Reduction Target (Emission Rate - CO<sub>2</sub>e/tonne finished coal sale)



In 2010, a dedicated function named 'Energy Management' has been established under direct supervision of Chief Operating Officer (COO) to

- Promote the awareness and strengthen the capability of everyone in energy management,
- Coordinate energy management strategies and usage planning,
- Provide technical support, and
- Facilitate an integrated monitoring and analysis of energy performances in all levels.

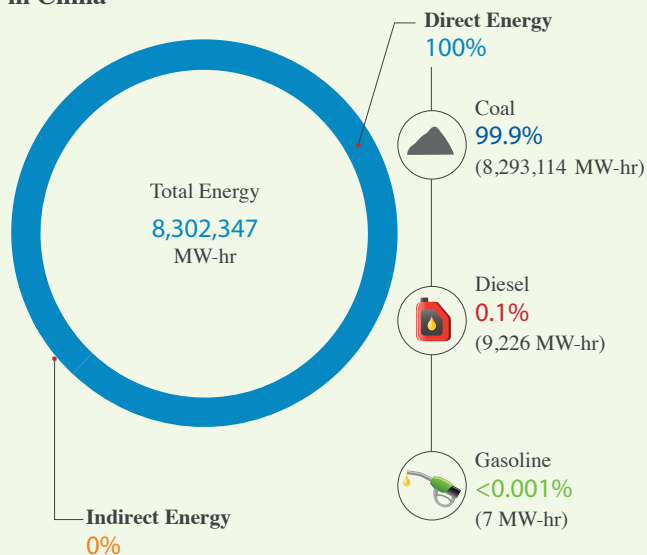
In the past year, the energy management was integrated into business objectives of all mines in Indonesia with emphasis on an accountability and ownership of concerned individual or team.

## Power Business

In power business, there is solely direct energy consumption with coal as the dominant source of energy. As all Company's controlled operations are coal-fired combined heat and power plants, a number of improvement options for using energy resource more efficiently and reducing corresponding impacts are applicable. The Company has taken a variety of practical measures to make sure that its energy efficiency is managed properly with continual improvement. The key measures taken are for example;

- Reducing waste energy by optimizing the ratio between the power dispatched and the steam off-take,
- Introducing changes with new/innovative approaches to process and product (e.g. replacing steam with hot water for space heating),
- Increasing thermal efficiency through proper operation process control and maintenance, and
- Enhancing boilers adaptability to maintain optimal performance in the face of using wider range of coal quality.

### Percentage of Energy Consumption by Power Business in China



Apart from initiatives described above for both coal and power business, the Company also seeks to bring more of low-carbon energy into its product mix. Since 2010, the company has invested in the upstream production of bio-fuel.

## Water Usage and Water Management

### Coal Business

As the majority of the Company's operation is open-pit mining locating in the tropical region, water availability and environmental impacts caused by water use are not of major concern (the volume of water consumed by mining activities is far less than 5% of total natural water flowing through the concession indicated in the GRI reporting guideline). The sources of water use at the mines are primarily the rain run-off. Nevertheless, the Company considers that a proper water management is necessary if the discharge water quality is to be managed (see water quality for details).

### Power Business

Water is one of essential resources for operation in a combined heat and power plant which simultaneously generate both electricity and useful heat (steam and hot water for both industrials and households). In 2011, all 3 power plants in China which are the combined heat and power plants consumed totally 10.34 million cubic meter of fresh water, half of which as steam and hot water product off-take. On the contrary, the plants producing electricity alone consume another half about 5 million cubic meter of water mainly for balancing the losses of water through

- Evaporation loss in cooling system (mainly at cooling towers),
- Small amount of water discharges as blown-down process water, rejects from water treatment plant, effluents from plant and equipment cleaning.
- Small amount of water consumed at offices, laboratory, and camps,

## Managing Environmental Quality

### Air Quality

#### Coal Business

Particulate emission is the prime concern for coal mining. Main sources of particulates are drilling, blasting, excavating, overburden and coal loading/unloading, hauling and conveying, and processing (e.g. sorting and crushing). Most of the above activities result in fugitive emission rather than the emissions from point sources. The management of particulate emission in mining is emphasized therefore on preventive and control measures using engineering and management systems while personal protection is used as a last resort. Table below illustrates the general guideline for managing particulate emission at all mine sites.

#### Particulate Emission Management

Type of Measures	Description of Measures	Targeted Sources of Emissions
Prevention	Enclosure	Conveyor lines
		Processing units (e.g. screener, crusher)
		Transport truck (blanketing the coal container when driving on public roads)
		Coal stock yard (blanketing the coal that is to be stocked for long time)
	Wind break	Coal/material stockpile
	Water spray on surface	Hauling tracks Coal/material stockpile
Control	Water spray at materials	Loading/unloading points (e.g. hopper, spreader)
		Transfer points
		Processing units (e.g. screener, crusher)
Protection	Tire wash	Trucks and Vehicles
	Isolation	Manning stations within the areas of emissions (e.g. crushing plant, stockpile control station)
	Use of personal protective equipments	All areas where particulate concentrations are significant

There is also a problem about odor from time to time. The main source of problem is the emissions of sulfurous gases generated by spontaneous combustion at coal stockpiles and exposed coal seams. Although the concentration may be far below the threshold limit, the effect from this particular type of air emission can be nuisance to nearby communities. It is thus considered essential for every operation to take preventive approach and exercise appropriate actions to reduce the possibility of spontaneous combustion (such as compacting coal stockpile to lessen the exposure to air and water) and to distinguish the combustions at the earliest instance by routine inspection of coal stockpiles.

Besides coal mining related air emissions, every mine is normally equipped with diesel generators for electricity supply. This is due to the remoteness of the Company's operational sites. Apart from particulate emission, other controlled parameters include sulfur dioxide (SO<sub>2</sub>), nitrogen oxide (NO<sub>2</sub>), and carbon monoxide (CO). To minimize the environmental impact and be in compliance with regulations, the Company strictly applies the applicable emission standards for power generation specific to the type of each generator.

