



ENERGY COAL



HEALTH SAFETY ENVIRONMENT AND
COMMUNITY REPORT 2004/2005



Energy Coal Overview

Energy Coal produces thermal coal primarily for power generation.



► Mahomed Seedat
President,
Energy Coal

- 15,600 employed*
- 87.4 million tonnes produced for the 12 months ended 30 June 2005
- * Direct employees and full time equivalent contractors at controlled assets



- 1 Ingwe (South Africa) – 7 mines
 - 2 BMA (Australia)
 - 3 Illawarra Coal (Australia)
 - 4 Hunter Valley (Australia) – 1 mine
 - 5 PT Arutmin (Indonesia)
 - 6 New Mexico Coal (US) – 2 mines
 - 7 Cerrejón Coal (Colombia) – 1 mine
- 1, 4 & 6: Controlled assets
2, 3 & 5: Marketing agents for energy coal output
7: Non-controlled asset
- Cerrejón Coal is a joint venture company (our share 33 per cent) with an independent management team. Non-controlled assets and assets where we are only marketing agents are not included in the Energy Coal HSEC scorecard.

At Energy Coal we are committed to contributing to sustainable development and to achieving Zero Harm to our people and to the environment. Health, safety, environmental and community responsibilities are integral to the way we do business.

Sadly, there was one fatality at Ingwe's Douglas Colliery in South Africa in FY05 (details in Safety section). We have shared the learnings from this tragic loss to strengthen our safety resolve across all BHP Billiton businesses. We must get safety into the hearts and minds of all our employees and contractors in order to achieve Zero Harm.

There was also a 7 per cent increase in the Classified Injury Frequency Rate (CIFR). This is unacceptable and Energy Coal businesses have focused their efforts on fatality prevention, behavioural safety and safety leadership (including operating discipline) as this is critical to improving our safety performance.

Energy Coal had three significant environmental incidents during the year, all at Ingwe operations and all related to the discharge of poor quality water. This has resulted in a review of long-term water management strategy including treatment alternatives.

In FY05 we continued to make progress on critical health issues and the management of HIV/AIDS in the South African operations, and on developing and maintaining excellent relationships with our host communities.

Management Systems

BHP Billiton HSEC Targets

- ✔ Target exceeded or ahead of schedule
- ➔ Target achieved (≥95%) or on track
- ⊖ Target behind schedule
- ✘ Target not achieved (<95%)

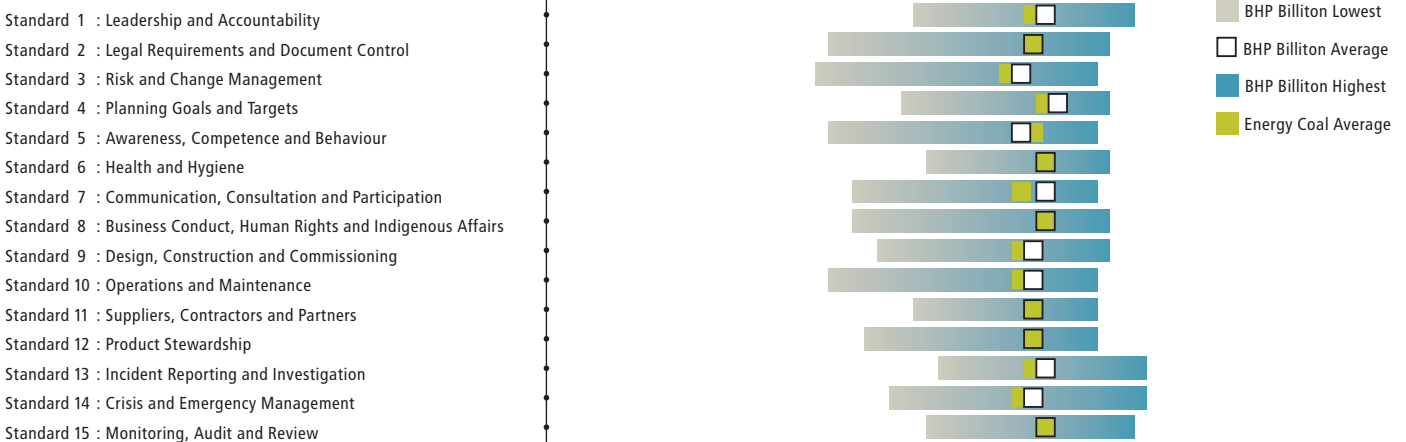
All sites to undertake self-assessments against the BHP Billiton HSEC Management Standards.	➔ Audit or self-assessments completed at all sites in FY05.
Achieve full conformance (score greater than 4) against the HSEC Management Standards by 30 June 2005.	✘ Average score for Energy Coal sites was 3.84.
All sites* to achieve ISO 14001 Certification by 30 June 2003.	➔ All sites requiring ISO 14001 are accredited.
Risk registers to be in place at all sites by 31 December 2002; and within BHP Billiton businesses and Corporate by 30 June 2003.	➔ Risk Registers in place at all required sites and at Energy Coal level.
Legal Compliance – Zero fines and prosecutions.	✘ There were fines in Energy Coal totalling US\$17 076.

