



health

The health and wellbeing of our employees, contractors and the community is critical to the success of our business.

Our approach

The health and wellbeing of our employees, contractors and the community is critical to the success of our business. Xstrata is committed to achieving zero work-related illnesses through identifying, assessing and controlling occupational health hazards and we believe all work-related illnesses are preventable.

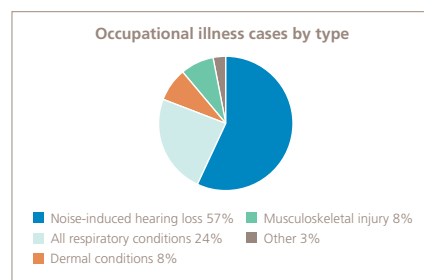
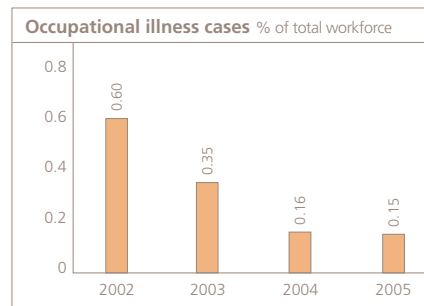
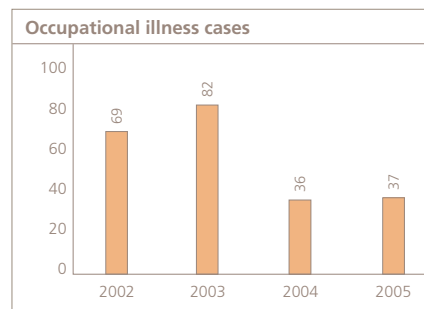
We recognise that the health of our employees depends on more than freedom from occupational illnesses, but also encompasses broader well being issues inside and outside the workplace. These include obesity, smoking, alcohol and substance abuse, stress, sexually transmitted diseases and inactive lifestyles, addressed through health promotion campaigns, appropriate access to healthcare professionals and facilities and advice or counselling services. The benefits to our business of a healthy workforce, in the broadest sense, include reduced sickness leave and benefits, lower training and recruitment costs, less likelihood of a work-related injury, and improved productivity. To ensure improvements in health and wellbeing are sustainable, we also support health initiatives that benefit the communities in which we operate.

Xstrata's occupational health and hygiene programmes include the identification of health hazards, assessment of exposure with reference to internationally recognised

monitoring standards, implementation of controls to eliminate or minimise exposure to the hazards, and the provision of personal protective equipment where controls do not effectively reduce the risk of exposure.

All employees complete medical examinations before they join the Group to assess fitness for their function and regular relevant medical examinations are undertaken during employment. The frequency of medical examinations varies from annually to once every four years depending on the nature of the role being undertaken, the age and general health of the employee, and the presence of pre-existing conditions. Medicals are also conducted when employees leave the business.

Health risk assessments are regularly carried out for each function and employees and contractors are regularly monitored in accordance with the risk assessment for their function.



Our performance

Targets are set to drive improvements in occupational health and hygiene, and the health and wellbeing of the workforce is promoted through access to health information and programmes.

In 2005, there were 37 new cases of occupational illness reported, compared to 36 new cases reported in 2004. Since 2002, the number of new cases of occupational illness as a percentage of our workforce has improved steadily, which has been achieved in conjunction with improved HSEC reporting over this period.

The majority of new occupational illnesses in 2005 relate to noise-induced hearing loss and approximately a quarter of new illnesses relate to respiratory illnesses, primarily occupational asthma.

Both the overall Group and all commodity businesses performed above the satisfactory level on average against the Health and Occupational Hygiene Standard during the Xstrata HSEC Standards assurance audits.

No Xstrata operation was fined or prosecuted for occupational health-related issues during the year.



Nurse Edith Milham tests Mount Isa employee Andrew Newman's hearing

Key challenges

The key occupational health risks associated with our operations are:

- noise induced hearing loss in both our mining and metals operations;
- respiratory illnesses, in particular those associated with the production of ferrochrome and vanadium and the underground mining of coal;
- musculoskeletal injuries, typically manual handling injuries. This type of injury is an elevated risk at our Australian operations, where the average age of our workforce is more advanced than in other regions;
- heat stress is a key risk for employees and contractors working in Australia (especially north Queensland); and
- wellbeing, including healthy weight management and lifestyle.