The Company emphasizes on its performances concerning air quality by monitoring, analyzing, and communicating



the results to related management and personnel to ensure that its activities do not cause significant impacts on the health and hygiene of employees, contractors, and people living nearby. As a result, by strictly adhering to both regulatory and industry standards for ambient air quality and emissions, the Company does not encounter any non-compliance concerning particulates and other air emissions.

#### Emission Standards for Mining Industry

Parameter Code	Indonesia*	Thailand**
Particulate Matter (PM) (mg/m <sup>3</sup> )	150	400 (In general) 320 (Diesel as fuel source)
Sulfur Dioxide (SO <sub>2</sub> ) (mg/m <sup>3</sup> )	750	500 (In general) 60 (Diesel as fuel source)
Oxides of Nitrogen (NOx) (mg/m <sup>3</sup> )	850	200 (Diesel as fuel source)
Opacity (%)	20%	20%***

\* Environment Ministerial Decree of the Republic of Indonesia, No. 13, Year 1995, Dated 7 March 1995

\*\* Notification of the Ministry of Natural Resources and Environment B.E. 2549 (2006), issue under the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992) dated April 5, B.E. 2549 (2006), and published in the Royal Government Gazette, Vol. 123, Part 50 D dated May 18, B.E. 2549 (2006)

\*\*\* Notification of the Ministry of Science, Technology and Environment published in the Royal Government Gazette, Vol.114 Part 6 D, dated January 20, B.E. 2540 (1997) and Notification of the Ministry of Science, Technology and Environment published in the Royal Government Gazette, Vol.114 Part 6 D, dated January 21, B.E. 2540 (1997)

#### Air Quality Standards

Parameter Code	Indonesia*	Thailand**
Particulate Matter (PM) (mg/m <sup>3</sup> )	0.230 (1 day average) 0.09 (1 year average)	0.33 (1 day average) 0.10 (1 year average)
PM10 (mg/m <sup>3</sup> )	0.15 (1 day average) -	0.12 (1 day average) 0.05 (1 year average)
PM2.5 (mg/m <sup>3</sup> )	0.065 (1 day average) 0.015 (1 year average)	0.05 (1 day average) 0.025 (1 year average)
Sulfur Dioxide (SO <sub>2</sub> ) (mg/m <sup>3</sup> )	0.9 (1 hour average) 0.365 (1 day average) 0.06 (1 year average)	0.78 (1 hour average) 0.3 (1 day average) 0.1 (1 year average)
Oxides of Nitrogen (NOx) (mg/m <sup>3</sup> )	0.4 (1 hour average) 0.15 (1 day average) 0.10 (1 year average)	0.32 (1 hour average) - 0.057 (1 year average)
Carbon Monoxide (CO) (mg/m <sup>3</sup> )	30 (1 hour average) - 10 (1 day average)	34.2 (1 hour average) 10.26 (8 hour average) -
Opacity%	35%	-

\* Government Regulation of the Republic of Indonesia, No. 41, Year 1999, Dated 26 May 1999

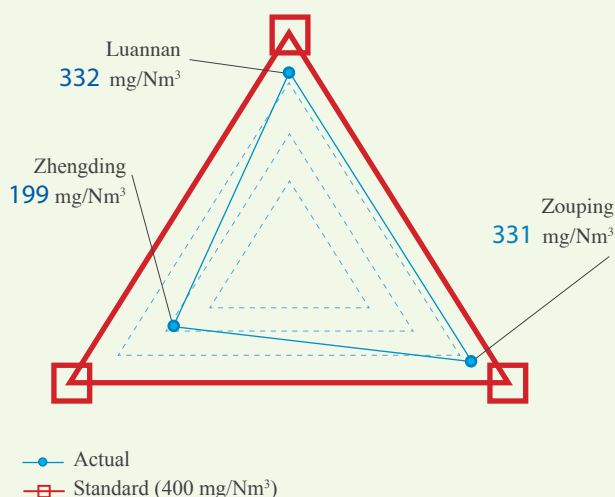
\*\* Notification of National Environmental Board No. 10, B.E. 2538 (1995) under the Enhancement and Conservation of National Environmental Quality Act B.E. 2535 (1992), published in the Royal Government Gazette No. 112 Part 52 dated May 25, B.E. 2538 (1995)

## Power Business

Apart from particulate emissions from coal stockyards, transportation and processing areas in similar to coal mining, it is essential that the stack emission of dust and other gaseous pollutants (such as sulfur dioxide, nitrogen oxide, and carbon monoxide) is the prime focus of air emission management in power plants. Various controlling techniques are applied in consideration of type and characteristic of coal and the type of boiler furnace.

In general, an electrostatic precipitator (ESP) and bag filter are used as a standard facility for removal of stack's particulate emission. As for other gaseous emissions, the methodology begins from emission control (e.g. co-feeding of coal and quicklime for SO<sub>2</sub> removal in Circulating Fluidized Bed -CFB boiler, wet scrubbing of SO<sub>2</sub> by using Flue Gas Desulfurization-FGD system). As for transparency monitoring, all Company's power plants in China are equipped with on-line monitoring devices for stack emission of sulfur dioxide which could be monitored by government authority. In 2011, the average concentrations of emitted sulfur dioxide were kept well below the National Standard of China at 400 milligram per cubic meter.