* Excludes explorations and development projects, sites being divested, closed sites and offices.

FY05 HSEC Management Standards, Audits & Self-Assessment

Overall performance

BHP Billiton: 3.9 Energy Coal: 3.8



Compliance with HSEC Management Standards

There were two HSEC Management System audits and nine Self Assessments conducted in Energy Coal during the year that resulted in an average score of 3.84 out of 5. The BHP Billiton average for all sites was 3.9. All sites have generated performance improvement plans as they strive for full compliance (score greater than 4) by 30 June 2006. Achievement against these plans will be assessed as part of this current year's KPIs.

HSEC Fines

New Mexico Coal's San Juan Coal was fined US\$17 076 for a range of non-compliances with the US Mine Safety and Health Administration requirements resulting from routine inspection by MSHA officials during the year.

Health and Safety

BHP Billiton HSEC Targets (Baseline 1 July 2001 to 30 June 2002)

✔ Target exceeded or ahead of schedule
 ➔ Target achieved (≥95%) or on track
 — Target behind schedule
 ✘ Target not achieved (<95%)

Health

Baseline survey on occupational exposure hazards. An occupational hygiene monitoring and health surveillance program in place.

Annual reduction in percentage of people potentially exposed above occupational exposure limits (OEL).

20 per cent reduction in incidence of occupational disease by 30 June 2007.

- ➔ All sites have completed their baseline survey and are implementing occupational hygiene monitoring and health surveillance programs.
- ➔ There was a decrease in potential occupational exposure above OEL.
- There were 26 new cases of occupational illnesses reported across Energy Coal in FY05.

Safety

Zero fatalities.

50 per cent reduction in injury frequency rate (excluding First Aid treatments) at sites by 30 June 2007.

- ✘ There was one fatality in Energy Coal during FY05.
- There was a 7 per cent increase in the Classified Injury Frequency Rate (CIFR) in FY05. There has been a 19 per cent improvement against the baseline FY02 year.

Health

Our employees are exposed to some significant health risks that include:

- Noise, dust, hazardous materials, gases and vibration
- Travel-related risks
- Ergonomic issues

All sites have established a baseline understanding of their potential health exposures and have implemented associated monitoring programs to quantify the issues.

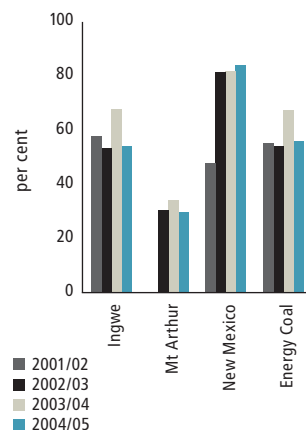
In improving our understanding of potential adverse exposure of employees from our operations, we have focused on three distinct areas for measurement:

- Potential exposure of employees above noise exposure limits (NEL) (85 dBA time-weighted average)
- Potential exposure of employees above action levels (50 per cent of the occupational exposure limit (OEL)) but below OEL for other exposures
- Potential exposure of employees above OEL for other exposures.

In FY05 all site data and monitoring programs were reviewed for compliance against BHP Billiton guidelines. This will be followed by remedial work in FY06.

During FY05, there were 26 new occupational illnesses reported within Energy Coal. Six of these were Noise-Induced Hearing Loss and 20 were new cases of Respiratory Disease.

Percentage of Employees in Potential Exposures* Above Noise Exposure Limit (>NEL) 2001/02 to 2004/05



* i.e., would be exposed if not wearing PPE.