In line with our Health and Occupational Hygiene Standard, all operations have occupational health assessment and surveillance, and occupational health and hygiene programmes. Several divisions or sites operating in similar regions, with similar health challenges, have developed integrated health management systems. All Xstrata Copper and Xstrata Zinc operations in north Queensland use a single health management system and integrated divisional health strategies were put in place during 2005 at Xstrata Coal's New South Wales and South Africa divisions.

Noise

As the primary cause of new occupational illnesses reported each year, the elimination of noise-induced hearing loss (NIHL) is a key priority in our occupational hygiene programmes. We mitigate this risk, wherever possible, by monitoring employees' exposure and hearing and reducing noise at the source to below the recommended international standards. Where this is not possible we have comprehensive hearing conservation programmes in place and provide personal protective equipment (PPE) as an interim measure until noise level risks are mitigated to an acceptable level.

In particular, noise is an issue for underground mining operations, where employees and contractors work in proximity to large-scale machinery, in a relatively confined space. Typical measures to eliminate or minimise noise exposure include:

- 'buy quiet' procurement policies and equipment design criteria wherever possible for new or upgraded equipment (in open cut operations or mines where product is transported close to residential areas, this has an additional benefit for neighbouring communities);
- sound maps (noise contour maps) and risk assessments to determine the most 'at risk' areas in each operation; and
- addition of soundproofing materials or construction of enclosures to contain noise for existing equipment and operations.

Audiometric testing and baseline assessments are carried out at every operation. The frequency of NIHL monitoring depends on the assessed risk for each exposure group, function and/or operation.

Dust

Continuous exposure to high levels of dust can lead to occupational illnesses such as pneumoconiosis. It is, therefore, imperative for the health of our employees that we effectively manage dust across our operations and closely monitor our employees' exposure to dust. Dust management is a particular issue for employees in underground mining operations, due to mining processes and engineered ventilation throughout the underground workings.

Our dust management programmes are developed in accordance with Xstrata's Occupational Health and Hygiene Standard. Employees and contractors are monitored on a regular basis at every operation, in addition to workplace surface and underground monitoring. Typical dust abatement initiatives include:

- improved ventilation;
- air-conditioned cabins for underground mining equipment and vehicles;
- various dust suppression processes such as continuous miner sprays and road surface treatment;
- occupational hygiene awareness programmes; and
- enhanced respiratory protection.

The case study on page 42 highlights leading practice dust management at Beltana highwall mine in New South Wales.

In 2005, our Queensland coal, copper and zinc-lead operations participated in a major study into diesel particulate matter (DPM). Instigated by the Department of Natural Resources, Mines and Water and carried out by the Queensland Government's safety in mines, testing and research group (Simtars), samples of diesel particulate matter were collected from all underground metalliferous and coal mines in the state. Xstrata employees' exposure levels were found to be within accepted international standards. Diesel particulate awareness and monitoring programmes are in place at Australian coal operations and where possible all sites aim to switch to low-sulphur fuel for their underground mining equipment to further minimise exposure.

Hexavalent chromium

During the production process for ferrochrome, very low concentrations of hexavalent chromium, a known carcinogen, may be produced under certain conditions. Xstrata Alloys is engaged in research to improve the accuracy of sampling for this unstable compound and together with a range of scientific and academic experts has developed a standard for sampling and analysis at our operations. Xstrata Alloys conducts health risk assessments to manage this issue. Employees are divided into homogenous exposure groups and action plans are developed based on exposure and monitoring requirements. Non-invasive biological monitoring for hexavalent chromium is undertaken for all exposed employees.

All chrome operations have air quality management programmes that include fume extraction hoods for all furnaces, comprehensive sampling and analysis of all waste streams including ambient air and water and biological monitoring for hexavalent chrome. Managers have been appointed to drive these programmes, which are reviewed regularly by senior management.

