

SUSTAINABILITY REPORT

2012/13







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1. Chairman's Message

Over the past decade, BTS Group has been providing a unique and comprehensive range of City Solutions. We bring opportunities for an improved way of life to the community through sustainable practices. We have been committed to provide safe, reliable and efficient rail mass transit services whilst reducing environmental impact.

As a result, in 2012/13, the BTS SkyTrain has helped to reduce carbon dioxide emissions by approximately more than 200,000 tonnes*. We have also reinforced our energy-saving policy through the implementation of train operating strategies during peak/off-peak periods to cut down on energy consumption. Additionally, we replaced traditional light bulbs to LED lighting systems, which are energy efficient throughout our train depot and light-box ads in our media business.

Moreover, aside from our ongoing projects at the macro and community levels, the Board of Directors is considering a long-term Sustainability Programme that further strengthens the various dimensions of the sustainability framework, with emphasis on community and society development. In the aspect of corporate governance, the Company took a big leap forward with the listing of VGI on The Stock Exchange of Thailand in October 2012. VGI's corporate governance is transparent to all stakeholders under the laws and regulations of the SEC and SET.

On behalf of the Board of Directors, the management and all staff of BTS Group Holdings Plc., I am proud to present you with our first Sustainability Report. We look forward to upholding our commitment towards sustainability as well as maintaining our CSR Programme to achieve balance in business, society and environment.

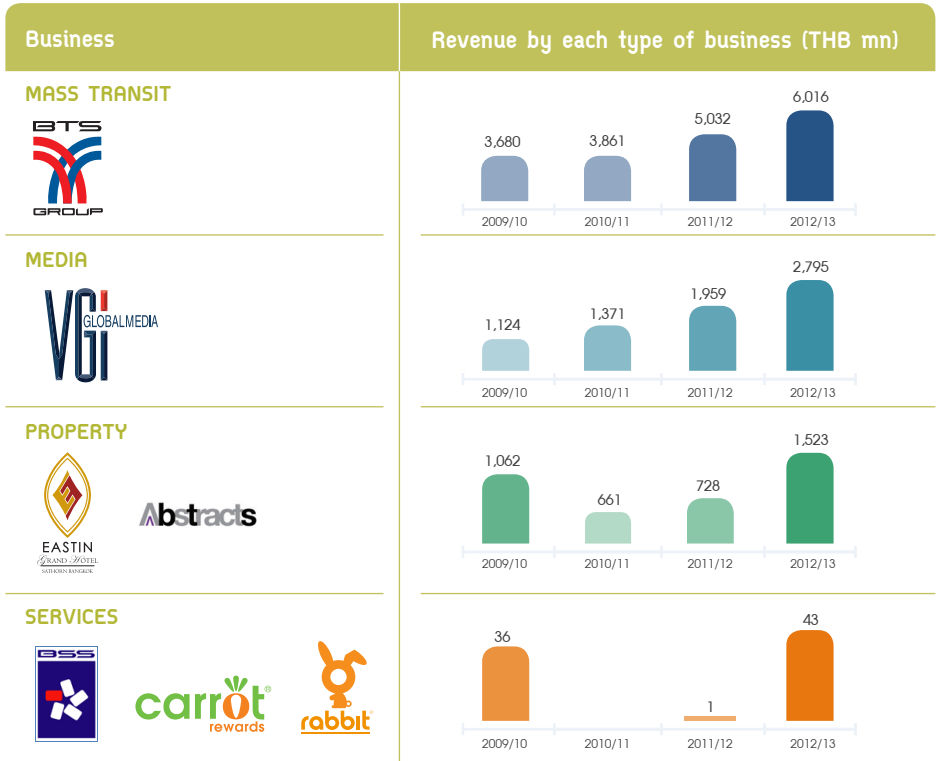


Keeree Kanjanapas

* Calculation based on the estimated CO₂ gas emission from various types of vehicles if BTS passengers were to travel by alternative modes of transportation



2. BTS Group at a Glance



* Services business has been reclassified to exclude Thana City Golf course since 4Q 11/12.

