

Tax Transparency Report

For year ended 31 December 2021

TAX TRANSPARENCY REPORT

BANPU AUSTRALIA CO. PTY LTD

31 DECEMBER 2021

INTRODUCTION

Banpu Australia Co. Pty Ltd ('Banpu Australia' or the 'Company') is pleased to present this Tax Transparency Report (the 'Report'), which sets out the Australian tax contribution of Banpu Public Company Limited ('Banpu PCL') together with its subsidiaries in Australia¹ (the 'BPA Group') and our approach to how we manage our tax obligations.

The Report covers the financial year ended 31 December 2021 ('FY2021') and is prepared in accordance with the Australian Voluntary Tax Transparency Code ('VTTC') which was released by Australia's Board of Taxation on 16 February 2016.

As a large business, we appreciate the role that we play in the broader community and are committed to fostering an open and transparent reporting of our tax obligations and economic contributions. Our disclosures demonstrate our continued commitment to tax transparency and further highlight our approach to effective tax risk management in keeping with our corporate governance practices.

The BPA Group adheres to tax administration practices that includes accurate and timely lodgements of returns and meeting of all our tax obligations, as well as proactive engagement with the Federal and State revenue authorities (such as the Australian Taxation Office ('ATO') or NSW Office of State Revenue).

BUSINESS OVERVIEW AND BACKGROUND

Banpu PCL and global operations

Banpu PCL together with its subsidiaries is an integrated energy supplier with an active presence across many geographies including the Asia-Pacific region. Banpu PCL is listed on the Stock Exchange of Thailand and headquartered in Bangkok, Thailand.

Banpu PCL was established on 16 May 1983 as 'Ban Pu Coal Company Limited' to subcontract a coal mining operation at Banpu Mine (BP-1 Mine) located in Li District, Lamphum province from the Department of Alternative Energy Development and Efficiency.

Heading into the fourth decade of business operations both locally and internationally, Banpu group is now positioned as an **International Versatile Energy Provider** of best-in-class energy solutions, with extensive expertise in integrated energy solutions. The business has operations across many jurisdictions including Thailand, Indonesia, China, Australia, Lao People's Democratic Republic ('Laos'), Singapore, Japan, Vietnam, Mongolia and the United States.

¹ The report covers the Banpu Australia income tax consolidated group, the BPA Group, representing operations in Australia that include Centennial Coal Company Pty Limited and its subsidiaries in Australia (together 'Centennial'). The members of BPA Group are treated as a single taxpayer for income tax purposes.

Banpu has adopted and has been implementing a **Greener & Smarter** strategy, which enables the business to leverage off smart technology and innovation to drive growth and strengthen the group's business ecosystems. We have embraced the prevailing global energy trends — Decentralisation, Decarbonisation, and Digitalisation — through the three core businesses:

- **Energy Resources** – coal and gas including related operations such as marketing, trading, logistics, fuel procurement and transmission.
- **Energy Generation** – thermal and renewable power plants.
- **Energy Technology** – total solar energy solutions, energy storage and systems, electric vehicles, smart communities, and energy management systems. We endeavour to create energy sustainability for the world through the delivery of affordable, reliable, and eco-friendly energy.

The business has capabilities across the following production phases:

- **Upstream:** with over a third-of-a-century of experience in upstream resource development in coal and industrial minerals in Asia and Australia. Our group's expertise covers exploration, open-pit mining and underground operations. We manage or co-manage mines producing in excess of 36 million tonnes of coal and lignite in the Asia-Pacific region. Banpu group has also ventured into unconventional shale gas production. The group currently has active upstream operations and projects in China, Mongolia, Australia, Indonesia, Laos and the United States.
- **Midstream:** currently focussed on managing coal logistics, marketing, sales and trading in the Asia-Pacific region. The group has plans to diversify into liquid fuels, bio-fuels and bio-mass logistics and marketing. Much of the midstream business is managed in Singapore.
- **Downstream:** the group has been a pioneer in private sector power developments in Asia for over two decades. Banpu group has successfully developed a series of greenfield Independent Power Producer ('IPP') and Small Power Producer ('SPP') power projects in Asia since the early 1990s, securing several billion dollars of project finance in the process. The group's current power portfolio consists of over 4,000 megawatts of equity power capacity in Thailand, Laos, China and Japan. This includes a solar photovoltaic power operating portfolio of approximately 836 equity megawatts. Banpu PCL also holds an interest in a US gas producer with a net production of approximately 700 MMcfed. In August 2017, Banpu group launched its smart energy business, Banpu Infinergy. The business focuses on solar rooftop services in Thailand for residential and commercial clients – which currently has an equity-based capacity of 99 MW. The company is also developing 20 Smart City Projects (expected to expand to 30). The company is also developing an electric vehicle business aimed at providing integrated EF fleet management with 'Mobility as a Service' concept offering one-stop service solutions to meet specific needs of each customer, including consultancy, market evaluation, EV fleet, and after sales support.