### Concentration of Sulfur Dioxide emitted from 3 Power Plants Compared to National Standard of China



## Water quality

### Coal Business

As mentioned earlier that the majority of the Company's operations is open-pit mining locating in the tropical region, effluent or wastewater can be a major environmental concern if water management is not conducted properly. The Company has thus put a lot of effort to avoid excessive effluent and to ensure good quality water discharge through water management planning. The common initiatives include

- Segregation between natural water courses (e.g. rivers, creeks, rain run-off tracks) within the concession and mine contaminated water streams (e.g. effluent streams from mine pits or dump sites),
- Application of re-circulated (closed loop) water for polluted activities such as coal washing,
- Minimization of unnecessary pollution loading (e.g. effluent stream embankment with proper erosion control, minimized flow distance and turbulence),
- Enhancement of pollution control effectiveness (e.g. proper layout and placement of sediment trap along effluent stream, research and development of in-house effluent treatment techniques and facility design).

Throughout year 2011, the Company is able to manage the water discharge quality to be in compliance with the required standards. The threshold limits for effluent quality vary from location to location but the common parameters of concern are acidity (pH), total suspended solid (TSS), dissolved metals such as iron (Fe) and manganese (Mn). To ensure that the Company's effluent discharge does not cause harms to the environment and the surrounding communities, the water quality in the receiving public watercourse both downstream and upstream of the discharge location is monitored using the standards for drinking water which is generally more stringent than the effluent standards.

## Showcase: Successive Alkalinity Producing System at BP2

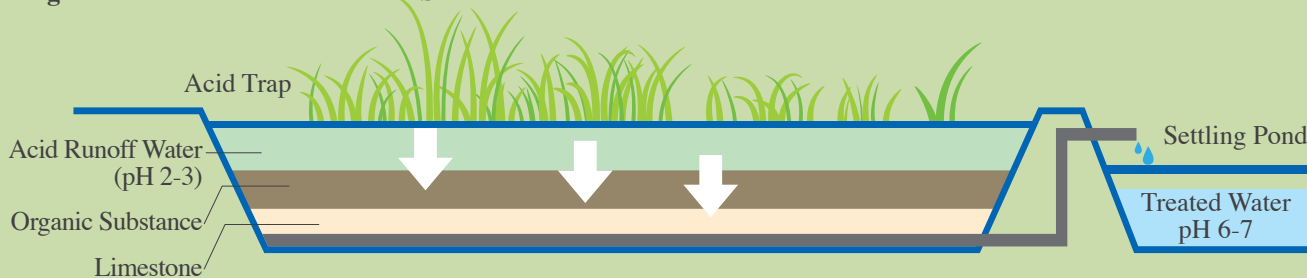


**Successive Alkalinity Producing System (SAP)** functions as an “Acid Trap” where acid runoff water generated at dump sites and their surroundings is neutralized. The pH can be raised from around 2-3 up to an acceptable range

of 6-7. This system requires only minimal maintenance effort and thus incurs low operational and maintenance costs. BP2 in Thailand is the first mine to introduce SAP to manage its acid run-off. The system has been fully operational since October 2011.

The SAP is a passive treatment technology which combines the use of an anoxic lime drain and an organic substrate into one system. It is a vertically-flow treatment process that the acid water inundates over layers of organic matter and limestone. The dissolution of the limestone underneath generates bicarbonate alkalinity which is able to neutralize the acidity. With appropriate design and operating, more than 400 mg/l of alkalinity can be released to neutralize acidity and raise pH of acid water. Its treatment lifetime is also as long as 10 years with low operational and maintenance costs required.

**Figure : Treatment mechanisms of SAP**



## Wastes

### Power Business

As for power business, effluents from combined heat and power plants are mainly associated with rain run-off rather than process water. The management of effluents is then based on preventing the rain run-off from getting contaminated in the first place. The main concern is a solid suspension that may be washed away by run-off in the area of operations (e.g. at coal stockyard). Where contaminations are inevitable, the Company ensures that necessary treatment facilities are in place.

### Coal Business

In the coal mines, overburden and waste rock account for almost all wastes generated by mining. In an open-pit mine, these wastes are disposed on-site. Consequently, the potential environmental impacts are managed through appropriate planning for

- Location of dump sites (in-pit versus outside dump),
- Geological stability and hydrology at the dump sites and their surroundings,
- Dumping sequence and design for waste encapsulation,
- Treatment of leachate and water run-off from dump sites and environmental monitoring systems.

In 2011, the Company's operations in Indonesia removed and managed over 317.7 million bank cubic meters (BCM) of overburden.

Tailings and rejected ROM are also important environmental aspects for both open-pit and underground mining. They are normally non-hazardous by nature. For open-pit mines, these waste materials are then disposed at the designated disposal areas within the concession following the standard practice of sanitary land-filling. On the contrary, with limited space at the surface facilities of underground mines, these wastes are usually disposed by external parties. To make sure that these wastes do not cause harms either to the environment or people, the Company has conducted a careful selection of waste transporters and disposal operators who are competent and certified by relevant authorities. Small amount of hazardous wastes generated typically from building and maintenance facilities are also managed by authorized hazardous waste disposal operators.

### Power Business

As for power business, wastes from power plants are mainly ashes. They are sent for being reused by external parties such as cement plants and road construction. The Company's power plants thus far are being closed to a zero waste operation.

## Managing Value Chain

### Transportation

Almost all transportations of products are made by external parties. The Company makes certain that the environmental impacts from loading/unloading of materials and products are kept minimal by implementing all practical preventive measures. On the departure, every single transporter must comply with the Company's standards concerning the prevention of possible environmental incidents. For example, dust and spillage control such as blanketing is applied for coal hauling by truck.

### Contractors

The Company also takes full responsibility for the environmental performances of every activity conducted within its area of work or elsewhere on the Company's behalf. Therefore, all mining contractors are treated equally to the Company's own operations in concerning with environmental management issues. By the contract, all executives and management of contractors are made aware of their expected performances and targets in related to key environmental aspects. Through periodic meetings and auditing at the site, the Company is able to work closely with its contractors to ensure proper environmental management and continual improvement.

### Suppliers

Thus far, the Company does not have significant environmental issues concerning the supply of materials and resources used as both coal mining and power generation primarily consume natural resources. As a result, the Company's procurement policies focus more on other sustainability aspects such as equal opportunity for local suppliers rather than green purchasing.