Safety

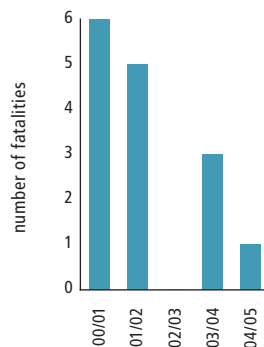
Sadly, there was one fatality at Ingwe's Douglas Colliery in FY05.

- 10 October 2004 Richard Nkosi – pinned under the cutting head of a continuous miner that was being transported out of the mine.

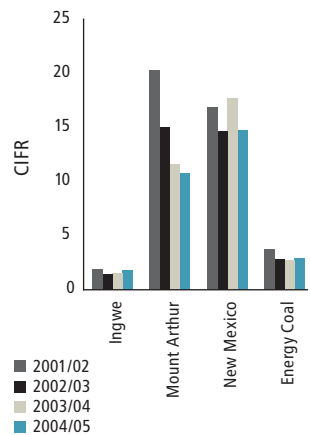
The major focus on the implementation of BHP Billiton's Fatal Risk Control Protocols continued in FY05. Energy Coal achieved 96.5 per cent compliance by year end.

There was a 7 per cent increase in the Classified Injury Frequency Rate (CIFR) in FY05. Overall there has been a 19 per cent improvement against the baseline FY02 year.

Fatalities in Energy Coal 2000/01 to 2004/05



Classified Injury Frequency Rates 2001/02 to 2004/05



In FY06, we will introduce a new target of Total Recordable Injury Frequency Rate (TRIFR), which includes classified injuries and medical treatment injuries (refer Energy Coal HSEC Scorecard FY06).

A major drive to implement the Energy Coal 10 Point Safety Strategy continued throughout the year. This has included a significant focus on the key area of fatality prevention, developing strong safety leadership and behavioural safety processes in the drive towards Zero Harm. The behavioural safety program includes Workplace Safety Observations (WSOs) where site leadership spend time observing and coaching the safety behaviour of their people.

Environment

BHP Billiton HSEC Targets (Baseline 1 July 2001 to 30 June 2002)

✔ Target exceeded or ahead of schedule
 → Target achieved (≥95%) or on track
 - Target behind schedule
 ✘ Target not achieved (<95%)

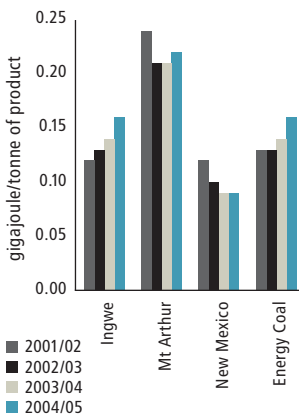
Zero significant incidents (Level 3 and above).	✘ Three significant environmental incidents (refer Energy Coal Overview).
Energy. Energy conservation plans with specific targets in place by 30 June 2003.	→ All sites have Energy Conservation Plans in place.
Greenhouse Gas (GHG). Greenhouse gas management programs. Reduction in GHG emissions per unit of production of 5 per cent by 30 June 2007.	→ All sites have GHG Management Plans in place. ✔ FY05 intensity reduction achieved was 10 per cent against the baseline year.
Water. Water management plans. Fresh water intensity reduction of 10 per cent by 30 June 2007.	→ All sites have Water Management Plans in place. - Fresh water intensity increased by 3 per cent against the baseline year.
Waste. Waste minimisation programs in place by 30 June 2003. Reduction in waste by 20 per cent per unit production by 30 June 2007.	→ All sites have Waste Management Plans in place. ✔ General waste intensity reduced by 71 per cent and hazardous waste by 20 per cent against the baseline year.
Land Management. Land Management Plans.	→ All sites have Land Management Plans in place.
Product Stewardship. Life cycle assessment prepared.	→ Completed for Energy Coal sites and for use of our product at power stations.

Energy

Sites with emissions greater than 100 000 tonnes per annum CO₂ equivalent are required to have energy conservation plans. All sites have these plans in place.

The energy intensity for Energy Coal by asset is shown in the graph. There has been a 17 per cent increase in energy used per unit of coal (Energy intensity) produced compared to the baseline year. This was the result of increased fuel usage at Ingwe.