The BPA Group including Banpu Australia, Centennial and Banpu Energy

Banpu group acquired Centennial in 2010. Centennial is a wholly owned subsidiary of Banpu PCL, via Banpu Australia. Established in 1989 and listed on the Australian Securities Exchange in 1994, Centennial is a coal mining and marketing company supplying thermal and coking coal to the domestic and export markets. From its small beginnings in 1989 and a A\$20 million listing in 1994, Centennial grew to be a top S&P/ASX 100 company. Upon the takeover by Banpu PCL in September 2010, its market capitalisation had grown to approximately A\$2.5 billion.

The BPA Group has now over 1,600 employees and currently operates underground coal mines in New South Wales. The BPA Group is a major fuel supplier to the NSW energy industry, fuelling approximately 40% of the State's coal-fired electricity generation. We have a growing export capability and currently sell approximately 40% of our coal into the export market. Coal is exported through ports at Newcastle and Port Kembla in NSW and our customers include power stations and steel mills in Taiwan, Japan and Korea.

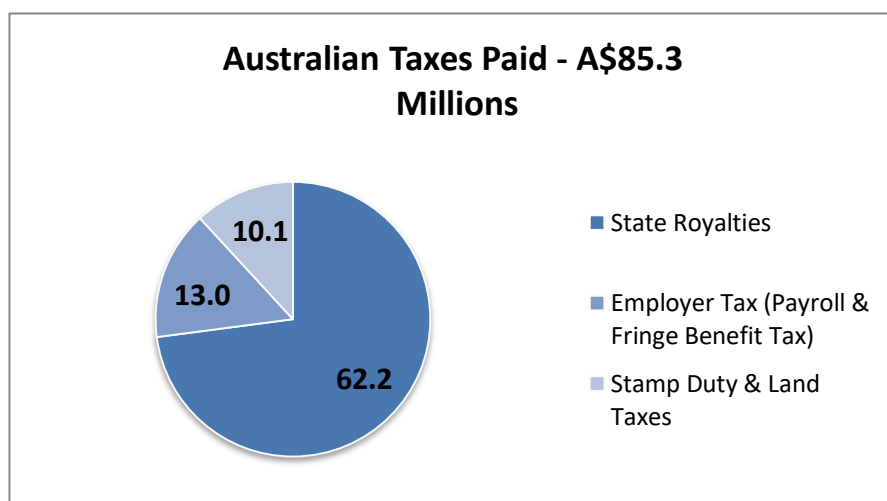
Banpu Energy Australia Pty Ltd ('Banpu Energy') established in February 2020 – a subsidiary of BPA - started its trading activities within the Australian Renewable Energy Market in three main areas:

- Energy Assets & Projects: generation (solar, wind), storage, and new technology (e.g. hydrogen);
- Energy and Sales & Service: energy sales and supply, energy efficiency, asset and contract management.
- Energy Trading & Optimisation: asset trading, flow trading, and proprietary trading.

During 2021, Banpu Energy acquired two brownfield solar farms: the 110MW Beryl Solar Farm and the 55MW Manildra Solar Farm.

TAX CONTRIBUTION SUMMARY

The following chart summarises the Australian taxes paid, including those collected on behalf of others, by the BPA Group for FY2021:



The BPA Group made an accounting loss before tax of A\$289.3 million and a taxable loss of A\$313.4 million (before utilisation of tax losses and tax offsets) in FY2021. As a result, no corporate income tax was payable by the BPA Group in respect of the FY2021 year.

Current and prior year tax losses may be carried forward and applied to reduce taxable income in later income years (subject to the satisfaction of certain criteria). Tax payable is generally 30% of taxable income, which may be reduced by available tax offsets. Tax offsets include franking credits and the Research & Development ('R&D') tax offset.

