



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.

“The index below links the information in our most recent Sustainability Report 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. The full GRI and Global Compact navigator, which also incorporates the ICMM Principles, is available from our sustainability website (www.xstrata.com/sustainability).” - Mick Davis, Xstrata plc Chief Executive

Principles and policies	References to commitments and actions taken to implement principles from 2008 Sustainability Report	Page numbers	Corresponding GRI Indicators
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 • UN Universal Declaration of Human Rights • International Labour Organisation Conventions • Voluntary Principles on Security and Human Rights 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • In 2008, the Xstrata plc Executive Committee committed to implementing the Voluntary Principles on Security and Human Rights across Xstrata’s global operations. • 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. • All sites are required to undertake human rights risk assessments, and set and monitor appropriate performance standards for all contractors including security personnel. 	p. 26-28	4.8, 4.9, 4.12, HR1, HR2, HR3, HR8



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	<p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • During 2008, we prioritized our operations in Colombia, the Dominican Republic, Peru, the Philippines and South Africa. • 15,042 employees and contractors (or approximately 24% of the total average 2008 workforce) participated in human rights training across the Group. • No breaches of human rights reported at any Xstrata operation or project during the year and no incidences of violations involving rights of indigenous people. 		
<p>2. Businesses should make sure that they are not complicit in human rights abuses.</p>			
<ul style="list-style-type: none"> • Statement of Business Principles • Sustainable Development Policy • SD Assurance Programme • SD Management Standard 12: Social and Community Engagement • SD Management Standard 13: Life Cycle Management • UN Universal Declaration of Human Rights • International Labour Organisation Conventions • Voluntary Principles on Security and Human Rights 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • In 2008, the Xstrata plc Executive Committee committed to implementing the Voluntary Principles on Security and Human Rights across Xstrata’s global operations. • 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. • All sites are required to undertake human rights risk assessments, and set and monitor appropriate performance standards for all contractors including security personnel. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • No breaches of human rights reported at any Xstrata operation or project during the year and no incidences of violations involving rights 	<p>p. 23-25 p. 27-28</p>	<p>HR1, HR2,HR3, HR8, HR9, MM11</p>



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	<p>of indigenous people.</p> <ul style="list-style-type: none"> Xstrata's operations and projects are implementing the Voluntary Principles on Security and Human Rights and progress on implementation will be publicly reported annually from 2009 		
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Policy SD Management Standard 4: Communication and Engagement ILO Declaration on Fundamental Principles and Rights at Work 	<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>Major Activities and Achievements:</p> <ul style="list-style-type: none"> Approximately 61% of permanent employees are represented by collective agreements. We believe that in general the Group maintains good, constructive relationships with its employees and the unions that represent them. 	<p>p. 29 p. 44</p>	<p>HR5, LA4, LA5</p>
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 	<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 	<p>p. 28</p>	<p>HR4, HR7</p>



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Human Rights	<p>significant risks for incidents of forced, tied or compulsory labour.</p> <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> No cases of under-age or forced labour among employees or contractors has come to our attention during 2008. 		
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. Risk assessments indicate that Brazil, the Dominican Republic and Tanzania may represent higher risk regions for child labour. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> In potential higher risk regions for child labour, the minimum age for employment is 18, regardless of local legislation. All operations report the age of the youngest employee and the minimum working age permitted in the relevant jurisdiction. 	p. 28	HR6
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Policy UN Universal Declaration of Human Rights SD Management Standard 4: Communication and 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> 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. 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. 44 p. 48	LA1, LA2, LA13, LA14, HR4



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Engagement	<p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • Women represented 15% of all managers and 11% of the total workforce. Our businesses offer equal rates of pay to male and female employees of equal experience and aptitude. • Xstrata’s South African businesses are on track to achieve diversity targets set by South African mining charter on the participation of women and historically disadvantaged South Africans in mining. • In 2007, ten incidents of discrimination were reported, reviewed and resolved. 		
7. Businesses should support a precautionary approach to environmental challenges.			
<ul style="list-style-type: none"> • Statement of Business Principles • Sustainable Development Policy • SD Management Standard 17: Emergencies, Crises and Business Continuity • Sustainable Development Assurance Programme 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • 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. • 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> <ul style="list-style-type: none"> • All operations developed and maintained waste management plans. • In 2008, Xstrata incurred four environmental fines totaling \$25,300. We implemented remediation plans to mitigate the minor environmental 	p.12 – 13 p. 51 p. 79 p. 73	4.11, EN28



