



Xstrata plc Board HSEC Committee

Terms of Reference

1 Role

- 1.1 The Xstrata Board ('Board') has established the Xstrata Board health, safety, environment and community ('HSEC') Committee ('Board HSEC Committee') to assist the Board to fulfil its HSEC roles and obligations globally. The Board HSEC Committee provides the Board with additional focus and guidance on key global HSEC issues.

2 Function

- 2.1 The Board HSEC Committee performs the following functions in relation to global HSEC issues:
- (a) Monitors and evaluates reports on the effectiveness of HSEC policy, HSEC management standards, HSEC strategy, HSEC performance and HSEC governance globally; and
 - (b) Reports to the Board on key global HSEC issues.

3 Composition

- 3.1 Members of the Board HSEC Committee are appointed by the Board.
- 3.2 The Board HSEC Committee will comprise at least three members including:
- (a) The Xstrata Group Chief Executive; and
 - (b) two non-executive Directors.
- 3.3 Other members may be co-opted by the Board HSEC Committee, such as independent experts in the fields of HSEC risk, health and safety and/or the environment and community. Co-opted members shall be either voting or non-voting as the Board HSEC Committee may decide.
- 3.4 Appointments to the Board HSEC Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the majority of the Board HSEC Committee members are non-executives.

4 Authority

- 4.1 The Board HSEC Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 4.2 The Board HSEC Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.



5 Proceedings of the Board HSEC Committee

- 5.1 **The Board HSEC Committee Chairman:** shall be a non-executive Director appointed by the Board.
- 5.2 **Secretary:** shall be the Group General Manager responsible for sustainable development.
- 5.3 **Board HSEC Committee meetings:** the Board HSEC Committee shall meet at least twice a year and at such other times as the Chairman of the Board HSEC Committee shall require.

All meetings shall take place in Xstrata plc's Head Office in Zug Switzerland.

- 5.4 **Attendance:** other individuals may be invited to attend for all or part of any Board HSEC Committee meeting when appropriate. The Group General Manager responsible for sustainable development will normally attend meetings.
- 5.5 **Means of attendance:** a Board HSEC Committee member may attend Board HSEC Committee meetings in person or by electronic means (including telephone or video linkages).
- 5.6 **Quorum:** the quorum necessary for the transaction of business shall be two members, one of which must be the Chairman of the Board HSEC Committee.
- 5.7 **Entitlement to vote:** only members of the Board HSEC Committee have the right to vote at Board HSEC Committee meetings.
- 5.8 **Proxy:** a Board HSEC Committee member may attend and vote by proxy at a Board HSEC Committee meeting if the proxy is another Board HSEC Committee member and has been appointed in writing and signed by the appointer. The appointment may be general or for one or more particular meetings. A Board HSEC Committee member present as a proxy for another Board HSEC Committee member who would be entitled to vote if present at the meeting has one vote as a Board HSEC Committee member, and one vote as a proxy holder.
- 5.9 **Majority vote:** a question arising at a Board HSEC Committee meeting shall be decided by a majority of votes of Board HSEC Committee members present and entitled to vote.
- 5.10 **Casting vote:** in the event of equality of votes, the Chairman of the meeting has a casting vote.
- 5.11 **Circular resolution:** the Board HSEC Committee members may pass a resolution without a Board HSEC Committee meeting being held if all of the Board HSEC Committee members entitled to vote on a resolution sign a document containing a statement that they are in favour of the resolution set out in the document. Separate copies of the document may be used for signing by the Board HSEC Committee members if the wording on the resolution and statement is identical in each copy. The resolution is passed when the last Board member signs.



6 Agenda and minutes of meetings

- 6.1 Meetings of the Board HSEC Committee shall be summoned by the secretary of the Board HSEC Committee at the request of the Chairman of the Board HSEC Committee.
- 6.2 Unless otherwise agreed, notice of each Board HSEC Committee meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Board HSEC Committee, any other person required to attend and all other non-executive directors, no later than five (5) working days before the date of the meeting.
- 6.3 Supporting papers shall be sent to Board HSEC Committee members and to other attendees as appropriate, at the same time that notice is provided.
- 6.4 The secretary shall minute the proceedings and resolutions of all Board HSEC Committee meetings, including the names of those present and in attendance.
- 6.5 Minutes of Board HSEC Committee meetings shall be circulated promptly to all members of the Board HSEC Committee and the Chairman of the Board and, once agreed, to all other members of the Board.

7 Review

- 7.1 The Board HSEC Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Ian Strachan
Chairman
Board HSEC Committee
4 December 2006