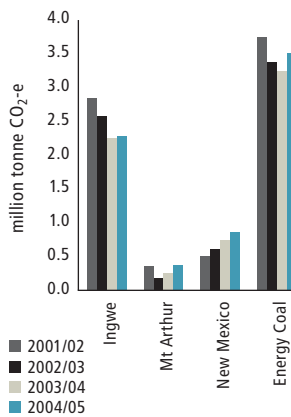
Energy Intensity
2001/02 to 2004/05



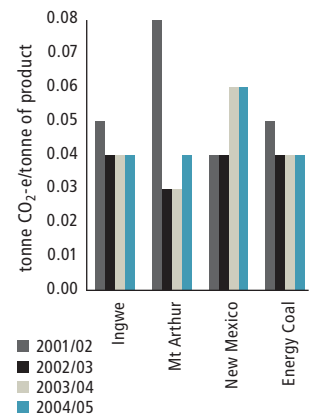
Greenhouse Gas (GHG)

The Company target for GHG emissions per unit of production (GHG intensity), is a 5 per cent reduction by 30 June 2007. Energy Coal produced 3.51 million tonnes of greenhouse gas emissions (CO₂ equivalent), which represented a 10 per cent reduction in emissions per unit of coal produced compared to the baseline year. Increased GHG intensity at New Mexico was the result of mining coal with higher methane content at the underground operations.

Greenhouse Gas Emissions
2001/02 to 2004/05

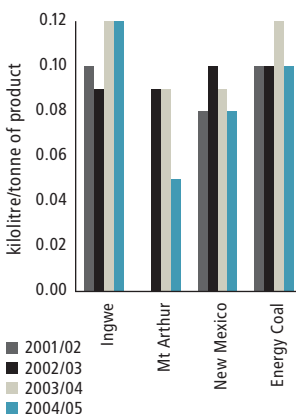


Greenhouse Intensity
2001/02 to 2004/05



Water

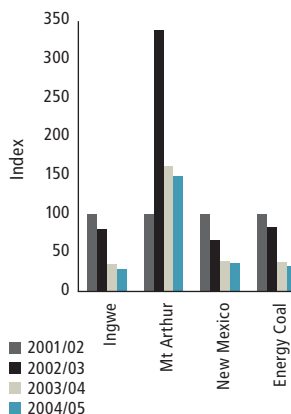
Fresh Water Intensity
(excludes storm and rain water)
2001/02 to 2004/05



Energy Coal used 24 590 megalitres of water, of which 66 per cent was recycled water. There has been a 3 per cent increase in fresh water intensity against the baseline compared to a Group target of a 10 per cent reduction by 30 June 2007. There has been a significant reduction in water usage this year due to above average rainfall in South Africa and implementation of sites' water management plans.

Waste

General Waste Intensity
2001/02 to 2004/05



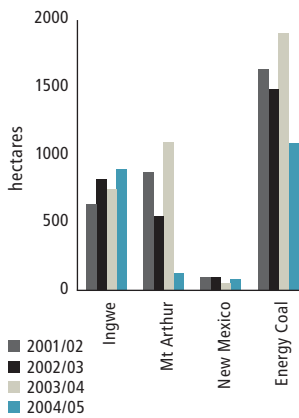
In FY05 there was 5370 tonnes of general waste to landfill and 1760 tonnes of hazardous waste. General waste intensity has reduced by 71 per cent and hazardous waste by 20 per cent compared to the baseline year.

Environment continued

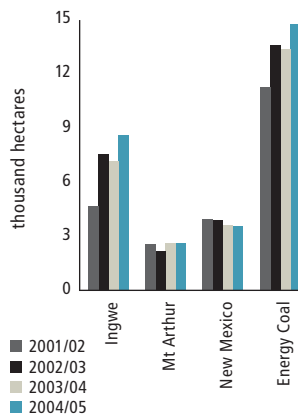
Land Use

All sites have Land Management Plans in place. There were 910 hectares rehabilitated this year. A further 1090 hectares were disturbed, due mainly to the further development of Ingwe mines and the Mt Arthur Mine. There is now a total of 14 760 hectares requiring rehabilitation in Energy Coal.

Land Newly Disturbed
2001/02 to 2004/05



Land Requiring Rehabilitation
2001/02 to 2004/05



The closure of the PT BHP Kendilo Petangis Mine has now received certification from the Indonesian Government as being of an acceptable standard – a first for the Indonesian mining industry. Local stakeholders were involved in the process and, in the two years since mining operations ceased, the land has been reclaimed for animal farming, tourist facilities, forestry studies and research and as a clean water resource for the community.

