



UN Global Compact Communication on Progress

“Xstrata is committed to adopting best practice in sustainability reporting. We 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. Furthermore, this year we have once again achieved 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, GRI databook and 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) and in our 2011 Sustainability Report. 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 2011 Sustainability Report	Page numbers	Corresponding GRI Indicators
Human Rights			
1. Businesses should support and respect the protection of internationally proclaimed human rights			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Framework, Policy and Standards SD Assurance Programme SD Management Standard 12: Social and Community Engagement Code of Conduct Global Policy on Bribery, Fraud and Corruption Stakeholder engagement 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> All Xstrata operations are committed to the Voluntary Principles on Security and Human Rights and in 2011 all Xstrata’s CBU’s conducted an annual review of implementation of these Principles. Operations are required to maintain community relations strategies that uphold and promote human rights and respect cultural considerations and heritage and all operations must have community engagement plans in place. 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. 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 	<p>p.10/11 p.18 p.55-57</p>	<p>4.8, 4.9, 4.12, HR1, HR2, HR3, HR8, MM5, MM6, MM9</p>



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<ul style="list-style-type: none"> UN Universal Declaration of Human Rights International Labour Organisation Conventions Voluntary Principles on Security and Human Rights International Council on Mining and Metals Principles 	<p>personnel. In high risk locations, risks are reviewed annually.</p> <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> During 2011, we identified and prioritized our operations in South Africa, Colombia, Papua New Guinea, Peru, the Dominican Republic and the Philippines with regard to training and awareness-raising efforts around human rights issues. In 2011, 40% of our workforce (30,086 employees) received human rights training. In 2011, the vast majority of operations in higher risk areas completed human rights training for third party security contractors. No human rights abuses were reported at any Xstrata operations during the year and no incidences of violations involving rights of indigenous people. Xstrata is currently applying for corporate membership of the Plenary Group of Voluntary Principles on Security and Human Rights to further strengthen our commitment to human rights. Xstrata participates in partnership projects in support of UN goals, for example through public-private partnerships targeting HIV/AIDS and associated healthcare issues. 		
<p>2. Businesses should make sure that they are not complicit in human rights abuses.</p>			
<ul style="list-style-type: none"> <u>Statement of Business Principles</u> <u>Sustainable Development Policy</u> <u>SD Assurance Programme</u> <u>SD Management Standard 11: Contractors, Suppliers and Partners</u> 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> All Xstrata operations are committed to the Voluntary Principles on Security and Human Rights. Operations are required to maintain community relations strategies that uphold and promote human rights and respect cultural considerations and heritage. 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. 	<p>p. 10/11 p. 55-57</p>	<p>HR1, HR2, HR3, HR8, HR9, MM5, MM6, MM7, MM9</p>



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<ul style="list-style-type: none"> • <u>SD Management Standard 12: Social and Community Engagement</u> • <u>SD Management Standard 13: Life Cycle Management</u> • <u>Code of Conduct</u> • <u>Global Policy on Bribery, Fraud and Corruption</u> • UN Universal Declaration of Human Rights • International Labour Organisation Conventions • Voluntary Principles on Security and Human Rights • International Council on Mining and Metals Principles 	<ul style="list-style-type: none"> • 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. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • No human rights abuses were reported at any Xstrata operations during the year and no incidences of violations involving rights of indigenous people. • In 2011, all Xstrata CBU’s conducted an annual review on implementation of the Voluntary Principles on Security and Human Rights. • In 2011, human rights training was completed at most managed operations in higher risk areas. • In 2011 Xstrata and the ICMM engaged with the IFC to seek clarification of the term “free, prior, informed consent” and as a result Xstrata is now reviewing its position to align with the ICMM and ensure its approach continues to meet leading international standards. 		
Labour			
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.			
<ul style="list-style-type: none"> • <u>Statement of Business Principles</u> • <u>Sustainable Development Policy</u> • <u>SD Assurance Programme</u> • <u>SD Management Standard 4: Communication and Engagement</u> • ILO Declaration on Fundamental Principles and 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • We value diversity and uphold the rights of our employees to collective bargaining and freedom of association. • Xstrata respects employees’ rights to collective representation and just compensation. • All employees are free to join a union and to be represented collectively, in line with Xstrata’s Business Principles. • 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. 	p.27 p.31	HR5, LA4, LA5