### Customers

By not having an influence on customers to the level that can govern their environmental management, the Company is aware of its distinctive contribution as their supplier of energy resources (coal, steam, and electricity). It is understandable that the environmental performances of any customers are best managed when all factors involved in their business operation are under control as planned. Those factors can be both controllable and uncontrollable.



The controllable include the quality of input materials and resources such as calorific value, percent ash and sulfur content. Off-spec materials such as coals with foreign subjects can result in additional wastes or emissions after combustion. Consequently, the Company exercises a strict control of products to be in accordance with the specifications by customers. The Customer Relationship Management (CRM) team works closely with operations to make sure that the internal control is sufficient to provide customers a guarantee of the product quality.

## Managing Compliance

In 2011, the Company has not received any notice or fine in relating to environmental incidents from concern officials. All the credit goes to the site management who efficiently manages the discharge of pollution and disposal of waste to be well in compliance with related laws and industrial practices. Nevertheless, there are still some inherent risks that require an attention. They are, for example, noises and dusts generated by the operational activities in adjacent to the local communities, the quality of water hold up in mine-out pits and voids, and dump sites of overburden materials with potential acid formation. The Company emphasizes on preventive measures in which the generations of pollution and waste from its activities are avoided at the sources. Once occurred, appropriate treatment and disposal techniques are applied and proper facilities are in place with good management support for their effectiveness.

## Biodiversity

With coal mining as core business stream, the Company is in a good position to contribute to the biodiversity conservation and enrichment. Upon an entry to the Company's concession, a comprehensive mine master planning is the key to ensure that the disturbances to the ecological systems and habitats within the concession area as well as surroundings are kept minimal. The Company also seeks an opportunity to take a further step to enrich the environmental conditions of the conserved areas. A proper closure planning is equally important as the Company is committed to return the state of environment which is comparable to its original condition or agreed land use prospect. The Company does not take a single viewpoint about the environment but take into account the benefit of the host communities and their use of biodiversity. All these diverse sustainability aspects in each locality are thus incorporated in the baseline environmental study well in advance of the operations. The secret to success is the collaboration and partnership with concerned stakeholders such as shareholders, customers, contractors and business partners, local communities, government agencies, academic institutes, and non-governmental organizations.



## Case study: Biodiversity Preservation Program in Bharinto Mine

In 2010, PT Indo Tambangraya Megah Tbk (ITM), one of Company's subsidiaries, collaborated with Purwodadi Botanical Gardens to carry out the biodiversity preservation program in the Bharinto Ekatama (BE) mine in Kalimantan, Indonesia. BE mine locates at the border between East and Central district of Kalimantan and is one of the mines operating in the environmental sensitive areas. The program covers the field study to examine the biodiversity richness in the area by producing an inventory of flora and fauna and measuring carbon stock. Particular attention was paid to the variety of wild orchids, as these are sensitive to

environmental change, and can be used as an indicator of the environmental quality of the area. Local communities have been engaged in the assessment of their dependencies on the biodiversity function in the area, e.g. usage of local plants. Based on the analysis of the study results, selected samples of plants were collected and preserved at the designated botanic garden. These preserved species will be replanted during the rehabilitation of the same area at the completion of mining operations. Similar program is planned for the newly entered area of Indominco Mine in 2012.



## Milestone and Key Achievement

The Company's commitment, and performances have been recognized consistently by stakeholders who have direct contact with the operations at company, team, and individual levels. In 2011, the Company has been recognized as following table.

### Environmental Awards and Recognitions

Year	Location	Environmental Awards/Recognitions	By
2011	Lumphun Mine	Green System Certificate - level 3	Ministry of Industry
	Kitadin-Tandung	Green Certificate – PROPERDA	East Kalimantan Governor
	Indominco Mine	Green Certificate – PROPERDA	East Kalimantan Governor
		Gold Level – Environmental Management Award	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Blue Level –PROPERNAS	Ministry of Environment, Republic of Indonesia
	Kitadin-Embalut Mine	Green Certificate – PROPERDA	East Kalimantan Governor
		Bronze Level – Environmental Management Award	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Blue Level –PROPERNAS	Ministry of Environment, Republic of Indonesia
	Jorong Mine	Bronze Level – Environmental Management Award	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Blue Level – PROPERNAS	Ministry of Environment, Republic of Indonesia
	Trubaindo Mine	Green Certificate – PROPERDA	East Kalimantan Governor
		Bronze Level – Environmental Management Award	Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resource, Republic of Indonesia
		Blue Level –PROPERNAS	Ministry of Environment, Republic of Indonesia



# ECONOMIC SUSTAINABILITY

## Challenge

Our current economic challenge is the ability to share wealth with stakeholders appropriately and suitably in any given social and economic situation. Meanwhile, it is also Banpu's priority to maintain our financial strength and business growth at levels and rates which guarantee continual return to investors well into the future.









## Economic Situation

2011 is another year whose global economy still fluctuates and falls under pressure of the European financial crisis despite the slow recovery of US economy and economic expansion of the South East Asia region. Additionally, natural disaster events, such as earthquakes and tsunami in Japan and the great flood of Thailand, and violent social and political movements, i.e. cries for freedom of citizens in the middle eastern and north African countries, led to oscillation in currency values and commodity prices. However, oil and coal prices continued its upward trend originated since 2010. Interest rates, on the other hand, moved slightly downward following the US Federal Reserve's policy of keeping interest rates low. Exchange rate movements varied according to the currency concerned.



## Banpu's Strategies

### Financing Strategy

Banpu has formulated its financial strategy to be in line with the business strategy. Various scenarios relating to both internal and external sources of funds have been made and carefully analyzed. We also focus on forging good relationship with financial institutes to ensure accessibility of capital sources. In addition, we also stress upon managing cash inflows to succeed consistently.