EMPLOYEES **3,357**

3. Policy and Mission on Sustainable Development

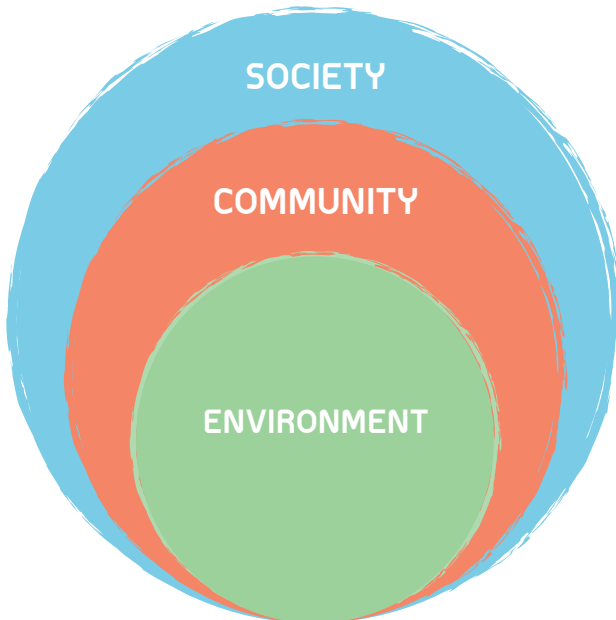
Policy on Sustainable Development

BTS Group's business operation focuses on the following 4 core values: Delivering Customer Satisfaction, Creating Shareholder Value, Supporting Sustainable Growth, and Developing Communities. Based on the principles of Good Compliance and Governance (CG), the Company conducts its business with integrity, transparency, accountability and fairness. The Company strictly adheres to the laws and regulations, and it gives great importance to environmental management and improving the quality of life of its employees.

Mission

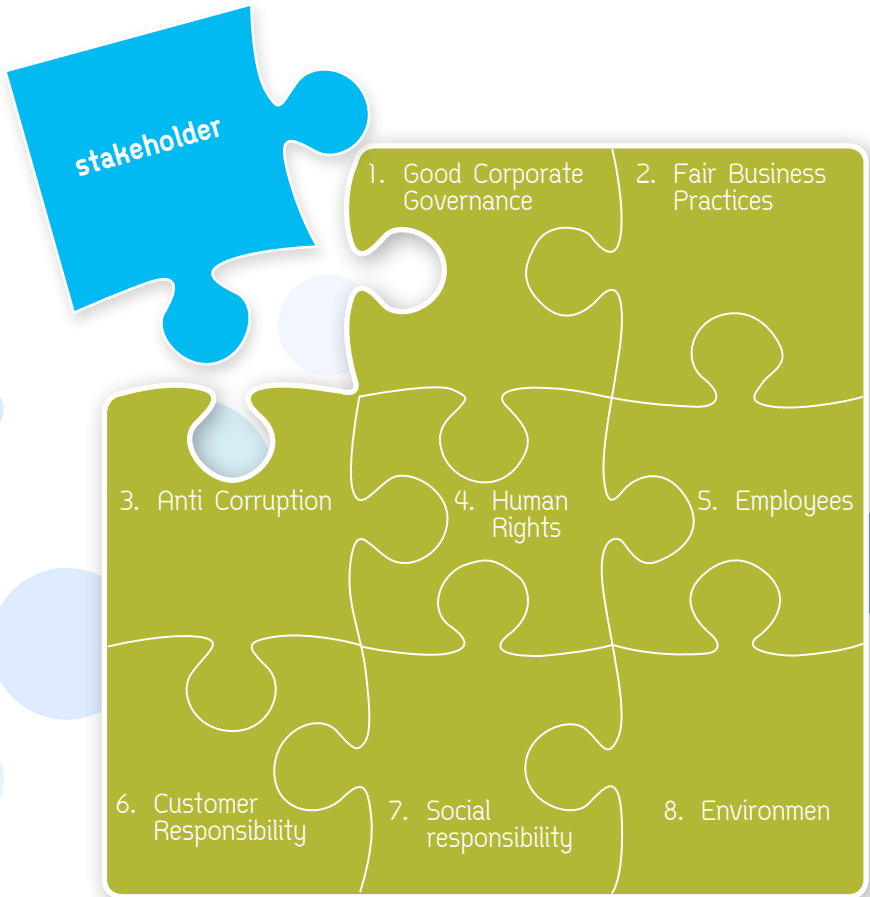
BTS Group's goals, whilst still maintaining a balance between the economy, the society and the environment, are:

- 1) To be an internationally-accredited Thai company that operates in the mass transit business.
- 2) To promote sustainable growth through business integration to create synergy amongst the Group's businesses.
- 3) To be part of the driving force for the expansion of the mass transit system, which is an essential foundation for the development of the country's logistics and communications infrastructures.