Vanadium

A small percentage of the population is susceptible to developing a reversible form of occupational asthma from prolonged exposure to vanadium pentoxide dust. Xstrata produces vanadium pentoxide and ferrovandium from one integrated plant, Rhovan, in South Africa. All potential employees and contractors undergo pre-employment allergy tests to determine any general sensitivity before employment. All employees are regularly tested in line with Rhovan's biological and gravimetric air sampling strategy which requires employees working in high risk areas to be sampled every three months and artisans and loader drivers in high risk areas to be sampled every two months to identify elevated vanadium levels in urine.

Xstrata has made a number of investments at Rhovan specifically to minimise dust in working areas over the past three years.

Douw Botha in front of the Lydenburg dust extractor



Health

The introduction of engineering controls on the Beltana longwall has dramatically reduced dust exposure for its underground team and established a new industry benchmark.

Historically, longwall extraction could generate high levels of airborne dust, potentially exposing operators to respirable dust levels above occupational exposure standards.

Due to the composition of coal at Beltana highwall operation, the dust generated can have high quartz content, creating a high-risk health hazard. Respirable quartz has been identified as carcinogenic to humans and chronic exposure can cause lung fibrosis (silicosis).

Safety Systems Coordinator Andrew Harvey said to manage this health hazard, Beltana

had adopted a risk management process using the hierarchy of control; that is:

- eliminate the risk;
- control the risk at its source;
- minimise the risk by means that include the design of safe work systems; and
- in so far as the risk remains, provide for the use of personal protective equipment.

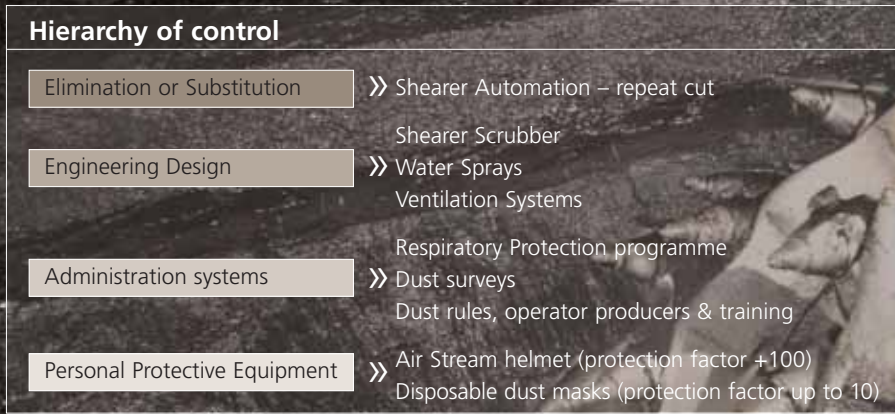
The diagram below illustrates the hierarchy of control and the related dust control measures being undertaken at Beltana. Andrew Harvey described some key initiatives put in place to minimise dust as a health hazard.

“Our Electrical Engineering team has been able to eliminate the need for a shearer operator to be positioned on the tailgate side of the shearer (the area of highest dust exposure) by automating the shearer’s return run to the tailgate,” he said.

“We have been working with CSIRO (the Australian government research body) and Dust Management International to develop a shearer scrubber – an engineering solution that will draw the dust generated by the longwall’s shearer away from the shearer operator.

“We are also participating in an independent study with Hydra Tools (UK) on pick and spray design. By redesigning picks and water sprays, we have been able to make significant reductions in dust generation at the source.

“Average respirable dust has been reduced from 2mg/m³ to 0.9mg/m³ following the implementation of the engineering controls. Reductions have been verified through our personal sampling results and independent dust samplers,” he said.



