



## UN Global Compact Communication on Progress

“Xstrata joined the UN Global Compact in 2006 and we continue to support its ten principles in the areas of human rights, labour, the environment and anti-corruption. We have aligned our strategy and operational performance with these ten principles and report on our progress against them in our annual Sustainability Report. This year, as part of our commitment to adopting best practice in sustainability reporting, we have achieved the recently introduced GC Advanced level by reporting against the UN Global Compact’s 24 advanced criteria.” - Mick Davis, Xstrata plc Chief Executive

The index below links the information in our most recent Sustainability Report and our Sustainable Development Framework to each of the Global Compact’s principles in order to assess our actions and performance during the year. The index also cross-refers to the corresponding GRI indicators based on the G3 guidelines. More detailed information on our approach to sustainability can be found on our sustainability website ([www.xstrata.com/sustainability](http://www.xstrata.com/sustainability)) and in our 2010 Sustainability Report ([www.xstrata.com/content/assets/pdf/x\\_sustainability\\_2010.pdf](http://www.xstrata.com/content/assets/pdf/x_sustainability_2010.pdf)). The full GRI and Global Compact navigator, which also incorporates the ICMM Principles, is also available from our sustainability website.

| Principles and policies  | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers       | Corresponding GRI Indicators                      |
|--|--|--------------------|---|
| <b>Human Rights</b>  |  |                    |   |
| 1. Businesses should support and respect the protection of internationally proclaimed human rights   |  |                    |   |
| <ul style="list-style-type: none"> <li>• <a href="#">Statement of Business Principles</a></li> <li>• <a href="#">Sustainable Development Framework, Policy and Standards</a></li> <li>• <a href="#">SD Assurance Programme</a></li> <li>• <a href="#">SD Management Standard 12: Social and Community Engagement</a></li> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Stakeholder engagement</a></li> <li>• <a href="#">UN Universal Declaration of Human Rights</a></li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• All Xstrata operations are committed to the Voluntary Principles on Security and Human Rights and in 2010, all Xstrata’s CBU’s reported on implementation of these Principles</li> <li>• Operations are required to maintain community relations strategies that uphold and promote human rights and respect cultural considerations and heritage.</li> <li>• In areas where Xstrata employs security personnel (either directly or as contractors) to protect our people and assets, we ensure that appropriate human rights training has taken place and monitor compliance.</li> <li>• All sites are required to undertake human rights risk assessments, implement grievance resolution mechanisms and set and monitor appropriate performance standards for all contractors including security personnel. In high risk locations, risks are reviewed annually.</li> </ul> | p.20-22<br>p.33-35 | 4.8, 4.9, 4.12, HR1, HR2, HR3, HR8, MM5, MM6, MM9 |

| Principles and policies  | References to commitments and actions taken to implement principles from 2010 Sustainability Report   | Page numbers              | Corresponding GRI Indicators                                      |
|--|---|---------------------------|---|
| <ul style="list-style-type: none"> <li>• International Labour Organisation Conventions</li> <li>• Voluntary Principles on Security and Human Rights</li> <li>• International Council on Mining and Metals Principles</li> </ul>  | <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• During 2010, we identified and prioritized our operations in South Africa, Colombia, the Dominican Republic, the Philippines and Australasia with regard to training and awareness-raising efforts around human rights issues.</li> <li>• In 2010, 28,920 employees and contractors, around 41% of the workforce and 1,784 external stakeholders participated in human rights training.</li> <li>• In 2010, the vast majority of operations in higher risk areas completed human rights training for third party security personnel.</li> <li>• No human rights abuses were reported at any Xstrata operations during the year and no incidences of violations involving rights of indigenous people.</li> <li>• Xstrata participates in partnership projects in support of UN goals, for example through public-private partnerships targeting HIV/AIDS and associated healthcare issues.</li> </ul> |                           |   |
| <p>2. Businesses should make sure that they are not complicit in human rights abuses.</p>  |   |                           |   |
| <ul style="list-style-type: none"> <li>• <u>Statement of Business Principles</u></li> <li>• <u>Sustainable Development Policy</u></li> <li>• <u>SD Assurance Programme</u></li> <li>• <u>SD Management Standard 11: Contractors, Suppliers and Partners</u></li> <li>• <u>SD Management Standard 12: Social and Community Engagement</u></li> <li>• <u>SD Management Standard</u></li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• All Xstrata operations are committed to the Voluntary Principles on Security and Human Rights.</li> <li>• Operations are required to maintain community relations strategies that uphold and promote human rights and respect cultural considerations and heritage.</li> <li>• In areas where Xstrata employs security personnel (either directly or as contractors) to protect our people and assets, we ensure that appropriate human rights training has taken place and monitor compliance.</li> <li>• All sites are required to undertake human rights risk assessments, and set and monitor appropriate performance standards for all contractors including security personnel. In high risk locations, risks are reviewed annually.</li> </ul>   | <p>p. 12<br/>p. 33-35</p> | <p>HR1,<br/>HR2,HR3,<br/>HR8, HR9,<br/>MM5, MM6,<br/>MM7, MM9</p> |