Reconciliation of Australian accounting profit to taxable income/loss

Description	2021 Annual Accounts A\$ Millions
Banpu Australia's profit before tax / (loss)	(289.3)
Temporary adjustments for Income/Expenses	(0.4)
Tax depreciation and capitalised expenditure	28.8
Payments made from provisions	(8.3)
Non-deductible items	0.1
Foreign exchange	(41.1)
Australian R&D Expenditure	0.9
Other	(4.1)
Taxable Income/(Loss) before tax losses and tax offsets	(313.4)

Many of the items in the reconciliation above relate to temporary differences between tax and accounting. Details of the material differences are as follows:

- **Temporary adjustments for Income/Expenses** – primarily related to accrued expenses, accrued income and consumables, which are tax deductible when incurred or when income was derived.
- **Tax depreciation and capitalised expenditure** – temporary adjustments due to differences in effective lives adopted between tax and accounting for depreciable assets and deductible mining expenditure.
- **Payments made from provisions** – temporary adjustments due to payments of provisions predominantly related to employee benefits and mining rehabilitation, which are deductible for tax when paid and which have already been provided for in the accounts.
- **Foreign exchange** – temporary adjustments for foreign exchange gains and losses which are recognised for tax on a realised basis. During FY2021, the company refinanced USD loans, resulting in the realisation of foreign exchange losses attributable to these USD loans.

The above information has been audited as part of the BPA Group's annual statutory reporting processes.

For the years ended 31 December 2012 to 2016 years and 2019-2021 years, the BPA Group incurred tax losses. The tax losses primarily arose from trading in an oversupplied coal market, which resulted in lower export coal prices. In addition to the difficult trading environment for coal, the BPA Group also incurred significant mine development expenditure during this period.

FY2021 was challenging, with mine sites impacted by higher rainfall events and the COVID-19 pandemic. The BPA Group responded well to the challenges, with the implementation of a COVID-19 response plan throughout the year. Centennial continued to evolve its COVID-19 working arrangements and site access protocols to maintain a COVID-19 free workplace, without material adverse impacts to productions. Export prices began to spike in the September Quarter with rising demand leading to a significant increase in seaborne prices. The GC Newc (6000 NCV) index averages US\$184/tonne in the December quarter, up 173% on prior corresponding period as a faster than expected economic rebound following the lifting of pandemic lockdowns accelerated demand for coal in late 2021.

The 2022 year has seen a significant turnaround in demand and coal prices. With weather (heavy rain due to La Nina weather patterns) impacting production in Australia, Indonesia, South Africa and Colombia, greater than expected coal import demands from China and India, and the coal and gas bans imposed on Russian coal and gas due to the Ukraine war, this has seen FOB Newcastle (Hist) prices reach US\$410 – US\$450. This is expected to result in profits (and taxable income) for the 2022 year.

Taxes collected on behalf of the Federal and State Governments in FY2021 include:

Australian Taxes Collected	A\$ Millions
Pay As You Go Withholding taxes - employee wages	81.8
Goods & Services Tax ('GST') remitted from sales ²	61.9
Total	143.7

Reconciliation of Australian accounting profit to tax (expense)/credit

Description	2021 Annual Accounts A\$ Millions
Banpu Australia's profit / (loss) before tax	(289.3)
Tax at Australian corporate tax rate (30%)	86.8
Non-deductible expenses/non-assessable	0.9
Australian R&D tax offset	0.1
Prior year's (under)/over provision	5.6
Tax Benefit / (Expense) per accounts	93.4

² This amount represents the gross GST payable in respect of sales; and does not take into account GST recovered by the BPA Group on expenditure.

Effective Tax Rate ('ETR') of Banpu Australia	2020 Annual Accounts A\$ Millions
Tax Benefit / (Expense) per accounts	93.4
Banpu Australia's profit /(loss) before tax	(289.3)
ETR	32.28%
ETR reconciled as:	
Australian statutory tax rate	30.00%
Adjusted for non-temporary differences:	
Non-deductible expenses/non-assessable	0.35%
Australian R&D tax offset	0.01%
Subtotal	30.38%
Prior year's (under)/over provision	1.91%
ETR	32.28%

APPROACH TO TAX GOVERNANCE AND ENGAGEMENT WITH TAX AUTHORITIES

Risk Management

Banpu PCL and the BPA Group, including Centennial, have a strong focus on risk management throughout all aspects of the business. A strong Risk Management standard and Framework is maintained and is based on the Risk Management Standard AS/NZS/ISO 31000 for the management of risk. Tax is one of the areas managed as part of the overall business risk framework. The Risk Management Framework requires senior executives and management personnel to identify risks inherent in their areas of responsibility, and to put appropriate policies and procedures in place to mitigate those risks. On an annual basis, each business area's risks are reviewed to ensure that all risks have been identified, escalated and appropriate action taken. This includes any risks arising from the last review date being included in the analysis. The relevant periodic risk reviews are led by Centennial's Executive General Manager – Mining Risk and Compliance and carried out by the Risk, Compliance and Assurance Team. The outcome of this analysis is reported to the Centennial Audit & Risk Committee ('the A&R Comm') and to the Board of Directors (the 'Board') of Centennial and Banpu Australia.