Leading practice dust management at Beltana

In 2005, the Rhovan plant achieved a reduction in high vanadium levels among its employees due to ongoing training and education to ensure employees minimise the risk of exposure through proper use of PPE and personal hygiene and capital investment in improvements to the plant. Some examples of the initiatives undertaken at Rhovan are as follows:

- dust levels were reduced in the kiln off-gas area through replacing the total fines system at a cost of ZAR2.6 million;
- a dust suppression fogging system was installed in the concentrate plant to eliminate fugitive dust and the mine and access routes were sprayed to create a tar-like road, eliminating dust from vehicles moving through the area;
- a Vac-Air industrial vacuum cleaner was installed at a cost of ZAR500,000 to remove dust from the fusion building;
- a highly efficient venturi scrubber was installed to remove vanadium pentoxide particles and ammonia gas from the off-gas stream and three stacks were combined into one extended stack with a booster fan at a total cost of ZAR2.6 million; and
- baghouses have been installed or extended throughout the plant to significantly reduce vanadium dust in the workplace.

As a result of these initiatives, vanadium levels detected through workplace air sampling has decreased by 50%-55% compared to average 2004 levels. This, in addition to behavioural improvements, has led to a 64% reduction in the number of employees with elevated levels of vanadium at the Rhovan plant in 2005 compared to 2004.

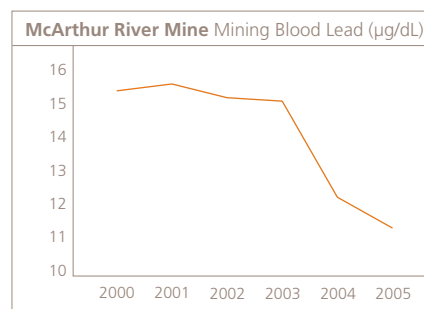
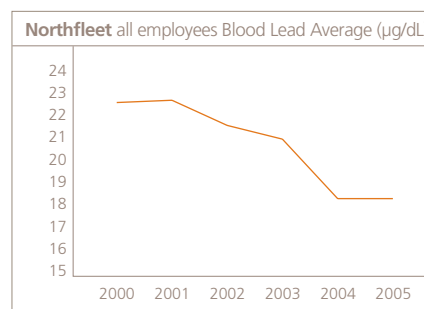
Lead

Exposure to lead has a long history of adverse health effects. Xstrata mines lead at Mount Isa, north Queensland, in addition to a zinc-lead bulk concentrate at McArthur River Mine in the Northern Territory. At Mount Isa, production in the underground lead mine ceased in 2005 and was replaced by production from the George Fisher Mine and open cut Black Star zinc-lead mines. Lead mined and smelted at Mount Isa is refined and processed at Northfleet in the UK. We regularly monitor the lead in blood levels of employees at the Northfleet lead refinery in the UK and in all lead production areas at Mount Isa and McArthur River Mine in Australia.

We collect and analyse blood samples to determine lead concentration, which is measured in micrograms per decilitre ($\mu\text{g/dL}$). Alterations in blood levels indicate a change in exposure, or behaviour, which is immediately addressed with the exposed person in confidence. Biological and workplace monitoring is conducted in accordance with recognised international occupational hygiene monitoring standards. Employees with blood lead concentration levels of 40 $\mu\text{g/dL}$ or greater, or have achieved three consecutive results of 35 $\mu\text{g/dL}$ or greater, must be removed from the workplace until concentrations are below 30 $\mu\text{g/dL}$. In the lead smelter, the limit is 45 $\mu\text{g/dL}$ or greater, or three consecutive results of 40 $\mu\text{g/dL}$ or greater.

At Mount Isa, where our copper, zinc and lead operations are in close proximity to one another, a lead management programme is in place. For copper employees, this focuses mainly on road maintenance crews and equipment maintenance teams who work around the lead operations. A review of Mount Isa's lead management system commenced in late 2005 and will be completed in early 2006, with the aim of reducing blood lead levels further amongst lead employees and contractors.

Xstrata has also continued its free blood lead monitoring programme for Mount Isa residents. The test is available on request from the Queensland Medical Laboratories located in the town centre and funded by Xstrata. The results of the blood lead test are confidential and are forwarded to a general practitioner nominated by the community member being tested. The general practitioner explains the test results to their patient and any actions required.