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Rights at Work	<p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • Approximately 60% of permanent employees were unionised in 2011. • We believe that in general the Group maintains good, constructive relationships with its employees and the unions that represent them. • Our entire workforce is represented in formal joint management-worker health and safety committees, which monitor and advise on occupational health and safety programmes. • Unions play an active role in safety committees at many sites, and in South Africa, union representatives participate in HIV/AIDS steering committees. 		
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.			
<ul style="list-style-type: none"> • Statement of Business Principles • Sustainable Development Policy • UN Universal Declaration of Human Rights 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • Xstrata’s Statement of Business Principles upholds the elimination of all forms of forced or compulsory labour and prohibits any form of child labour. • None of Xstrata’s managed operations has been assessed as having significant risks for incidents of forced, tied or compulsory labour. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • No cases of under-age or forced labour among employees or contractors have come to our attention during 2011. 	p. 57	HR4, HR7
5. Businesses should uphold the effective abolition of child labour.			
<ul style="list-style-type: none"> • Statement of Business Principles • Sustainable Development Policy • UN Universal Declaration of Human Rights 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • Xstrata’s Statement of Business Principles upholds the elimination of all forms of forced or compulsory labour and prohibits any form of child labour. • None of our operations or projects has been found to have significant risks for incidents of forced, tired or compulsory labour. <p>Major Activities and Achievements:</p>	p. 57	HR6

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	<ul style="list-style-type: none"> In 2011, no cases of underage or forced labour among our employees were reported. In general, Xstrata employs people of age 18 or older. In 2011, one 15 year old was employed through a work placement. All operations report the age of the youngest employee and the minimum working age permitted in the relevant jurisdiction. 		
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.			
<ul style="list-style-type: none"> <u>Statement of Business Principles</u> <u>Sustainable Development Policy</u> <u>SD Assurance Programme</u> <u>SD Management Standard 4: Communication and Engagement</u> <u>Code of Conduct</u> UN Universal Declaration of Human Rights UN Millenium Development Goals ILO Declaration on Fundamental Principles and Rights at Work 	<ul style="list-style-type: none"> Sustainable Development Framework: 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. Our recruitment, remuneration and promotion policies and procedures are designed to avoid all kinds of discrimination and ensure equal opportunity, regardless of race, nationality, religion, gender, age, sexual orientation, disability, political opinion, or any other basis. 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. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> We have a range of initiatives in place, such as skills development and flexible working practices, to increase the participation of under-represented groups in our workforce, in particular indigenous people and women. In 2011, the proportion of women increased to 13% of the workforce, the fourth successive annual increase. The percentage of women in management rose to 14%, one percentage point higher than in 2010. Our businesses offer equal rates of pay to male and female employees of 	p.27/30 p.58	LA1, LA2, LA13, LA14, HR4

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	<p>equal experience and aptitude.</p> <ul style="list-style-type: none"> We are taking actions to improve the diversity of our workforce throughout our organisation. In 2011 we investigated 49 incidents of reported discrimination and/or harassment at our operations. All cases, bar two, have subsequently been resolved. Of the two outstanding cases, remedial actions are being taken. 		
Environment			
7. Businesses should support a precautionary approach to environmental challenges.			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Policy SD Assurance Programme SD Management Standard 10: Environment, Biodiversity and Landscape Functions SD Management Standard 17: Emergencies, Crises and Business Continuity The Precautionary Principle 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> Xstrata’s SD Framework provides the processes and procedures or implementing, reviewing and continually improving our management of sustainability. It incorporates a precautionary philosophy and is aligned with international standards. Xstrata applies the precautionary principle in its approach to environmental management. 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. Xstrata identifies the material environmental risks and opportunities of its operations and aims to address these through a number of actions and programmes. As part of our sustainability assurance programme, Xstrata audits sites to ensure they comply with these standards. Xstrata supports research into technologies to reduce carbon dioxide emissions from the use of coal as an energy source. <p>Major Activities and Achievements:</p>	p.11 p.41-45	4.11, EN18, EN26, EN28