## Foreign Exchange Risk Management Strategy

The Company manages foreign currencies to prevent exchange rate risk at both corporate and group levels by natural hedging policy to create a balance between its foreign-currency assets and liabilities in Thailand, Indonesia, China and Australia. Other financial instruments are being adopted from time to time as appropriate. The Company has adjusted its foreign currency forward contracts based on its estimated revenues and expenses so as to match its foreign currency assets and liabilities and to be in line with market trends and circumstance. At the same time, allocation of incomes in foreign currencies is done in appropriate proportion relevant to currencies which make up for the Company's incomes and costs. Lastly, we either raise funds in US dollars or convert them in other foreign currencies for overseas investment purposes.

## Interest Rate Management Strategy

Banpu manages interest rate risk by closely monitoring the world's and Thailand's market for interest rate trends. It allocates debt portfolio in both short and long term with fixed and floating interest rates corresponding to the types of investments. The Company has also chosen financial instruments to create alternative sources of funds and to manage financial structure properly in every country it invests. For instance, interest rate swap is used to manage the proportion of fixed interest rates to meet the market trends.



## Coal and Oil Prices Fluctuation Management Strategy

We manage risks from coal prices that affect our incomes and from oil prices that influence our operating and transportation costs by partly engaging in coal swaps and gasoline oil swaps. To achieve this, a Commodity Risk Management Committee has been established to manage risks from coal and oil prices of Banpu group. This committee also reviews the counterparty banks' risk status on annual basis. Sales and production in short and medium term are constantly adjusted to mitigate negative impact from revenues decreasing or operating costs increasing. Moreover, from closely monitoring and assessing coal market's situation as well as its price trend, the Company is able to select the right time to settle a price with its contracted customers, and to adjust sales proportion between fixed and index linked prices as per market condition at the time.

## Economic Operational Results

### Financial Strength

#### Financial Performance

Operational Results	Unit	2011	2010	2009
Sales Revenues	THB million	112,404	65,285	57,865
Profit from Operation	THB million	35,361	26,435	16,845
Net Profit	THB million	20,060	24,880	14,229
Gross Profit Margin	%	43.99	41.01	48.17
Interest Coverage Ratio	times	11.74	10.86	21.03
Net Debt to Equity Ratio	times	0.74	1.07	0.16

### Sharing the Wealth

#### Economic Distribution (%)

Stakeholders	Value (THB million)	Share of Revenues (%)
Suppliers & Contractors*	51,583	45.9
Public Sector (Royalty Fee, Tax**)	22,330	19.9
Shareholders (Dividends Paid)	6,840	6.1
Employees***	4,586	4.1
Financial Institutes (Interest Expense, Financial Expense)	3,396	3.0
Community, Society, Environment	995	0.9

\* Estimated from Cost of Sales less Employee Expense, Depreciation and Amortization

\*\* Includes Corporate Income Tax, Local Maintenance Tax, Property Tax, Specific Business Tax and Other Taxes

\*\*\* Includes Salary, Wage, Welfare, Provident Fund Contribution and Employees Development Expense

## GRI Content Index

Indicator	Description	Annual Report	Sustainability Report
<b>1. Strategy and Analysis</b>			
1.1	Statement from the most senior decision-maker of the organization about strategy and key topics for the short and medium-term with regard to sustainability.		<ul style="list-style-type: none"> <li>• Message from Chief Executive Officer (Page 2)</li> </ul>
1.2	Description of key impacts, risks, and opportunities including; description of the significant impacts the organization, the effect on stakeholders' rights as defined by national laws and the expectations in internationally agreed standards, explanation of the approach to prioritizing the challenges and opportunities.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Strategies for Sustainability (Page 16)</li> <li>• Our Employees: HR Management (Page 26)</li> <li>• Our Employees: Occupational Health and Safety (OHS) (Page 35)</li> <li>• Environmental Sustainability (Page 50)</li> <li>• Economic Sustainability (Page 66)</li> </ul>
<b>2. Organizational Profile</b>			
2.1	Name of the organization.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Map of Operation (Page 18)</li> </ul>
2.2	Primary brands, products, and/or services.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services <ul style="list-style-type: none"> <li>- Banpu's Coal Products (Page 21)</li> <li>- Customer Profile (Page 22)</li> <li>- Products and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Annual Report 2011 (Page 18, 22)	<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability <ul style="list-style-type: none"> <li>- Structure of the Board of Directors (Page 10)</li> <li>- Internal Control Mechanisms (Page 10)</li> <li>- Sustainable Development Governance (Page 11)</li> <li>- Sustainable Development Governance Structure (Page 11)</li> </ul> </li> </ul>
2.4	Location of organization's headquarters.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Map of Operation (Back Cover)</li> </ul>
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Map of Operation (Page 18)</li> <li>• About this report <ul style="list-style-type: none"> <li>- Boundary (Page 7)</li> </ul> </li> </ul>
2.6	Nature of ownership and legal form.	Annual Report 2011 (Page 18)	



Indicator	Description	Annual Report	Sustainability Report
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Customer Profile (Page 22)</li> <li>- Products and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
2.8	Scale of the reporting organization.		<ul style="list-style-type: none"> <li>• About this report (Page 4)</li> </ul>
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		n/a
2.10	Awards received in the reporting period.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability (Page 10)</li> <li>• Our Employees: Occupational Health and Safety (OHS)               <ul style="list-style-type: none"> <li>- Milestone and Key Achievement (Page 39)</li> </ul> </li> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Milestone and Key Achievement (Page 65)</li> </ul> </li> </ul>
<b>3. Report Parameters</b>			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.		<ul style="list-style-type: none"> <li>• About this report               <ul style="list-style-type: none"> <li>- Timeliness (Page 7)</li> </ul> </li> </ul>
3.2	Date of most recent previous report (if any).		n/a
3.3	Reporting cycle (annual, biennial, etc.)		<ul style="list-style-type: none"> <li>• About this report               <ul style="list-style-type: none"> <li>- Timeliness (Page 7)</li> </ul> </li> </ul>
3.4	Contact point for questions regarding the report or its contents.		<ul style="list-style-type: none"> <li>• Contact Address (Page 84)</li> </ul>
3.5	Process for defining report content.		<ul style="list-style-type: none"> <li>• About this report (Page 4)</li> </ul>
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		<ul style="list-style-type: none"> <li>• About this report               <ul style="list-style-type: none"> <li>- Boundary (Page 7)</li> </ul> </li> </ul>
3.7	State any specific limitations on the scope or boundary of the report. See completeness principle for explanation of scope.		<ul style="list-style-type: none"> <li>• About this report               <ul style="list-style-type: none"> <li>- Boundary (Page 7)</li> </ul> </li> </ul>
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		n/a