Boshoek Smelter, tapping of furnace

At Northfleet in the UK, we have removed employees at progressively lower levels of blood lead concentration and have achieved continued improvements in average blood lead levels. The average boundary lead-in-air concentration in 2005 was below $0.5 \mu\text{g}/\text{m}^3$ at Northfleet although one monitoring location (closest to the refinery) had a higher average level. Since the start of 2006, the average level for this monitoring location has fallen to $0.58 \mu\text{g}/\text{m}^3$. Blood lead concentration levels in the UK are regulated by the Control of Lead at Work (CLAW) Act which has set the limit at $60 \mu\text{g}/\text{dL}$, although several EU countries have reduced their limit to $40 \mu\text{g}/\text{dL}$. In 2005, we removed all employees with blood lead levels in excess of $40 \mu\text{g}/\text{dL}$ until their blood lead levels were below $35 \mu\text{g}/\text{dL}$. Our aim in 2006 is to work towards removing employees with blood lead levels of greater than or equal to $35 \mu\text{g}/\text{dL}$ and will continue to reduce this level further to greater than or equal to $30 \mu\text{g}/\text{dL}$ in future years.

The Northfleet refinery has also participated in the supply of information and data to assist the progress of the Voluntary Risk Assessment for Lead. This research is being carried out in the European Union by the Lead Development Association International.

Heat stress

Heat stress is a risk for employees working at a number of our operations. Xstrata uses a range of methods to alleviate heat stress among its employees, including:

- heat management protocols (ventilation standards, dehydration testing, air-conditioned cabins and meeting areas);
- heat tolerance screening;
- occupational hygiene measurements; and
- heat stress awareness training.

With the development of the deeper 3500 copper ore body at Mount Isa in 2006, the Working in Heat Committee has been re-established. This committee comprises management representatives, ventilation engineers, union members, safety representatives and the Mines Inspectorate who meet monthly to review monitoring results, heat-related incident reports and to monitor industry advances in managing ventilation systems and heat exposure risks.

Employees in high risk areas are trained in the identification of heat stress signs and symptoms; risk areas are well demarcated with notices displayed to drink ample water; and 'right to know' programmes and campaigns have been used to inform employees on how to manage heat stress.

Wellbeing

Xstrata runs a number of programmes across its operations aimed at promoting and enhancing the wellbeing of its employees and contractors.

These programmes address obesity, nutrition, sleep apnoea, shift work, fatigue management, alcohol abuse, smoking, mental health, literacy and numeracy, and we provide counselling for relationship problems, addictions, financial matters and depression. We also engage external specialists such as medical practitioners, occupational health nurses and counsellors to assist our people.

In particular, studies have shown that the levels of obesity in Australian working men are reaching crisis proportions. Obesity is one of the main risk factors of heart disease, diabetes and stroke as well as high blood pressure and musculoskeletal injuries. It is also clearly associated with an increased risk of certain cancers, osteoarthritis, sleep apnoea and other debilitating illnesses. In particular fly-in, fly-out employees often find it harder to maintain healthy dietary habits and a healthy weight range while working extended shifts at remote sites and a range of programmes to promote healthy lifestyles and encourage exercise have been implemented at these sites. Xstrata's Australian operations have campaigns such as Corporate Bodies, Fat Busters, Working Bodies and Quit Smoking in place to help



Northfleet employees enlisted to improve blood lead levels

Employees at BRM's Northfleet lead refinery in the UK are actively participating to drive further improvements in the blood-lead levels of people working on site.

In the past, step improvements in workforce blood-lead levels had been achieved through technological advances, but as Northfleet targets continuous improvements in the level at which employees are removed from the workplace, well in advance of current EU limits, the focus has shifted to behavioural change.

An education programme has been introduced to raise employee awareness of the target levels and to provide tips on how to reduce exposure, such as regularly changing and effectively laundering work clothes, showering after dirty jobs and washing hands more regularly, especially before eating and drinking. The blood lead level target is advertised on the board at the entrance to the refinery, monthly briefings on progress against the target and other related issues are held, and employees with elevated blood-lead levels receive confidential personal coaching.

A sub-committee of the site safety committee was formed in October 2005 to enable the workforce to provide greater direct input into improvement initiatives. BRM General Manager Neil Wardle said

that employees were starting to provide feedback and suggest projects that they could self-manage.

"We're starting to get ownership among the workforce which means we can all work together to find a solution. Some of the guys have instigated blood-lead trials to try and determine what causes their levels to go up. Others have put together a list of potential projects," he said.