Product Stewardship

The second stage of the life-cycle analysis of our Energy Coal operations was conducted in FY05 to assess environmental impacts and identify areas of potential improvement. This addressed the burning of our products in representative power stations globally and investigated different and emerging technologies available for this.

The most significant issues associated with coal-fired power generation are greenhouse gas emissions, solid wastes and fresh water requirements. The most significant potential for environmental improvement are in advanced power generation technologies and carbon capture and storage technology.

As one of the world's major coal producers and exporters, we are playing a leading role in raising awareness of greenhouse issues within the industry, providing credible and informed input to government energy policy, and contributing meaningfully to the promotion of clean coal and zero-emissions technology research and development. These activities include the following:

- active involvement in international bodies such as the World Coal Institute, the Coal Industry Advisory Board to the International Energy Agency and the multi-nation Carbon Sequestration Leadership Forum.
- active participation in research organisations such as the Cooperative Research Centres for Coal in Sustainable Development and Greenhouse Gas Technologies, and the new Centre for Low Emissions Technology.
- a foundation role and ongoing directorship of the Australian Coal Association's Research and Sustainable Development Programs.

Through these activities, BHP Billiton Energy Coal is contributing to global efforts to ensure environmental sustainability in an energy hungry world. They complement our more immediate efforts to reduce emissions from our own operations and play a key role in achieving BHP Billiton's group target of a 5 per cent reduction in greenhouse gas intensity by 2007.

Community

BHP Billiton HSEC Targets (Baseline 1 July 2001 to 30 June 2002)

- Target exceeded or ahead of schedule
 Target achieved (≥95%) or on track
 Target behind schedule
 Target not achieved (<95%)

All sites to prepare public HSEC performance reports at a local level on an annual basis.	<input checked="" type="checkbox"/> All sites prepared public reports. http://www.bhpbilliton.com/bb/sustainableDevelopment/operationsHSECReports.jsp
All sites to have a Community Relations Plan in place by 30 June 2002.	<input checked="" type="checkbox"/> Community relations plans in place at all required sites.
No transgressions of the principles embodied within the United Nations Universal Declaration of Human Rights.	<input checked="" type="checkbox"/> None identified.
Aggregate contribution to community programs, including in-kind support, of a target of 1 per cent pre-tax profits, calculated on a three-year rolling average.	<input checked="" type="checkbox"/> Energy Coal's contribution was US\$3.05M, about 1 per cent of the last three years of average pre-tax profits.

Energy Coal operates in different countries with diverse cultures. Our Energy Coal businesses in South Africa, Australia, the US and Colombia have developed community programs that meet the specific needs of the local communities around their mines.

In South Africa, Ingwe is committed to addressing historical and social imbalances in accordance with the Employment Equity Act to achieve representation at all levels consistent with the demographic profile of South Africa.

Ingwe is involved in major projects that provide health, educational and sustainable business benefits to local communities. Ingwe established the Ingwe Science School for 700 students in a local community and together with other businesses established the Middelburg Care Village for abused and for physically and mentally challenged children. The general focus of all initiatives and activities is to improve the quality of life of the people in local communities and foster long lasting relationships with these communities.

Mt Arthur Coal is committed to employing locally wherever possible and to further developing its relationship with the Indigenous group through activities such as the Working in Partnership initiative and cultural heritage work. A local Indigenous group is also involved with land management at the site. Liaison or community consultation committees play an important role in the community program.

With 65 per cent of New Mexico Coal's employees being Native American, there is a strong focus on supporting educational opportunities for Native American students through scholarship and educational programs. In 2004, 71 scholarships were awarded amounting to US\$44 575. New Mexico Coal employees also give to local communities through donations and through volunteer work.

Cerrejón Coal Company is a non-operated asset. The management team is strongly committed to supporting its local community and has undertaken a number of health and educational initiatives. Cerrejón is committed to adopting World Bank guidelines for future resettlements and has adopted the US-UK Voluntary Principles on Human Rights and Security to guide interactions with the community.

The Centro de Recursos Educativos y Culturales (CREM) school in Fonseca, a town near the mine, has been sponsored by Cerrejón to provide children with additional tuition in English, science and computer literacy. CREM is the educative and cultural resource centre for the wider Fonseca Municipality. The modern school campus, which cost US\$1 million to build, hosts 13 500 students and has a computer room with 30 internet connections.

Cerrejón also contributes to the Kamasuchiwo'u bilingual school accommodating 700 Wayuu students just outside its port at Puerto Bolivar.