The A&R Comm operates by reference to the Board endorsed A&R Comm Charter. The A&R Comm responsibilities include oversight of effectiveness of internal and accounting controls and the overall risk management. The A&R Comm also reviews and assesses processes for determining, monitoring and assessing key risk areas, including meeting periodically with management and external auditors to assess the overall control environment.

Further details are outlined in Centennial's 2021 Sustainability Report, which can be viewed on the Centennial's website (www.centennialcoal.com.au).

Tax Risk Management

The BPA Group appropriately designs and implements internal controls to ensure strong tax compliance practices are maintained and any uncertainties and/or disputes are minimised. The BPA Group's adherence to compliance is embedded as part of all existing business activities.

The BPA Group employs experienced professionals that oversee the various finance and tax responsibilities. Management is also supported by external tax advisors who engage with revenue authorities to manage the BPA Group's tax affairs. The tax affairs of the BPA Group are carried out in accordance with the BPA Group's Tax Policy, which sets out our prudent approach to tax compliance and operates within the broader organisational governance and risk management framework.

The BPA Group's Tax Policy requires:

- Compliance with all applicable tax laws, rules and regulations.
- Culture of tax compliance to be embedded within the day to day operations of the business.
- Proactively managing tax risks so as to avoid unnecessary disputes with Federal and State revenue authorities.
- Seeking constructive and co-operative working relationships with the Federal and State revenue authorities such as the ATO and NSW Office of State Revenue.
- Complying with the arm's length principle for international related party and intra-group transactions.
- Pro-actively managing and monitoring tax compliance.

As part of the tax management and administration process, regular reporting takes place. For example, the Boards of Banpu Australia and Centennial are provided with monthly finance reports and the A&R Comm meets on a quarterly basis.

The quarterly update to the A&R Comm provides details in respect of tax that include:

- Progress of ongoing Federal and State tax obligations.
- Progress on any ongoing audits from Federal and State revenue authorities.
- Legislative changes proposed or made by Federal and State revenue authorities.
- Progress on current significant transactions.

In relation to significant and/or complex transactions and/or non-routine matters, the BPA Group engages external advisors, where necessary. In addition, as part of the tax compliance process, the BPA Group's consolidated corporate income tax return is reviewed by the external tax advisor.

International related party dealings are undertaken in accordance with the ‘arm’s length principle’, and the ATO and Organisation for Economic Co-operation and Development’s transfer pricing rulings and guidelines. External advisors are engaged to review the transfer pricing documentation. The number of cross-border transactions with related parties are few and their value is small relative to the BPA Group’s nature and scale of operations.

The BPA Group does not engage in aggressive tax planning, and does not undertake tax planning or transactions that do not reflect the economic nature of the arrangements.

The BPA Group continues to invest into its resources that support both financial and tax reporting processes. This includes investment in information technology such as an integrated accounting platform and tax compliance software that to ensure integrity of financial data and tax reporting.

Corporate and Tax Governance

The tax risk management is underpinned by the overall corporate and tax governance framework. Banpu PCL together with its subsidiaries maintain and adhere to a sound Corporate Governance Policy and Framework that includes an appropriate risk management system, ensuring compliance with applicable laws and regulations and has an adequate and effective internal control and internal audit processes, which safeguard and support long-term business value creation.

This further demonstrates and reinforces our organisational values and commitment to respecting the law and regulations, working honestly and with integrity, and adopting ethical and transparent practices at all times.

As set out above, the BPA Group adopts a prudent approach to tax and one that is fair and transparent. This approach to tax is further supported throughout the organisation. Please refer to the following table that provides an overview of the roles and responsibilities for tax risk management:

Role	Responsibility
Banpu Public Company Board	Responsible for oversight of business operations and risk management practices across all jurisdictions including the approval of internal control systems and adherence to group corporate financial policies and procedures.
Centennial Board	Responsible for oversight of Centennial business operations and risk management practices in Australia including the administration of internal tax controls and adherence to group corporate tax policies and procedures.
Banpu Energy Board	Assists the BPA Board with the oversight of implementing the tax risk management strategy in relation to the renewable energy business including adherence to group corporate tax policies and procedures.