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	<p>impacts of the incidents and prevent them from occurring again.</p> <ul style="list-style-type: none"> Group carbon intensity in 2008 decreased 28% over 2005 performance. 		
8. Businesses should undertake initiatives to promote greater environmental responsibility.			
<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 13: Life Cycle Management – Projects and Operations World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG protocol 2004 ISO 14001 Carbon Disclosure Project 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> 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 low-carbon sources. We aim to reduce the carbon intensity of our products. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> Xstrata Coal has invested AUD25 million to develop improved methane capture techniques. The Xstrata-Merafe Chrome received a special mining sector energy efficiency award, sponsored by the South African National Business Initiative (NBI). In 2008, Xstrata was recognised as the resources sector leader in the DJSI and featured in the CDP’s Leadership Index for the raw materials, mining, paper and packaging sector. All Australian operations reported their performance through the Australian Government’s Greenhouse Challenge Plus initiative in 2008 and are transitioning to report under the National Greenhouse and Energy Reporting Regulation from 2009. We are participating in an ICMM initiative to establish standard 	<p>p. 51-53 p. 58</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, MM EN23, MM3, MM4, MM5, MM6</p>



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	<p>reporting metrics for emissions intensity.</p> <ul style="list-style-type: none"> All Xstrata sites developed water conservation plans in 2008, with the exception of newly acquired sites and some Xstrata Nickel operations, which will complete their plans in 2009. 		
<p>9. Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>			
<ul style="list-style-type: none"> Statement of Business Principles Sustainable Development Policy SD Management Standard 10: Environment, Biodiversity and Landscape Functions 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> 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 invest in the development and commercialisation of low emissions technologies in partnership with other coal producers, governments, and scientific and academic organizations. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> Xstrata Coal financially supports and participates in a range of collaborative, public-private associations to research, develop and demonstrate clean coal technologies. We are conducting studies to investigate the potential for GHG produced during smelting, including carbon monoxide, to be captured and used for energy generation. The Xstrata-Merafe Chrome Venture received a special mining sector energy efficiency award, sponsored by the South African National Business Initiative (NBI). Xstrata Alloys is progressing a feasibility study into growing microalgae for biofuels production on the CO₂-rich off-gases from its ferrochrome 	<p>p.51 p. 53 - 55 http://www.xstrata.com/sustainability/policies/sd-framework/</p>	<p>EN5, EN6, MM10</p>



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	<p>smelters.</p> <ul style="list-style-type: none"> • Xstrata Coal has launched a scoping study into the use of coal tailings for energy generation. • Xstrata Copper is studying the feasibility of a new, 600MW hydroelectricity project in southern Chile. • Xstrata Nickel has pledged \$2 million over five years to the Cambrian College Sustainable Energy Centre, Canada, to develop new alternative energy products. • Xstrata Technology develops and markets a range of technologies to improve energy and/or water efficiency, reduce the use of reagents, and improve the productivity of a range of mining and metals processes • In 2008, as a result of a project to use coal seam methane to power the Xstrata Copper refinery at Townsville, Queensland, in place of fuel oil and naphtha, the refinery used no fuel oil or naphtha. initiative. 		
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 	<p>Sustainable Development Framework:</p> <ul style="list-style-type: none"> • Xstrata’s Statement of Business Principles includes the prohibition of political donations and any form of fraud, bribery or corruption. • 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. <p>Major Activities and Achievements:</p> <ul style="list-style-type: none"> • The Xstrata Ethics Line is a confidential 'whistleblowing' facility 	<p>p. 26 p. 26-27</p>	<p>4.12, EC4, So2, So3, So4</p>



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	<p>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.</p> <ul style="list-style-type: none"> • In 2008, 17 incidents were reported through the Ethics Line. All reported incidents were investigated. • In 2008, fraud or corruption incidents involving 16 individuals (employees, contractors, suppliers or others) were reported and investigated by Xstrata's internal audit department. 		