| Principles and policies   | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers | Corresponding GRI Indicators |
|---|--|--------------|------------------------------|
| <p><u>13: Life Cycle Management</u></p> <ul style="list-style-type: none"> <li>• <u>Code of Conduct</u></li> <li>• UN Universal Declaration of Human Rights</li> <li>• International Labour Organisation Conventions</li> <li>• Voluntary Principles on Security and Human Rights</li> <li>• International Council on Mining and Metals Principles</li> </ul> | <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• No human rights abuses were reported at any Xstrata operations during the year and no incidences of violations involving rights of indigenous people.</li> <li>• In 2010, all Xstrata CBU's reported on implementation of the Voluntary Principles on Security and Human Rights.</li> <li>• Our 2011 target is for all managed operations in higher risk areas for human rights to provide human rights training for all new third party security personnel prior to deployment.</li> </ul>  |              |                              |
| <b>Labour</b>   |  |              |                              |
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.   |  |              |                              |
| <ul style="list-style-type: none"> <li>• <u>Statement of Business Principles</u></li> <li>• <u>Sustainable Development Policy</u></li> <li>• <u>SD Assurance Programme</u></li> <li>• <u>SD Management Standard 4: Communication and Engagement</u></li> <li>• ILO Declaration on Fundamental Principles and Rights at Work</li> </ul>                        | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• We value diversity and uphold the rights of our employees to collective bargaining and freedom of association.</li> <li>• Xstrata respects employees' rights to collective representation and just compensation.</li> <li>• All employees are free to join a union and to be represented collectively, in line with Xstrata's Business Principles.</li> <li>• We do not believe that any country in which Xstrata operates represents a risk to freedom of association and collective bargaining and we uphold this right at all operations we manage.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• Approximately 62% of permanent employees are represented by collective agreements.</li> <li>• We believe that in general the Group maintains good, constructive relationships with its employees and the unions that represent them.</li> <li>• Unions play an active role in safety committees at many sites and</li> </ul> | p.52         | HR5, LA4, LA5                |

| Principles and policies  | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers | Corresponding GRI Indicators |
|--|--|--------------|------------------------------|
|  | participate in HIV/AIDs steering committees in South Africa.   |              |                              |
| 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.  |  |              |                              |
| <ul style="list-style-type: none"> <li>• <a href="#">Statement of Business Principles</a></li> <li>• <a href="#">Sustainable Development Policy</a></li> <li>• UN Universal Declaration of Human Rights</li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata’s Statement of Business Principles upholds the elimination of all forms of forced or compulsory labour and prohibits any form of child labour.</li> <li>• None of Xstrata’s managed operations has been assessed as having significant risks for incidents of forced, tied or compulsory labour.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• No cases of under-age or forced labour among employees or contractors have come to our attention during 2010.</li> </ul>   | p. 35        | HR4, HR7                     |
| 5. Businesses should uphold the effective abolition of child labour.   |  |              |                              |
| <ul style="list-style-type: none"> <li>• <a href="#">Statement of Business Principles</a></li> <li>• <a href="#">Sustainable Development Policy</a></li> <li>• UN Universal Declaration of Human Rights</li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata’s Statement of Business Principles upholds the elimination of all forms of forced or compulsory labour and prohibits any form of child labour.</li> <li>• Risk assessments indicate that Brazil, the Dominican Republic and Tanzania may represent higher risk regions for child labour.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• In general, Xstrata employs people of age 18 or older. In 2010, two 15 year olds were employed through work placements.</li> <li>• All operations report the age of the youngest employee and the minimum working age permitted in the relevant jurisdiction.</li> </ul> | p. 35        | HR6                          |
| 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.   |  |              |                              |
| <ul style="list-style-type: none"> <li>• <a href="#">Statement of Business Principles</a></li> <li>• <a href="#">Sustainable Development Policy</a></li> <li>• <a href="#">SD Assurance Programme</a></li> </ul>   | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata’s Business Principles and Sustainable Development policy state that we do not tolerate any form of workplace discrimination, bullying, harassment or physical assault and we provide a fair and non-discriminatory employee grievance system.</li> </ul>   | p.56-57      | LA1, LA2, LA13, LA14, HR4    |