Audit and Risk Committee ('A&R Comm')	Assists the Centennial Board in fulfilling corporate governance and oversight responsibilities including review of effectiveness of the management of material risks, including tax.
Chief Financial Officer ('CFO')	Principal day to day responsibility for financial and tax risk management practices. This includes identification, mitigation and escalation of risks to the A&R Comm, and the relevant Boards.
General Manager – Mining Risk and Compliance	Responsible for periodic risk reviews across the business and reporting of key actions to the A&R Comm.
Global Head of Tax	Responsible for implementation of tax risk management framework, ensuring key group tax process and controls are maintained as well as providing specialist support to the BPA Group.
Australian Head of Tax	Responsible for implementation of the BPA Group Tax Policy and day to day tax administration obligations in Australia. This includes accurate and timely lodgement of tax returns and payment of taxes.

As set out above, tax risk management is part of the overall risk management framework. The core responsibility shared amongst all the senior executives and management personnel including the role to identify inherent risks and implement policies and procedures to mitigate risks, where possible. On an annual basis, each business area is subject to a review that takes into account the level of inherent risks and any risks arising from the previous review date. The relevant analysis and findings are reported to the A&R Comm and the Board of Banpu Australia and Centennial.

Engagement with Tax Authorities

Banpu PCL together with its subsidiaries seek to maintain open, proactive and co-operative relationships with Federal and State revenue authorities in all countries where operations are located. These relationships are supported by ongoing communication, particularly with regard to significant transactions, and are based on constructive communication and mutual respect.

The BPA Group adheres to the above principles. This also includes, where appropriate, working collaboratively with Federal and State revenue authorities to achieve early agreement and certainty in respect of the application of tax laws and regulations.

The interaction with Federal and State revenue authorities includes working closely in respect of routine reviews across relevant tax areas including corporate income tax and GST. For example, during 2021/2022 the ATO completed a GST Assurance Review of Centennial Coal Company as part of its ATO Justified Trust Program. The final findings report issued by the ATO did not identify any material issues and provided an overall 'Medium' level of assurance. This rating is consistent with the rating of 74% of taxpayers undertaking this review.

As part of our commitment to being a good corporate citizen, we have adopted the VTTC and engage with the relevant Federal and State authorities on a transparent and collaborative basis to support them in their reviews at all stages of the engagement.

INTERNATIONAL RELATED DEALINGS

As set out above, Banpu group operates across many jurisdictions. In order to operate efficiently some functions are centralised and there are a number of group intercompany arrangements. The number of cross-border transactions with related parties are not significant relative to the BPA Group's nature and scale of operations.

The BPA Group had the following related party dealings during FY2021:

- **Intercompany borrowings**

The BPA Group has borrowings from Banpu on which market rate interest is charged. Funds borrowed are used for working capital purposes.

- **Marketing services**

Banpu group has centralised its marketing operations with respect to international coal sales for its overseas subsidiaries. As a result, marketing services are provided to Centennial with respect to coal sold outside Australia (i.e. export coal sales). The marketing fee charged for these services represents an arm's length price.

Banpu group conducts international related party dealings on arm's length basis to meet the regulatory requirements of the jurisdictions and in accordance with the OECD transfer pricing rules and guidelines.

All intercompany related party transactions are appropriately disclosed in the lodged corporate income tax returns and supported by documentation required by Australian tax legislation in line with the arm's length transfer pricing principles. For reference, appropriate external advice is obtained to ensure the positions adopted are appropriately supported.

INFORMATION PUBLISHED BY THE ATO

Pursuant to Australia's public tax transparency requirements, the Federal Commissioner of Taxation ('the Commissioner') has an obligation to annually publish selected income tax information, as set out below, for large corporate tax entities with total income of at least A\$100 million (as disclosed in its income tax return).

Accordingly, the following details will be published by the Commissioner with respect to the financial year ended 31 December 2021:

Name	BANPU AUSTRALIA CO. PTY LTD
ABN	56136468007
Total Income	\$969,052,823
Taxable Income	\$0
Tax Payable	\$0

'Total Income' represents gross revenue, not profit of Banpu Australia. **This figure does not take into account expenses incurred in the operation of the business.**

'Taxable Income' refers to a company's statutory profits plus all adjustments required under the income tax legislation. As noted above, a company's taxable income can vary significantly to their statutory profit due to timing differences for accounting and tax for expenses and depreciation, and the application of prior year tax losses.

'Tax Payable' refers to the tax payable based on a company's taxable income, after taking into account the application of franking credits and tax offsets (e.g. R&D tax offsets).