4. CSR Performance

The Group has been committed to strong CSR performance, as one of its management initiatives. In addition to complying with regulation requirements, the Group has also applied the iCSR guidelines to our business operations in order to achieve sustainable growth as follows:-



4.1 Corporate Governance

The corporate governance policy is categorised into five sections covering the principles of Good Corporate Governance as follows:

1. Right of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and Transparency
5. Board Responsibilities

The Corporate Governance Committee consists of 4 members as follows:

Name	Position	Meeting Attendance
1. Mr. Keeree Kanjanapas	Chairman of the Corporate Governance Committee	2/2
2. Mr. Anat Arbhahirama	Member of Corporate Governance Committee	2/2
3. Mr. Charoen Wattanasin	Member of Corporate Governance Committee	2/2
4. Mr. Rangsin Kritalug	Member of Corporate Governance Committee	2/2

Roles and Responsibilities of the Corporate Governance Committee

1. To consider, determine, review, and update the Corporate Governance Policy and Code of Business and Employees Conduct to be in line with the international standard practices and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of such Corporate Governance Policy and Code of Business and Employees Conduct.
2. To consider, determine, review, and update the Corporate Social Responsibility (CSR) policy and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of such CSR policy.
3. To consider, determine, review, and update the Policy and Guideline on Anti-Corruption and Bribery and to propose to the Board of Directors for consideration and approval, and to monitor the implementation of the Policy and Guideline on Anti-Corruption and Bribery.
4. To appoint the working group to assist the Corporate Governance Committee in performing their duties as well as to appoint the independent expert consultants for providing advice and assistance for the performance of duties by the Corporate Governance Committee.
5. To perform or undertake other tasks as the Board of Directors may assign.

For the full corporate governance policy, please refer to the Company's Form 56-1.



4.2 Fair Trade

BTS&G conducted policies on business ethics, including Conflict of Interest, Use of Inside Information, Treatment towards the stakeholders, Treatment towards business partners, CSR, Treatment towards employees, Internal Control, Anti-Corruption and Bribery, Safety, Hygiene, and Environment, No violation of Intellectual Property or Copyright, and Use of Information Technology (IT) and Communications to ensure that the Company and its employees will operate morally and legally. New employees are required to attend an orientation to promote morality, the Company continuously improve the program for the current employees to certify employees' awareness, understanding. KPIs are implemented for further improvements. Moreover, additional media and activities are employed in the Company to continuously promote morality into corporate culture such as internal magazine. All in all, the Company is certain that employees are able to efficiently adapt the policy in real work environment.

4.3 Anti-Corruption and Bribery

The Company has a policy to sustain itself as the organization in conducting businesses with adherence to ethics and laws as well as responsibility for all concerned parties and also encourage employees to abide by the laws and be good citizen of the country and encourage the business

partners to conduct business transparently. The objective is to improve and support the sustainable development of our society.

The Company consequently sets the Anti-Corruption and Bribery Policy by establishing a set of policies and procedures on the offering or acceptance of presents. This is to ensure that the Anti-Corruption and Bribery Policy is practically adhered.

The Corporate Governance Committee has been considering and establishing the guidelines, work plan, and other details, including the timeline regarding the Anti-Corruption and Bribery Policy, that are suitable for the Group, for instance, policies, strategies, message from the organization head (tone at the top), working group, implementation plan, training and communication, monitoring, evaluating and reporting system to achieve the objective and be in line with the Declaration of Intent of the Thai Institute of Directors' Private Sector Collective Action Coalition Against Corruption, whereby the Group vowed to adhere to the Coalition's aim.

4.4 Human Rights

The Group has a policy to treat all stakeholders with justification and therefore shall adhere to laws and regulations concerning employees and the international fundamental principles of human rights, regardless of the place of birth, nationality, gender, age, skin color, religious belief, disability, status, family status, educational institute, or other status irrelevant to job performance, apart from respecting individualism and human dignity.