| Principles and policies   | References to commitments and actions taken to implement principles from 2010 Sustainability Report   | Page numbers | Corresponding GRI Indicators |
|---|---|--------------|------------------------------|
| <ul style="list-style-type: none"> <li>• <u>SD Management Standard 4: Communication and Engagement</u></li> <li>• <u>Code of Conduct</u></li> <li>• UN Universal Declaration of Human Rights</li> <li>• UN Millenium Development Goals</li> </ul> | <ul style="list-style-type: none"> <li>• Improving the diversity of our workforce supports our objective of having the best people doing their best work at Xstrata. We are proactive in promoting diversity in management and the wider workforce and have zero tolerance of discrimination.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• Xstrata is represented on the Women in the Mining Network Committee that is working to address core challenges and change working practices to encourage greater participation of women in the mining sector workforce.</li> <li>• In 2010, women represented 9.7% of all managers and 12.2% of the total workforce. Our businesses offer equal rates of pay to male and female employees of equal experience and aptitude.</li> <li>• Each CBU has a member of the Executive Committee responsible for diversity and a number of regions have implemented programmes to improve the recruitment, retention and promotion of women in mining.</li> <li>• Xstrata’s South African businesses achieved diversity targets set by South African mining charter on the participation of women and historically disadvantaged South Africans in mining.</li> <li>• In 2010, 11 incidents of discrimination were reported and reviewed. All but two of these cases have been resolved.</li> </ul> |              |                              |
| <b>Environment</b>  |   |              |                              |
| 7. Businesses should support a precautionary approach to environmental challenges.  |   |              |                              |
| <ul style="list-style-type: none"> <li>• <u>Statement of Business Principles</u></li> <li>• <u>Sustainable Development Policy</u></li> <li>• <u>SD Assurance Programme</u></li> <li>• <u>SD Management Standard 10: Environment,</u></li> </ul>   | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata applies the precautionary principle in its approach to environmental management.</li> <li>• Xstrata operations work to the Group’s Sustainable Development Standards, which clearly articulate our management and performance expectations regarding the environment, biodiversity and landscape management, life cycle management of products and operations, incident management, and product stewardship.</li> </ul>   | p.58<br>p.66 | 4.11, EN18,<br>EN26, EN28    |

| Principles and policies   | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers                             | Corresponding GRI Indicators  |
|---|--|--|---|
| <ul style="list-style-type: none"> <li>• <u>Biodiversity and Landscape Functions</u></li> <li>• <u>SD Management Standard 17: Emergencies, Crises and Business Continuity</u></li> <li>• <u>The Precautionary Principle</u></li> </ul>  | <ul style="list-style-type: none"> <li>• Xstrata identifies the material environmental risks and opportunities of its operations and aims to address these through a number of actions and programmes.</li> <li>• As part of our sustainability assurance programme, Xstrata audits sites to ensure they comply with these standards.</li> <li>• Xstrata supports research into technologies to reduce carbon dioxide emissions from the use of coal as an energy source.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• All operations developed and maintained waste management plans.</li> <li>• In 2010, Xstrata incurred four environmental fines totaling \$205,174. Xstrata implemented remediation plans to mitigate the minor environmental impacts of the incidents and prevent them from occurring again.</li> <li>• Xstrata achieved zero category 3, 4 or 5 incidents in 2010.</li> <li>• Our Scope 1 and Scope 2 GHG emissions in 2010 came to 24.7 million tonnes of carbon dioxide equivalent, an increase of 12% over 2009, mostly driven by an increase in production levels.</li> </ul> |  |   |
| 8. Businesses should undertake initiatives to promote greater environmental responsibility.   |  |  |   |
| <ul style="list-style-type: none"> <li>• <u>Statement of Business Principles</u></li> <li>• <u>Sustainable Development Policy</u></li> <li>• <u>SD Assurance Programme</u></li> <li>• <u>SD Management Standard 10: Environment, Biodiversity and Landscape Functions</u></li> <li>• <u>SD Management Standard 13: Life Cycle Management –</u></li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata aims to preserve or restore the long-term health, function and viability of the natural environments affected by its operations.</li> <li>• Our priorities are to use resources such as energy and water efficiently, minimise our impacts on biodiversity and landscape functions, and reduce waste and emissions including greenhouse gases.</li> <li>• Xstrata’s climate change strategy is to minimise energy consumption and GHG emissions, and increase the share of energy we use that comes from renewable or low-carbon sources. All CBUs have developed climate change strategies which are annually updated.</li> <li>• All Xstrata’s commodity businesses have energy efficiency plans in place and undergo regular energy audits.</li> </ul>  | p.63-65<br>p.68-70<br>p.73-75<br>p.76-77 | EN2, EN5, EN6, EN7, EN10, EN11, EN12, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, |