"A recent suggestion was to examine how we could eliminate dust from forklift trucks. People get into trucks with dirty clothes and boots leaving lead dust behind when they get out. Although drivers don't have to wear a respirator inside the truck because it is air-conditioned, they could be exposed to small levels of dust being deposited by previous drivers.

We are also investigating why blood-lead levels are higher in winter. One reason could be that we wear clothing such as jackets that have been stored away during summer and haven't been laundered as frequently as other clothes. To address this, we've started a compulsory laundry programme."

Process operators, maintenance crews and technical staff exposed to fumes and dust generated during lead processing are

required to wear masks or full-face helmets which filter incoming air. In addition to behavioural change initiatives, Northfleet is working with a helmet manufacturer to improve the design of its respiratory protective equipment and has trialled a roadside sweeper that can vacuum dust up to minus 10 microns in size. Programmes to reduce fugitive emissions have also been implemented, including improving practices for handling materials in enclosed skips.

"We've always had a strategy of continually reducing blood-lead levels and in advance of legislative requirements," Neil said. "Over the next five years or so, we expect the EU to introduce standard blood-lead limits of 40 µg/dL, but our target is to achieve the lowest possible blood lead levels amongst our workforce, well below this regulatory level.

Previously we could rely on changing the physical environment using leading practice technology or introducing clean side/plant side changing rooms to continue reductions in blood lead levels.

"Our challenge now is to improve our performance by encouraging employees to change their behaviour while continuing to improve our plant and equipment."

employees achieve a healthy lifestyle and health management plans for all medium and high-risk employees. Employee assistance programmes also offer counselling services across the Group and health promotion campaigns that link in with state and federal health initiatives such as Quit, 10,000 Steps, Diabetes Awareness Week, Beyond Blue Depression Campaign and Lifestyle Prescription. Similar campaigns are run in South Africa and Argentina, to help employees choose and maintain a healthy lifestyle and assist with any psychological and stress problems in addition to physical wellbeing.

Degenerative musculoskeletal conditions

Sprains and strains of joints and adjacent muscles are common types of musculoskeletal injuries in the workplace. Xstrata operations have implemented a range of measures to prevent musculoskeletal injuries and minimise degenerative conditions. These measures include risk and functional assessments, using engineering solutions wherever possible to minimise or eliminate manual handling, and training employees in correct manual handling techniques, job rotation and encouraging employees to engage in our wellbeing programmes to improve their fitness for work. Comprehensive ergonomic programmes are also conducted across our operations to reduce the risks associated with these tasks. These programmes assess how a workplace and the equipment used there can best be designed for comfort, safety, efficiency, and productivity.

In Australia, more than 80% of the projected workforce growth between 1998 and 2016 will be among people who are older than 45 years (ABS, 1999). A global shortage of skilled workers and economic imperatives mean that businesses are seeking to retain older, productive workers in the workforce. The ageing workforce is having an impact on the way we manage degenerative musculoskeletal conditions at our operations. To better understand the capacities of older workers, the nature of the work demands, and specific injury and health issues, Xstrata's Australian operations have supported a range of internal and external research projects into degenerative musculoskeletal conditions, ergonomic equipment design and manual handling risk assessment in collaboration with academic institutions, employees and employee representatives.

After working overnight, operators play football in an enclosed field at Minera Alumbreira, Argentina



HIV/AIDS

The major community health issue facing Xstrata's operations is the HIV/AIDS epidemic in South Africa. Our approach recognises that HIV/AIDS is more than simply a health issue.

In addition to HIV/AIDS prevention, testing and treatment programmes for employees and contractors, we seek to address some of the far-reaching social, cultural and financial implications and causes of the pandemic through community initiatives. Our Health and Occupational Hygiene Standard requires us to promote the health and wellbeing of the workforce through access to health information and programmes. Our Community Standard states that Xstrata will provide support for community-related health programmes.