4.5 Fair Treatment of Employees

The Group has a policy on providing appropriate welfare and remuneration for the well-being of our employees. The Group provides remuneration and welfare for employees in various forms, as follows:-

4.5.1 BTS Spirit Club (Nuduan Chaun Kayan)

Nuduan Chaun Kayan was set up with the aim of not only encouraging employees to perform well, to have discipline and loyalty to the Company, and to be proud of being a BTS employee, but also rewarding those who are dedicated to their work and devoted to the Company, and participate in the Company's activities and social activities. Apart from a plaque received, employees can redeem points for cash and other welfare benefits such as fitness membership fee and scholarships for employees' children.

Since BTS Spirit Club was set up in 2003, up until 2012, discipline in the workplace such as punctuality has been significantly improving, which has resulted in the decrease in the number of standby staff. Besides, electricity expenses and office equipment expenses have decreased. The project significantly helps encourage employees to work efficiently and to remain loyal to the Company, as the turnover rate has declined and employees earn more BTS spirit points yearly.

The Company considers to continue providing scholarships for employees' children, even in cases where employees have passed away. From 2008 to 2012, there were a total of 8 employees' children who have received scholarships until completion of the bachelor's degree.

Number of employees who have received plaques (people)

2008/09	2009/10	2010/11	2011/12	2012/13
426	457	418	473	460



Scholarships for employees' children						
	2008/09	2009/10	2010/11	2011/12	2012/13	ToTal
(People)	290	310	342	376	411	1,729
(THB)	2,288,000	2,648,000	3,210,000	3,643,000	4,192,000	15,972,000

4.5.2 BTS SkyTrain Savings and Credit Cooperatives Limited

BTS SkyTrain Savings and Credit Cooperatives Limited was established by the Company and its affiliates with the objectives to enhance employee quality of life, to encourage the savings habit, to provide financial assistance and credit services for earning a living and emergency fund. Members of the Cooperatives aim to promote mutual aid amongst them whilst earning some benefits from dividend and tax-free interest from savings account with the Cooperatives.

As of 31 March 2013, there are a total of 2,129 Cooperatives' members. The total share capital is THB 80,786,150 and the deposit amount adds up to THB 123,576,404.31 while the loan amount is equal to THB 220,666,187.

4.5.3 Fitness Centre

The Fitness Centre is set up in the workplace to offer employees comprehensive health services. The objective is to encourage employees to adopt healthier lifestyles and to take measures aimed at preventing the worsening or onset of illnesses, which will further reduce medical costs for healthier employees. In addition to the healthier lifestyle, employees have an opportunity to establish relationships with other colleagues at the fitness centre as well.



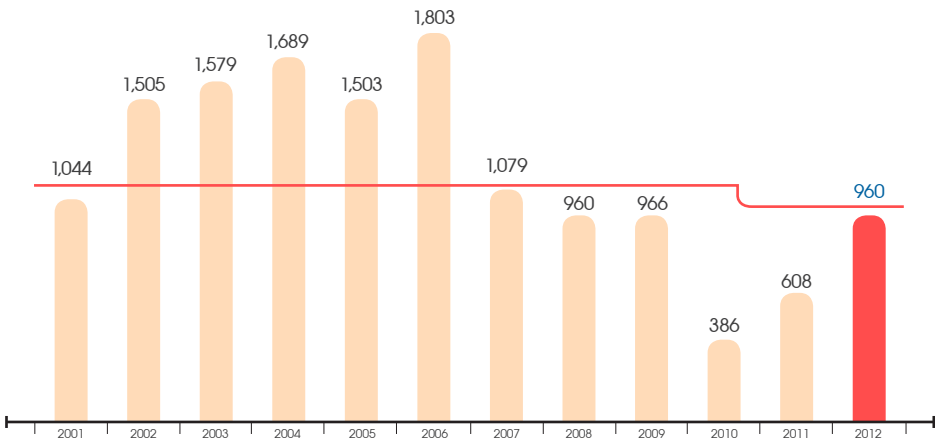
4.6. Customer Responsibility

The Group places a high priority on maintaining high standards of customer service. In this respect, Bangkok Mass Transit System Public Company Limited (BTSC) incorporated Key Performance Indicators (KPIs) into business operation as follows:

2012/13 TARGET	2012/13 RESULTS	TARGET ASSESSMENT
Service reliability		
More than 1,100 trips/delay of 5 minutes or greater	960 trips/delay of 5 minutes or greater	Target not achieved.
Train reliability		
Not less than 35,000km/fault	92,254km/fault	Target achieved. Major activities to improve train reliability were undertaken in 2011.
Ticket reliability		
Not less than 10,000 times before failure	19,821 times before failure	Target achieved. The improved logistic and quality-related improvements increased the ticket reliability.
Customer satisfaction		
Average customer satisfaction of 3.8	Average customer satisfaction of 3.9	Target achieved.

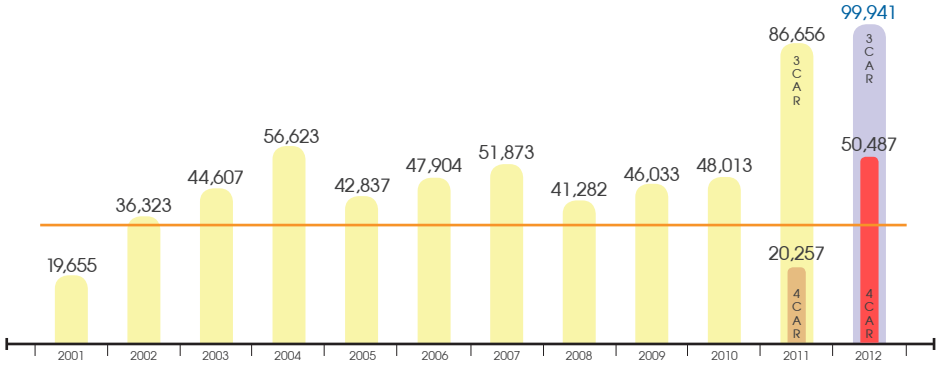
4.6.1 Service Reliability

— Target : More than 1,100 Trips / delay Of 5 minutes or greater



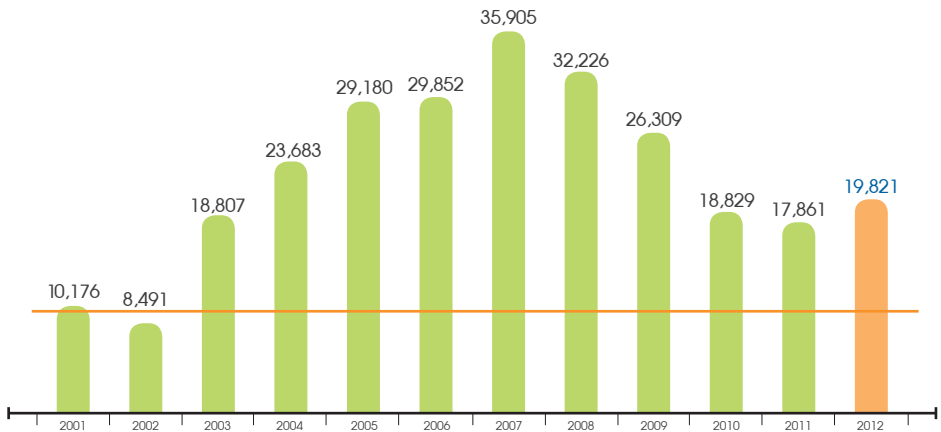
4.6.2 Train Reliability

— Target : Not Less than 35,000 km per Fault



4.6.3 Ticket Reliability

— Target : Not less than 10.00 Times before a failure



4.6.4 Customer Satisfaction Survey

The BTS SkyTrain has been operating for more than 12 years and has improved in every aspect, according to customer satisfaction surveys conducted every year. The objective is to measure satisfaction and viewpoints of the passengers for future improvement in service and operation efficiency. In the year 2012, Suan Dusit Rajabhat Institution has been procured to carry out the survey.

The research methodologies employed were Quantitative Research and Survey Research, in the form of multiple choice questionnaires and interviews. The samples were selected from each station in proportion to the actual numbers of passengers. From a total of 2,697

passengers, 67.15% were female and 32.85 were male, with 21.76% falling in the age group between 31–40 years old, 54.10% with education level of bachelor degree, 37.23% working as an employee, 25.37% having an income of THB 10,001–20,000, and 54.27% having no private transportation.