Indicator	Description	Annual Report	Sustainability Report
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		<ul style="list-style-type: none"> <li>About this report               <ul style="list-style-type: none"> <li>Reporting Principles for Defining Content (Page 6)</li> <li>Reporting Principles for Defining Quality (Page 6-7)</li> </ul> </li> </ul>
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		n/a
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		n/a
3.12	Table identifying the location of the Standard Disclosures in the report.		<ul style="list-style-type: none"> <li>GRI content index (Page 70-84)</li> </ul>
3.13	Policy and current practice with regard to seeking external assurance for the report.		<ul style="list-style-type: none"> <li>About this report               <ul style="list-style-type: none"> <li>Next Step (Page 7)</li> </ul> </li> </ul>
<b>4. Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Annual Report 2011 (Page 23-26)	<ul style="list-style-type: none"> <li>Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>Structure of the Board of Directors (Page 10)</li> </ul> </li> </ul>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Annual Report 2011 (Page 23)	<ul style="list-style-type: none"> <li>Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>Structure of the Board of Directors (Page 10)</li> </ul> </li> </ul>
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Annual Report 2011 (Page 23)	<ul style="list-style-type: none"> <li>Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>Structure of the Board of Directors (Page 10)</li> </ul> </li> </ul>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		<ul style="list-style-type: none"> <li>Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>Internal Control Mechanisms (Page 10)</li> <li>Ethics (Page 10-11)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		n/a
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>- Ethics (Page 10-11)</li> </ul> </li> </ul>
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Annual Report 2011 (Page 23)	<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>- Structure of the Board of Directors (Page 10)</li> </ul> </li> </ul>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		<ul style="list-style-type: none"> <li>• Vision and Mission (Inside front cover)</li> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability (Page 8-11)</li> <li>• Sustainable Development Policy (Page 15)</li> <li>• Our Employees: HR Management (Page 26)</li> <li>• Our Employees: Occupational Health and Safety (OHS) (Page 35)</li> <li>• Social Sustainability (Page 42)</li> <li>• Environmental Sustainability (Page 50)</li> <li>• Economic Sustainability (Page 66)</li> </ul>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Annual Report 2011 (Page 23-26)	<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>- Structure of the Board of Directors (Page 10)</li> <li>- Sustainable Development Governance (Page 11)</li> </ul> </li> </ul>
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Annual Report 2011 (Page 23-26)	<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>- Internal Control Mechanisms (Page 10)</li> <li>- Sustainable Development Governance (Page 11)</li> </ul> </li> </ul>
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Annual Report 2011 (Page 41)	<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability               <ul style="list-style-type: none"> <li>- Internal Control Mechanisms (Page 10)</li> </ul> </li> <li>• Business &amp; Sustainability: Strategies for Sustainability (Page 16)</li> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Responsibility for Coal Products (Page 23)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
4.11			<ul style="list-style-type: none"> <li>• Our Employees: Occupational Health and Safety (OHS) <ul style="list-style-type: none"> <li>- Managing risks (Page 36)</li> </ul> </li> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- What is happening? (Page 52)</li> <li>- Managing Value Chain (Page 62)</li> <li>- Managing Compliance (Page 63)</li> </ul> </li> <li>• Economic Sustainability (Page 68)</li> </ul>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		<ul style="list-style-type: none"> <li>• About this report (Page 4)</li> </ul>
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: *Has positions in governance bodies; *Participates in projects or committees; *Provides substantive funding beyond routine membership dues; or *Views membership as strategic.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability (Page 8)</li> </ul>
4.14	List of stakeholder groups engaged by the organization.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability <ul style="list-style-type: none"> <li>- Stakeholder Engagement (Page 12-14)</li> </ul> </li> </ul>
4.15	Basis for identification and selection of stakeholders with whom to engage.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability <ul style="list-style-type: none"> <li>- Stakeholder Engagement (Page 12-14)</li> </ul> </li> </ul>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability <ul style="list-style-type: none"> <li>- Stakeholder Engagement (Page 12-14)</li> </ul> </li> </ul>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Corporate Governance for Sustainability <ul style="list-style-type: none"> <li>- Stakeholder Engagement (Page 12-14)</li> </ul> </li> </ul>
<b>Economic Indicators</b>			
DMA EC	Disclosure on Management Approach EC		<ul style="list-style-type: none"> <li>• Economic Sustainability <ul style="list-style-type: none"> <li>- Banpu's Strategies (Page 68)</li> </ul> </li> </ul>
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		<ul style="list-style-type: none"> <li>• Economic Sustainability <ul style="list-style-type: none"> <li>- Economic Operational Results (Page 69)</li> <li>- Sharing the Wealth (Page 69)</li> </ul> </li> </ul>