Xstrata employs over 11,500 people in coal and ferroalloys operations in South Africa. We estimate that around one in five Xstrata employees and contractors in South Africa is HIV positive, making HIV/AIDS the most significant health issue facing the Group. Xstrata Coal's HIV/AIDS strategy was developed in 2002 and Xstrata Alloys has developed a business-wide sustainable development strategy which makes specific provision for HIV/AIDS impact studies and programmes to address education, testing, treatment and training.

Strategy

Our HIV/AIDS strategy aims to address the underlying factors which contribute to the spread of HIV/AIDS, in addition to introducing voluntary counselling and testing programmes and ongoing education and anti-retroviral treatment for workers, contractors and their partners. More recently we have established a clinic to extend access to HIV/AIDS testing and treatment to wider communities with a further clinic anticipated for 2006.

Our South African coal business established an AIDS steering committee to oversee activities to manage the risk of HIV/AIDS to our business. A cost-benefit analysis was carried out to assess the cost of intervention compared with the cost of doing nothing. This analysis clearly supports our view that there is a clear business case for addressing

the risks companies face from the spread of HIV/AIDS.

From this analysis, we estimate that doing nothing to address HIV/AIDS would add an additional cost to employment of between 3% and 6% to Xstrata's annual South African wage bill. The impact of the disease on costs includes increased absenteeism, loss of productivity, accelerated or premature payment of death benefits and increased recruitment and training costs. By contrast, the immediate business benefits of addressing contributing social factors, encouraging all employees to know their status through voluntary testing and enrolling those who are HIV positive in treatment programmes compare very favourably to this 'do nothing' scenario.

Initial prevalence, knowledge, attitude and practices campaigns were conducted across our operations and have been followed by an intensive voluntary counselling and testing programme across the coal operations. This programme aims to maximise the number of employees tested, so employees can know and properly manage their HIV status, whether positive or negative. Every employee who tests positive is offered appropriate treatment. The ultimate aim is to ensure every employee is tested and all HIV positive employees are enrolled into a treatment programme.

The accommodation of mineworkers in single sex hostels was identified as a causal factor in a number of social problems, including the spread of HIV/AIDS. To address this, Xstrata runs a programme to encourage employees to rent or buy their own homes in established towns, allowing families to live together. The programme has been underway for two years and more than 95% of employees have taken up the funding made available to them to own or rent their own family homes.



Breyten HIV Clinic, provides access to counselling, testing and treatment for employees and community members



Middelburg Care Village

Children in the South African province of Mpumalanga are being given the chance to fulfil their potential through education and a secure home life at the Middelburg Care Village.

Nomathemba Dlamini (15) and her brothers Sandile (12) and Thabo (10) lost both their parents to HIV/AIDS and were rescued from impoverished and difficult circumstances with their extended family by the Middelburg Child and Family Welfare Society in 2004. They were placed in the custody of the village through a court order in 2005.

Manager of the village, Stoffel Wolvaardt says the family has settled in well and, after 12 months, is actually blossoming.

Nomathemba is in the care of foster mother Albertina Masango and the boys are living with their foster mother Aletta Ngobese. They attend school in Middelburg and last year they all passed their exams. Like most local children their age, they are

active in sports. They enjoy athletics, the boys are soccer fanatics and Nomathemba is a keen netball player. When she completes school, Nomathemba is hoping to become a nurse or a teacher.

The Middelburg Care Village was established in April 2004 in an old orphanage that had been left vacant since 1994. A ZAR6 million (nearly \$1 million) donation from Xstrata Coal South Africa and two other mining companies was used to renovate the existing buildings. Today the facilities include nine housing blocks with up to 10 bedrooms in each house, a community hall, laundry facility, a well-equipped kitchen, clothes storerooms, a swimming pool, workshop and an administration office that includes a small library for the children. The village hopes to add a computer room



offers children refuge

where the children will be given the opportunity to develop basic computer skills and can carry out research for school projects and other tasks.

The village has a staff of 13 and is managed by a Board of Management which includes Rotary and community members. Xstrata Coal South Africa is continuing to fund its day-to-day operation and is represented on the Board of Management. By June 2006, the Board expects that 60 children will have made their home at the Middelburg Care Village and the numbers should reach 120 by 2007. Around 40 physically and mentally disabled children also use the facilities during the day.