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	<ul style="list-style-type: none"> All operations develop and maintain waste management plans. In 2011, Xstrata incurred seven environmental fines. Our Scope 1 and Scope 2 GHG emissions in 2011 came to 25.2 million tonnes of carbon dioxide equivalent, an increase of 8% in direct emissions and a decrease of 4% in indirect emissions over 2010. To date, not one of our managed operations or projects has ever experienced a category 4 or 5 incident and we have not experienced a category 3 incident for the past two years. Xstrata supports research and initiatives into CCS technologies to reduce carbon dioxide emissions from the use of fossil fuels as an energy source. 		
8. Businesses should undertake initiatives to promote greater environmental responsibility.			
<ul style="list-style-type: none"> <u>Statement of Business Principles</u> <u>Sustainable Development Policy</u> <u>SD Assurance Programme</u> <u>SD Management Standard 10: Environment, Biodiversity and Landscape Functions</u> <u>SD Management Standard 13: Life Cycle Management – Projects and Operations</u> World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG protocol 2004 	<ul style="list-style-type: none"> Sustainable Development Framework: Xstrata aims to preserve or restore the long-term health, function and viability of the natural environments affected by its operations. 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. 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 CBU’s have developed climate change strategies which are annually updated. All Xstrata’s commodity businesses have energy efficiency plans in place and undergo regular energy audits. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> We annually estimate the future costs of rehabilitating our sites over the life of the operation. In certain cases, we provide the government of a particular country with a bond (usually a bank guarantee) that would 	<p>p.33-39 p. 41/42 p.45</p>	<p>EN2, EN5, EN6, EN7, EN10, EN11, EN12, EN14, EN15, EN16, EN17, EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, MM1, MM2, MM3</p>



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<ul style="list-style-type: none"> • ISO 14001 • International Carbon Disclosure Project • UN Millenium Development Goals • UN Global Compact CEO Water Mandate 	<p>cover these costs. In 2011, this amounted to \$2,710 million in provisions in our accounts and \$106 million in the South Africa Trust Fund.</p> <ul style="list-style-type: none"> • We participate in several global research initiatives to improve our understanding of the reclamation of mining lands. Our nickel operations in Sudbury, Canada currently participate in Green Mines/Green Energy, a joint government-industry consortium, to test the use of non-productive mining lands for growing biofuel crops. This project is using a two-hectare test plot in an Xstrata tailings area, and will run for three to five years. • We reduced our emissions of sulphur oxides (SOx) by 10% in 2011 compared to 2010, despite production increases in most operations. • We implement energy efficiency programmes at the start of any new operation or exploration project and factor energy sourcing and efficiency considerations into our design plans. • In 2011, our total water withdrawal was 275,124 megalitres, a 3% decrease on 2010. • All Xstrata-managed operations have implemented a biodiversity conservation plan to protect species and landscape functions throughout their life cycle. • 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. • Across the organization we train employees on environmental awareness and risk management. • The 2011 CEO Challenge focused on climate change. A team of senior Xstrata executives reviewed potential future scenarios arising from climate change and the risks and opportunities for Xstrata and made a series of recommendations. • During 2011, Xstrata Coal and three of Australia's leading universities – University of Queensland, University of Western Australia and 		