Indicator	Description	Annual Report	Sustainability Report
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		n/a
EC3	Coverage of the organization's defined benefit plan obligations.		n/a
EC4	Significant financial assistance received from government.		n/a
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.		n/a
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		n/a
EC7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at significant locations of operation.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Our Employees (Page 28)</li> <li>- Human Resources Management (Page 29)</li> </ul> </li> </ul>
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level <ul style="list-style-type: none"> <li>- Community Development in the Republic of Indonesia (Page 48)</li> <li>- Community Development in Thailand (Page 49)</li> </ul> </li> </ul>
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level <ul style="list-style-type: none"> <li>- Community Development in the Republic of Indonesia (Page 48)</li> <li>- Community Development in Thailand (Page 49)</li> </ul> </li> </ul>
<b>Environmental Indicators</b>			
DMA EN	Disclosure on Management Approach EN		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Our Vision (Page 50)</li> <li>- Our Strategies (Page 53)</li> <li>- Our Commitment (Page 53)</li> </ul> </li> </ul>
<b>Materials</b>			
EN1	Materials used by weight or volume.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 55-57)</li> </ul> </li> </ul>
EN2	Percentage of materials used that are recycled input materials.		n/a
<b>Energy</b>			
EN3	Direct energy consumption by primary energy source.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 55-57)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
EN4	Indirect energy consumption by primary source.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 55-57)</li> </ul> </li> </ul>
EN5	Energy saved due to conservation and efficiency improvements.		n/a
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 56-57)</li> </ul> </li> </ul>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 56-57)</li> </ul> </li> </ul>
<b>Water</b>			
EN8	Total water withdrawal by source.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Water Usage and Water Management (Page 57)</li> </ul> </li> </ul>
EN9	Water sources significantly affected by withdrawal of water.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Water Usage and Water Management (Page 57)</li> </ul> </li> </ul>
EN10	Percentage and total volume of water recycled and reused.		n/a
<b>Biodiversity</b>			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Biodiversity (Page 63-64)</li> </ul> </li> </ul>
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Biodiversity (Page 63-64)</li> </ul> </li> </ul>
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Managing Resources (Page 55)</li> </ul> </li> </ul>
EN13	Habitats protected or restored.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Biodiversity (Page 63-64)</li> </ul> </li> </ul>
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Biodiversity (Page 63-64)</li> </ul> </li> </ul>
MM2	The number and percentage of total sites identified as requiring biodiversity management plans according to stated criteria, and the number (percentage) of those sites with plans in place.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Biodiversity (Page 63-64)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.		n/a
<b>Emissions, Effluents and Waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 56)</li> </ul> </li> </ul>
EN17	Other relevant indirect greenhouse gas emissions by weight.		n/a
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Energy Resources and Greenhouse Gas Emission (Page 56-57)</li> </ul> </li> </ul>
EN19	Emissions of ozone-depleting substances by weight.		n/a
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.		n/a
EN21	Total water discharge by quality and destination.		n/a
EN22	Total weight of waste by type and disposal method.		n/a
	Total amounts of overburden, rock, tailings, and sludges and their associated risks.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Water Usage and Water Management (Page 57)</li> <li>- Waste (Page 61-62)</li> </ul> </li> </ul>
EN23	Total number and volume of significant spills.		<ul style="list-style-type: none"> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Managing Compliance (Page 63)</li> </ul> </li> </ul>
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.		n/a
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.		n/a
<b>Products and Services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services <ul style="list-style-type: none"> <li>- Responsibility for Coal Products (Page 23)</li> </ul> </li> <li>• Environmental Sustainability <ul style="list-style-type: none"> <li>- Managing Compliance (Page 63)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Responsibility for Coal Products (Page 23)</li> </ul> </li> </ul>
<b>Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Managing Compliance (Page 63)</li> </ul> </li> </ul>
<b>Transport</b>			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Managing Value Chain (Page 62)</li> </ul> </li> </ul>
<b>Overall</b>			
EN30	Total environmental protection expenditures and investments by type.		<ul style="list-style-type: none"> <li>• Economic Sustainability               <ul style="list-style-type: none"> <li>- Sharing the Wealth (Page 69)</li> </ul> </li> </ul>
<b>Labour Practices and Decent Work Indicators</b>			
DMA LA	Disclosure on Management Approach LA		<ul style="list-style-type: none"> <li>• Our Employees: HR Management               <ul style="list-style-type: none"> <li>- Human Resources Management (Page 29)</li> </ul> </li> </ul>
<b>Employment</b>			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management               <ul style="list-style-type: none"> <li>- Our Employees (Page 28)</li> <li>- Employee Recruitment (Page 29)</li> </ul> </li> </ul>
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management               <ul style="list-style-type: none"> <li>- Our Employees (Page 28)</li> <li>- Employee Recruitment (Page 29)</li> </ul> </li> </ul>
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		n/a
LA15	Return to work and retention rates after parental leave, by gender.		n/a
<b>Labour/Management Relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management               <ul style="list-style-type: none"> <li>- Employees' Rights and Welfare Protection (Page 33)</li> </ul> </li> </ul>
LA5	Minimum notice period (s) regarding significant operational changes, including whether it is specified in collective agreements.		n/a
MM4	Number of strikes and lock-outs exceeding one week's duration, by country.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management               <ul style="list-style-type: none"> <li>- Employees' Rights and Welfare Protection (Page 33)</li> </ul> </li> </ul>