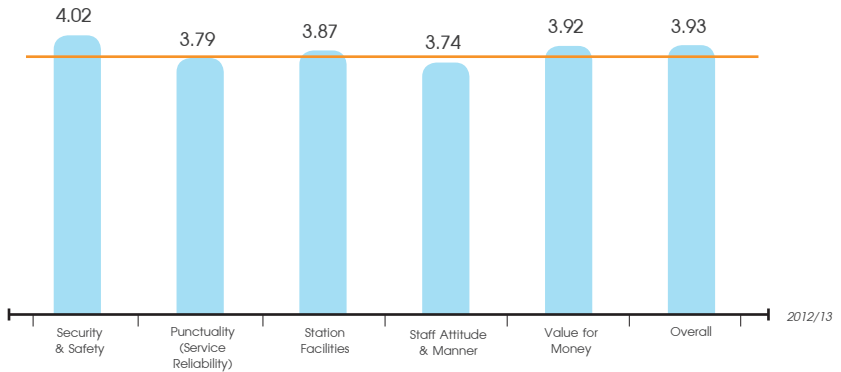
The satisfaction survey for the BTS SkyTrain service was rated on a 5-point scale, consisting of the following choices: most satisfied, very satisfied, satisfied, somewhat satisfied, and least satisfied. The Company' satisfaction level was at 3.93 in 2012, surpassing the target of 3.80.

	2012/13	2011/12	2010/11
Security & Safety	4.02	4.07	4.09
Service Reliability	3.79	3.90	3.81
Station Facilities	3.87	3.97	3.99
Staff Attitude & Manner	3.74	3.85	3.88
Value for Money	3.92	3.95	3.96



Customer Satisfaction

— Target: 3.80



BTS Hotline

The Company gives considerable significance to customer feedback and since 1999, has established the BTS Hotline to provide information about BTS SkyTrain travel to customers, such as fare rates, distances, service timetable and places to visit along the BTS routes. Moreover, the BTS Hotline serves as a channel for receiving complaints regarding the SkyTrain operation, station person service, BTS guards etc. The BTS Hotline service is available daily from 06.00-24.00 hrs.

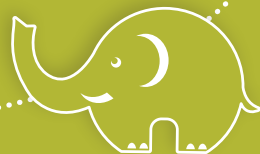
Key Performance Indicator relating to customer complaints is gauged in relation to overall ridership, measured by less than or equal to 2 customer complaint per one million trips. In 2012-2013, Key Performance indicator measured only 0.96 customer complaint per one million trips, well below the target set.





4.7 Development of the Community and the Society

BTS Group plans to develop the community and the society under 2 concepts, which are to connect life in the city with nature, and connecting suburban and urban life. In this regard, the Company has strong commitment in various projects, which is in line with the Company's policy to play a part in the development of the community and the society. In 2012/13, the Company had the following assessment results from the development of the community and the society:-





Area of output/impact	Project	Beneficiaries	Output/Impacts
Education	<ul style="list-style-type: none"> • First fundamental engineering course in Thailand • Provide scholarship to students 	<ul style="list-style-type: none"> • students • children 	<ul style="list-style-type: none"> • Increase educational skills • Create education and career opportunities
Environment	<ul style="list-style-type: none"> • Thai Elephant Conservation Project 	<ul style="list-style-type: none"> • elephants 	<ul style="list-style-type: none"> • Prevent the death of elephants
Health	<ul style="list-style-type: none"> • Senanikom Badminton and Badminton Association of Thailand 	<ul style="list-style-type: none"> • children 	<ul style="list-style-type: none"> • Promotes health and create opportunities for young athletes to develop into professional athletes
Community	<ul style="list-style-type: none"> • Promote enlightenment to society • Thai Stock Market Flood Relief Fund" 	<ul style="list-style-type: none"> • Community • Students and teachers who had been affected by floods 	<ul style="list-style-type: none"> • Promote good relationship within the community and also provide education on Buddhism • Provide emergency relief to flood victims, especially students and teachers

4.7.1 Thai Elephant Conservation Project

The objective of the project is to help treat and cure injured or disabled elephants by sponsoring the needed equipment and utilities.