| Principles and policies  | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers    | Corresponding GRI Indicators    |
|--|--|-----------------|---------------------------------|
| <p><u>Projects and Operations</u></p> <ul style="list-style-type: none"> <li>World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG protocol 2004</li> <li>ISO 14001</li> <li>International Carbon Disclosure Project</li> <li>UN Millenium Development Goals</li> </ul> | <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>In 2010, 22% of purchased electricity was generated from renewable energy sources, principally hydroelectric power.</li> <li>Overall energy use up 8% from 2009 levels mostly due to the increase in production. Energy intensity levels also improved in 2009.</li> <li>Mick Davis, Xstrata’s CEO, is chairing the ICMM Council Working Group on Climate Change Policy and Peter Freyberg, CEO of Xstrata Coal, is chair of the Climate Change Committee at the World Coal Association.</li> <li>In 2010, our total water withdrawal was 280,236 megalitres, 4% more than in 2009. We increased our use of recycled water to 348,919 megalitres, an 11% improvement over 2009.</li> <li>Xstrata Copper is working with local universities to implement measures to reduce evaporation and reduce water use at its operations in Peru and Chile. In 2011 these measures are expected to reduce water use by 15 - 20%.</li> <li>All Xstrata-managed operations have implemented a biodiversity conservation plan to protect species and landscape functions throughout their life cycle.</li> <li>All Xstrata managed operations have a closure plan in place which is based on International Council on Mining and Minerals’ closure planning guidance and customised to suit the site’s needs.</li> <li>Across the organization we train employees on environmental awareness and risk management.</li> </ul> |                 | MM1, MM2, MM3                   |
| <p>9. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>  |  |                 |                                 |
| <ul style="list-style-type: none"> <li><u>Statement of Business Principles</u></li> <li><u>Sustainable Development Policy</u></li> </ul>   | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>Xstrata’s Sustainable Development Policy sets out our commitment to continually improve the efficiency with which we use raw materials, energy and natural resources.</li> <li>We work to minimise the environmental impacts of processing our</li> </ul>  | p.68-71<br>p.73 | EN5, EN6, EN7, EN10, EN18, EN26 |