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	<p>University of Newcastle – established the International Energy Centre (IEC). The IEC will progressively build a global network of universities, industry and students to proactively engage in a dialogue on energy and climate change issues.</p> <ul style="list-style-type: none"> We participate in the UN Global Compact’s CEO Water Mandate, a public-private initiative designed to help companies develop, implement and report on water sustainability policies and practices. 		
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Policy SD Assurance Programme SD Management Standard 10: Environment, Biodiversity and Landscape Functions 	<ul style="list-style-type: none"> Sustainable Development Framework: Xstrata’s Sustainable Development Policy sets out our commitment to continually improve the efficiency with which we use raw materials, energy and natural resources. We work to minimise the environmental impacts of processing our products and to raise our customers’ awareness about responsible use and disposal. We support technical innovation and invest in the development of new technologies that aim to reduce emissions from coal use. We also contribute to climate change and energy research initiatives. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> Xstrata is a member of the Global CCS Institute and are involved in a number of projects investigating the commercial feasibility of CCS technologies as one of the options for reducing emissions from fossil fuel use from the stationary energy sector. Xstrata is progressively increasing the amount of water we recycle and reuse. In 2011 we increased our use of recycled water to 341,712 megalitres, a 2% improvement over 2010. 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 	<p>p.38 p.41-45</p>	<p>EN5, EN6, EN7, EN10, EN18, EN26</p>



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	<p>demonstration of low emissions technologies in Australia.</p> <ul style="list-style-type: none"> • During 2011, Xstrata Coal launched its Low Emissions Research and Development Fund, which supports climate change and energy-related projects. In its first year, the Fund committed more than AUD6 million to seven projects relating to climate change or low emissions research and development. • A demonstration oxyfuel plant was commissioned in mid-2011 in Australia and a trial injection of GHG will occur over the next two years. We have made an AUD1 million commitment to the project. • The FutureGen CCS project in the US aims to develop a near-zero coal power plant through using oxy-combustion technology that will capture up to 1 million tonnes per annum of carbon dioxide. Construction of the plant will begin in 2012. We have made a commitment of up to AUD10 million to this project. • We have committed over AUD10 million to our Wandoan CCS project in Queensland, Australia, a constituent of the Australian government's CCS Flagship Program. The project is focused on developing large-scale deep underground storage capacity for CCS. • 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. 		
Anti-corruption			
10. Businesses should work against corruption in all its forms, including extortion and bribery.			
<ul style="list-style-type: none"> • Statement of Business Principles • Sustainable Development Policy • SD Assurance Programme 	<ul style="list-style-type: none"> • Sustainable Development Framework: • Xstrata's Statement of Business Principles includes the prohibition of political donations and any form of fraud, bribery or corruption. • Our Code of Conduct entitled Business Principles into Practice elaborates upon our Business Principles and is designed to serve as guidance to employees, contractors and business partners regarding 	<p>p. 17 p.52 p.58</p>	<p>4.12, EC4, S02, S03, S04</p>



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<ul style="list-style-type: none"> • <u>Code of Conduct</u> • <u>Global Policy on Bribery, Fraud and Corruption</u> • Extractive Industry Transparency Initiative (EITI) 	<p>ethical behaviour.</p> <ul style="list-style-type: none"> • Our Global Bribery, Corruption and Fraud policy aims to assist in the prevention of Bribery and Fraud; ensure that Xstrata has adequate procedures in place to prevent any Bribery and Fraud and explain the procedures to be followed when there is evidence or a suspicion of Bribery or Fraud. • Bribery and corruption risks are assessed at all managed operations, including an assessment of the level of country or regional risks. • 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. • All employees receive a copy of Xstrata’s Business Principles and Fraud Policy on joining the Company. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • Our Code of Conduct is supported by a regular online training programme with a specific focus on bribery and corruption and a range of additional training programmes. • During 2011, we introduced a Group-wide updated Global Bribery, Corruption and Fraud policy. • We have also strengthened our overall approach to managing bribery and corruption risks with additional due diligence guidance on selecting and working with third parties and ongoing work to promote our confidential Reporting Line. • 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. • In 2011, our confidential Reporting Line received 42 calls, of which five 		



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	<p>related to bribery and corruption and four reported theft and fraud activities. As a result of the investigations prompted by calls made in 2011, we offered employee counselling, took disciplinary action against employees, terminated supplier contracts, made changes to internal procedures and filed criminal charges.</p> <ul style="list-style-type: none"> • Xstrata continues to support the Extractive Industry Transparency Initiative (EITI) as the most effective way to address corruption and improve governance of mining, oil and gas revenues. • A number of countries in which we work are implementing EITI or have become candidate countries and in 2011 the Philippines joined as a candidate country. 		