Indicator	Description	Annual Report	Sustainability Report
<b>Occupational Health and Safety</b>			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.		<ul style="list-style-type: none"> <li>• Our Employees: Occupational Health and Safety (OHS) <ul style="list-style-type: none"> <li>- Our Commitment (Page 35)</li> <li>- Managing Risks (Page 36)</li> </ul> </li> </ul>
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		<ul style="list-style-type: none"> <li>• Our Employees: Occupational Health and Safety (OHS) <ul style="list-style-type: none"> <li>- Performance (Page 36)</li> </ul> </li> </ul>
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		<ul style="list-style-type: none"> <li>• Our Employees: Occupational Health and Safety (OHS) <ul style="list-style-type: none"> <li>- Managing Risks (Page 36)</li> <li>- Working Together (Page 37)</li> </ul> </li> </ul>
LA9	Health and safety topics covered in formal agreements with trade unions.		n/a
<b>Training and Education</b>			
LA10	Average hours of training per year per employee by gender, and by employee category.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Planning for Growth (Page 31-32)</li> </ul> </li> </ul>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		n/a
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Performance Management (Page 30)</li> <li>- Planning for Growth (Page 31-32)</li> </ul> </li> </ul>
<b>Diversity and Equal Opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Our Employees (Page 28)</li> <li>- Employee Recruitment (Page 29)</li> <li>- Workforce Management (Page 32)</li> </ul> </li> </ul>
<b>Equal Remuneration for Women and Men</b>			
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		n/a
<b>Human Rights Indicators</b>			
DMA HR	Disclosure on Management Approach HR		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Human Resources Management (Page 29-31)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
<b>Investment and Procurement Practices</b>			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		n/a
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		n/a
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		n/a
<b>Non-discrimination</b>			
HR4	Total number of incidents of discrimination and corrective actions taken.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Bring Diverse Background and Cultural Differences into One (Page 28)</li> <li>- Human Resources Management (Page 29)</li> <li>- Employees' Rights and Welfare Protection (Page 33)</li> </ul> </li> </ul>
<b>Freedom of Association and Collective Bargaining</b>			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.		<ul style="list-style-type: none"> <li>• Our Employees: HR Management <ul style="list-style-type: none"> <li>- Bring Diverse Background and Cultural Differences into One (Page 28)</li> <li>- Human Resources Management (Page 29)</li> <li>- Employees' Rights and Welfare Protection (Page 33)</li> </ul> </li> </ul>
<b>Child Labour</b>			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.		n/a
<b>Prevention of Forced and Compulsory Labour</b>			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.		n/a

Indicator	Description	Annual Report	Sustainability Report
<b>Security Practices</b>			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		n/a
<b>Indigenous Rights</b>			
MM5	Total number of operations taking place in or adjacent to Indigenous Peoples' territories, and number and percentage of operations or sites where there are formal agreements with Indigenous Peoples' communities.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level</li> <li>- Community Development in the Republic of Indonesia (Page 47)</li> </ul>
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.		n/a
<b>Assessment</b>			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		n/a
<b>Remediation</b>			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		n/a
<b>Social Performance Indicators</b>			
DMA SO	Disclosure on Management Approach SO		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level</li> <li>- Community Development in the Republic of Indonesia (Page 47-49)</li> </ul>
<b>Local Communities</b>			
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level</li> <li>- Community Development in the Republic of Indonesia (Pre-mining stage, Mining stage, Post-mining stage) (Page 47-49)</li> </ul>
MM6	Number and description of significant disputes relating to land use, customary rights of local communities and Indigenous Peoples.		n/a
MM7	The extent to which grievance mechanisms were used to resolve disputes relating to land use, customary rights of local communities and Indigenous Peoples, and the outcomes.		n/a

Indicator	Description	Annual Report	Sustainability Report
<b>Artisanal and Small-scale Mining</b>			
MM8	Number (and percentage) or company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site; the associated risks and the actions taken to manage and mitigate these risks.		n/a
<b>Resettlement</b>			
MM9	Sites where resettlements took place, the number of households resettled in each, and how their livelihoods were affected in the process.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level <ul style="list-style-type: none"> <li>- Community Development in the Republic of Indonesia (Pre-mining stage) (Page 47)</li> </ul> </li> </ul>
<b>Closure Planning</b>			
MM10	Number and percentage of operations with closure plans.		n/a
SO9	Operations with significant potential or actual negative impacts on local communities.		<ul style="list-style-type: none"> <li>• Social Sustainability: CSR at Local Level <ul style="list-style-type: none"> <li>- Community Development in the Republic of Indonesia (Pre-mining stage, Mining stage, Post-mining stage) (Page 47-49)</li> </ul> </li> </ul>
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		n/a
<b>Corruption</b>			
SO2	Percentage and total number of business units analyzed for risks related to corruption.		n/a
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		n/a
SO4	Actions taken in response to incidents of corruption.		n/a
<b>Public Policy</b>			
SO5	Public policy positions and participation in public policy development and lobbying.		n/a
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		n/a
<b>Anti-competitive Behavior</b>			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.		n/a



Indicator	Description	Annual Report	Sustainability Report
<b>Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		n/a
<b>Product Responsibility Indicators</b>			
DMA PR	Disclosure on Management Approach PR		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Customer Profile (Page 22)</li> <li>- Responsibility for Coal Products (Page 23)</li> <li>- Product and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
<b>Materials Stewardship</b>			
MM11	Programs and progress relating to materials stewardship.		<ul style="list-style-type: none"> <li>• Environmental Sustainability               <ul style="list-style-type: none"> <li>- Managing Value Chain (Page 62)</li> </ul> </li> </ul>
<b>Customer Health and Safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Banpu's Coal Products (Page 21)</li> <li>- Customer Profile (Page 22)</li> <li>- Responsibility for Coal Products (Page 23)</li> <li>- Product and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Customer Profile (Page 22)</li> <li>- Responsibility for Coal Products (Page 23)</li> <li>- Product and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
<b>Product and Service Labelling</b>			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Banpu's Coal Products (Page 21)</li> <li>- Responsibility for Coal Products (Page 23)</li> <li>- Product and Customers of Power Business (Page 25)</li> </ul> </li> </ul>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Customer Profile (Page 22)</li> </ul> </li> </ul>
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services               <ul style="list-style-type: none"> <li>- Customer Profile (Page 22)</li> </ul> </li> </ul>

Indicator	Description	Annual Report	Sustainability Report
<b>Marketing Communications</b>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		n/a
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.		n/a
<b>Customer Privacy</b>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services - Customer Profile (Page 22)</li> </ul>
<b>Compliance</b>			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		<ul style="list-style-type: none"> <li>• Business &amp; Sustainability: Products and Services - Responsibility for Coal Products (Page 23)</li> </ul>

**For more information, feedback and comments, please contact**

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