| Principles and policies  | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers | Corresponding GRI Indicators |
|--|--|--------------|------------------------------|
| <ul style="list-style-type: none"> <li>• <a href="#"><u>SD Assurance Programme</u></a></li> <li>• <a href="#"><u>SD Management Standard 10: Environment, Biodiversity and Landscape Functions</u></a></li> </ul> | <p>products and to raise our customers’ awareness about responsible use and disposal.</p> <ul style="list-style-type: none"> <li>• We invest in the development and commercialisation of low emissions technologies in partnership with other coal producers, governments, and scientific and academic organizations.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• During 2010, work continued on the Sudbury Smelter Syngas Project to produce a synthesis gas from biomass.</li> <li>• Xstrata Nickel’s Raglan mine is undertaking a Scoping Study for Wind Energy at Raglan, with the best sites for wind turbines to be determined by Q3 2011.</li> <li>• The Thorncliffe Chrome Mine in South Africa has installed a wind turbine at a ventilation fan which generates 25,920 KWh/year of energy.</li> <li>• Xstrata Copper has installed 200 solar powered beacon lights at its Alumbrera mine in Argentina. These save 18,000 litres of diesel oil on every adverse weather day.</li> <li>• Mount Isa mines in Australia are installing 155 kW of solar photovoltaic generating capacity to supply electricity needs for employee accommodation at a cost of almost \$950,000.</li> <li>• Xstrata Coal is contributing towards the G8 countries’ target of 20 Carbon Capture and Storage plants in operation by 2020 by investing nearly \$200 million in low-emission technologies, through industry initiatives and independent investment.</li> <li>• In 2010, Xstrata’s Executive Committee agreed to endorse the UN Global Compact’s CEO Water Mandate.</li> <li>• Xstrata is progressively increasing the amount of water we recycle and reuse.</li> <li>• Xstrata participates in the COAL21 Fund, an industry initiative that imposes a voluntary levy per tonne produced by the Australian coal industry. Its aim is to raise nearly AUD 800,000 to support the</li> </ul> |              |                              |



| Principles and policies   | References to commitments and actions taken to implement principles from 2010 Sustainability Report  | Page numbers | Corresponding GRI Indicators |
|---|--|--------------|------------------------------|
|   | <p>demonstration of low emissions technologies in Australia.</p> <ul style="list-style-type: none"> <li>• Xstrata Coal is a Foundation Member of the Global Carbon Capture and Storage Institute, which aims to provide funding to support CCS projects around the world.</li> <li>• Xstrata Technology Services provides proprietary technologies and specialist services to major mining companies and Xstrata’s own operations to improve efficiency, reduce GHG emissions and operating costs.</li> </ul>  |              |                              |
| <b>Anti-corruption</b>  |  |              |                              |
| 10. Businesses should work against corruption in all its forms, including extortion and bribery.  |  |              |                              |
| <ul style="list-style-type: none"> <li>• <a href="#">Statement of Business Principles</a></li> <li>• <a href="#">Sustainable Development Policy</a></li> <li>• <a href="#">SD Assurance Programme</a></li> <li>• <a href="#">Code of Conduct</a></li> </ul> | <p><b>Sustainable Development Framework:</b></p> <ul style="list-style-type: none"> <li>• Xstrata’s Statement of Business Principles includes the prohibition of political donations and any form of fraud, bribery or corruption.</li> <li>• Our new Code of Conduct elaborates upon our Business Principles and is designed to serve as guidance to employees, contractors and business partners regarding ethical behaviour.</li> <li>• Bribery and corruption risks are assessed at all managed operations, including an assessment of the level of country or regional risks.</li> <li>• Each managed operation is required to maintain appropriate controls to manage these risks which are audited on a quarterly basis as part of the Group’s risk management processes.</li> <li>• All employees receive a copy of Xstrata’s Business Principles and Fraud Policy on joining the Company.</li> </ul> <p><b>Major Activities and Achievements:</b></p> <ul style="list-style-type: none"> <li>• During 2010, Xstrata formalised its new Code of Conduct which grew from and elaborates upon our Business Principles designed to serve as guidance to employees, contractors and business partners regarding ethical behaviour.</li> <li>• Training will take place across our CBUs to familiarise all employees with the Code of Conduct in 2011.</li> </ul> | p. 33-34     | 4.12, EC4, S02, S03, S04     |



| Principles and policies | References to commitments and actions taken to implement principles from 2010 Sustainability Report   | Page numbers | Corresponding GRI Indicators |
|-------------------------|---|--------------|------------------------------|
|                         | <ul style="list-style-type: none"> <li>• The Xstrata Ethics Line is a confidential ‘whistleblowing’ facility operated independently of the Group by KPMG. The line exists for employees, contractors, suppliers, customers or business partners to report any breaches of Xstrata’s Business Principles, policies or prevailing legislation in confidence.</li> <li>• In 2010, 44 incidents were reported through the Ethics Line. All reported incidents were fully investigated.</li> <li>• In 2010, 16 bribery or corruption incidents involving individuals (employees, contractors, suppliers or others) were reported and investigated by Xstrata’s internal audit department.</li> <li>• Investigations resulted in four terminations for possible breaches of Xstrata’s business principles: two for theft and fraudulent action; one for a human rights violation and one for bribery and corruption.</li> </ul> |              |                              |