Awards and Achievements for 2004/2005

External Recognition

Mt Arthur Coal received the UK Mining Journal Award for Outstanding Achievement in the Sustainable Development category. This was for state-of-the-art technology developed by the mine to manage the noise associated with mining and coal processing operations. It was noted that Mt Arthur Coal had improved the quality of life of its neighbours through activities such as the muffling of truck exhausts and the computer simulation of various activities to minimise noise pollution.

New Mexico Coal's Navajo Mine received a Certificate of Honour from the Joseph A. Holmes Safety Association for working 4 099 805 hours from 1 April 1999 to 30 June 2002 without incurring a fatal accident or permanent total disability. This award was presented in FY05.

Ingwe's Reitspruit mine closure project won the South African Institute of Civil Engineering (SAICE) Highveld Project of the year 2004 Award for Technical Excellence.

Termination of Jurisdiction has been granted by the US Office of Surface Mining for 457 hectares at New Mexico Coal's Navajo Mine. As a result, BHP Navajo Coal Company is working with the relevant agencies to pursue releasing these lands to the Navajo Nation.

Mt Arthur Coal received a Highly Commended in the Engineering Australia Awards. A joint submission with SKM Consulting was prepared on the engineering design of the operation. The submission highlighted the degree to which environmental and community issues were built into the expanded operation.

Of the 259 319 companies affiliated with Colombia's PRA (Professional Risk Administrator) of the Social Security, Cerrejón was awarded the best company prize for the management of its Occupational Health Program in September 2004.

New Mexico Coal's La Plata Mine received the Operator of the Year, Small Mine Operator, for Outstanding Safety Performance Award. The award was presented by the New Mexico Mining Association and the New Mexico State Mine Inspector.

Colombia's La Guajira Departmental (Provincial) Assembly bestowed its highest award, the Luis A Robles medal, on Cerrejón President Alberto Calderón and the Head of the Communities and Lands Division, Luz Helena Sarmiento, for their community work over the past three years.

Energy Coal HSEC Scorecard FY06

The following Key Performance Indicators (KPIs) have been developed for Energy Coal for 2005/2006 based on alignment with Corporate Targets and the Energy Coal 'Four Pillars' Strategy.

KPI	Target
Total Recordable Injury Frequency Rate (TRIFR)	20 per cent reduction on FY05 TRIFR.
Behaviour Based Safety Systems	Systems established and 80 per cent effective.
Potential Level 4 (PL4) Near Miss Reporting	85 per cent close-out of PL4 actions as scheduled.
Fatal Risk Control Protocols (FRCP)	95 per cent compliance against FRCP.
Health Targets and Plan	95 per cent against plan to meet Corporate Health Targets; average of sites' performance.
Environmental Targets and Plans <ul style="list-style-type: none"> • Energy Conservation Plan • Greenhouse Gas Management Plan • Water Management Plan • Waste Management Plan • Land Management Plan 	Zero Level 3 or above environmental incidents. 95 per cent against plan to meet Corporate Environmental Targets; average of sites' performance.
Community Targets and Plan	95 per cent against plan to meet Corporate Community Targets; average of sites' performance.
HSEC 15 Standards Compliance	Score greater than 4; average of sites' performance.

Systems have been developed to monitor performance against these targets at a Site, Asset and Business level and will be reported at the Quarterly Asset Reviews and via the internal Energy Coal Zero Harm HSEC Newsletter.

Energy Coal HSEC Report and the BHP Billiton Sustainability Report

This Energy Coal HSEC Report is designed as a supplement to the 2005 BHP Billiton Sustainability Report and the HSEC reports for our sites. The BHP Billiton Full Sustainability Report was prepared in accordance with the Global Reporting Initiative 2002 Sustainability Reporting Guidelines and provides further details regarding governance, systems and terminology. The Report is available for download on our website at <http://sustainability.bhpbilliton.com/2005/index.asp>. A summary of the BHP Billiton Sustainability Report is also available from the website or in hard copy by sending an email to hsec@bhpbilliton.com. BHP Billiton's HSEC data was independently verified. The auditor's complete assurance statement can be seen in the full BHP Billiton Sustainability Report on our website at <http://sustainability.bhpbilliton.com/2005/index.asp>.

FOR FURTHER INFORMATION ON ENERGY COAL:

Petronella Gorrie
Communications

Phone: + 27 11 3763530
petronella.gorrie@bhpbilliton.com