- Support the installation of water treatment system for the new elephant hospital in Krabi of Elephant Conservation Center, National Elephant Institute under the patronage of Her Majesty Princess Galyani Wattana Krom Luang Narathiwatrajnakarin for THB 1,000,000, which was given in 12 March 2013.

- Support the Elephant hospital in Lampang by sending needed supplies for treating sick elephants such as alcohol drug and betadine to help reduce the elephant death rate. Since the beginning of the programme in the year 2012 until March 2013, the Company has increased its frequency in sending supplies to the hospital, from delivering supplies when necessary to once every 3 months.

Apart from the aforementioned long-term projects in which the Group has strong commitment to the well-being of people and animals, the Company also promotes and provides financial support to the following programmes



4.7.2 Promote Youth in Badminton Sports

In 2012/13, the Company donated THB 182,000 to Senanikom Badminton and Badminton Association of Thailand for the selection of young athletes to the national team and to raise the standards of badminton.



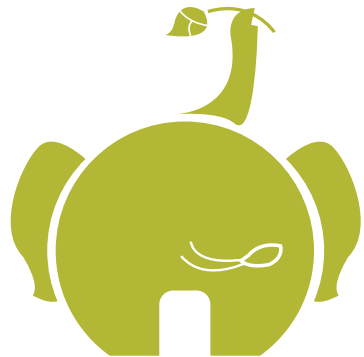
4.7.3 Promote Enlightenment to Society

The Company presented the donation of THB 1mn to Sathira Dhammasathan to support the construction of Vikasikhalai Building. Vikasikhalai Building was initiated for the purpose of learning and expanding Buddhist teachings throughout communities.

	2012/13	2011/12	2010/11
Scholarship Value (THB)	162,000	162,000	162,000
Number of students	54	54	54

4.7.4 Promote Education

The Company offers grants and scholarships to low - income children. The Company believes that the scholarships will open doors of opportunities for future generations. The details of scholarships can be found as follows:-



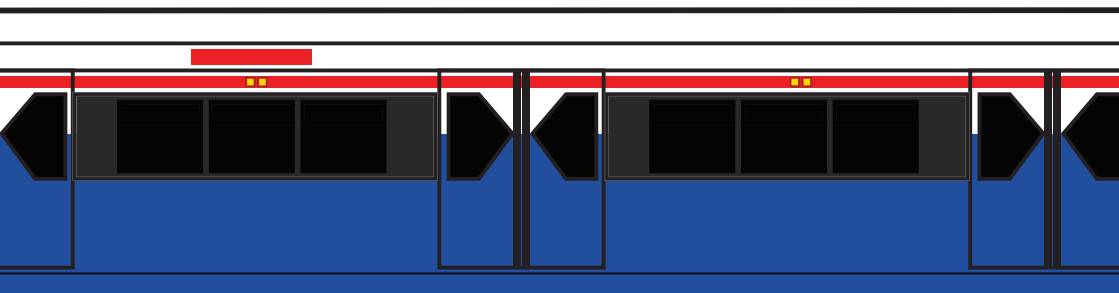
4.8 Environment


To operate the business, the Company aims to encourage people to switch to public transport instead of private cars. We conduct our own project as well as in cooperation with other organisations, with the aim of energy-saving campaign to raise awareness of the employees. For example

- A campaign to turn off the lights and computer screen from 12.00-13.00 hrs. This is to allow staff to practice energy-saving, which can be adapted in their everyday lives and share it with their own society.
- The Company organised Car Free Day events, with cooperation from external organisations, which will help reduce traffic congestion. The Company also allowed passengers to use mass transit services of the Company free-of-charge. (Under the terms of the Company).

- Encouraging the introduction of new technology to increase the performance efficiency and to save energy.
- Supporting the implementation of public transit systems, which will help improve the country's transportation infrastructure. This can lead to an improvement in people's quality of life.

Last year (April 2012 - March 2013), the BTS SkyTrain had total ridership of 197.2mn passengers, totaling over 1,400mn kilometres in length, helping to reduce fuel consumption from vehicles such as private cars and buses. The fuel reduction by BTS SkyTrain is equivalent to approximately 200,000 tonnes of carbon dioxide emissions, thus helping to reduce global warming.





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