Sandy Sandlana, Group Social Development Manager for Xstrata Coal South Africa,

said the village had been well accepted by the Middelburg community and this was apparent at Christmas time.

“Many community groups provided gifts to the children according to their ‘wish list’ and high school students even came here to sing Christmas carols – it was a wonderful time,” he said.

“We have approached the way we care for these children in a very sensitive way. For example, we chose to send the children to nine different schools in Middelburg because smaller numbers of children could be more easily integrated into school life – they wouldn’t be easily recognised as ‘the orphans’.

“Some of the children have had their school friends visit them at the village,

so we are considering buying some computer games to make their home environment as ‘normal’ as possible.

“What I’ve learned from my experience with the village is that children like these, who were destitute, didn’t have much hope. As soon as they came into this loving environment, they started to grow again.”

The Middelburg Care Village is aiming to become self-sustaining. Currently the hall is leased to community groups and planning is underway for the establishment of a vegetable garden to supply its own needs and eventually to supply local supermarkets.

NOTE: The names of the children and their foster mothers have been changed to protect their identities.

In order to assist employees' families to move to these new locations, Xstrata has also supported the establishment of a number of small enterprises, which supply businesses in the area with items such as overalls or cleaning services. In addition, we are supporting the development of a number of local schools, where mineworkers' children are educated.

Due to our work in this field, Xstrata was invited in 2005 to join the Global Business Coalition on HIV/AIDS. Our programmes in South Africa have recently been recognised as a 'programme of note' by the GBC's 2005 Awards for Business Excellence.

Workplace initiatives

The primary focus for Xstrata's HIV/AIDS initiatives is the workplace and our employees and contractors. Our objective is to maximise the number of employees who know their status and to ensure every HIV positive employee receives free treatment and counselling. We also aim to create a supportive work environment free from discrimination for employees living with HIV/AIDS and to break down the stigma surrounding HIV/AIDS.

Xstrata's workforce programmes incorporate three main elements – education, prevention and training initiatives; voluntary counselling and testing (VCT) programmes; and treatment programmes.

Our education, prevention and training initiatives include:

- knowledge, attitude and practices surveys conducted at South African sites in 2003 as a baseline for Xstrata's response;
- ongoing site-level education seminars and briefings about HIV/AIDS treatment and prevention;
- the integration of HIV/AIDS awareness and education into induction and training programmes;
- free condoms and targeted poster campaigns at each site;
- training for employees to become 'peer educators', to provide support and advice for colleagues, to act as champions for VCT and to encourage colleagues to take a proactive approach to their health; and

- training and technical support for senior and mine managers, supervisors and unions.

Xstrata Coal South Africa's HIV/AIDS programmes include 'Know your status' campaigns conducted by third party providers which were initiated in 2004 and completed at all sites by December 2005. Since the scheme began in September 2004, the VCT programme has achieved an uptake of around 78% of employees by the end of 2005. Anonymity for employees is assured with individual testing results remaining confidential between the 'Know your status' consulting company, Re-Action! and the employee. Contractors and partners of employees have also been provided with free HIV testing and treatment, through collaboration with local NGOs. Around 45% of those who tested positive have been directly enrolled into appropriate care, treatment and support services through Xstrata's primary care providers.

Our target in 2006 is to achieve 100% participation in VCT programmes. To do this, Xstrata Coal has introduced compulsory 'health interviews' which cover a range of issues, with a focus on HIV/AIDS voluntary counselling, testing and treatment. This programme aims to ensure every employee and contractor has the opportunity to know their status. Although attendance at health interviews is compulsory, no employee who does not wish to discuss HIV/AIDS or attend testing and counselling is compelled to do so.

These interviews comprise testing and retesting, counselling, education about healthy living and encouraging HIV positive employees to obtain treatment. We have also conducted training for 'peer educators' to encourage fellow employees to participate. This scheme has had a positive impact on participation rates and there is some evidence of a gradual improvement in attitudes towards HIV/AIDS and testing.

Xstrata Alloys adopted a full counselling, testing and treatment programme for every site (including the Xstrata-Merafe Chrome Venture) in 2005, through the healthcare provider OCSA. The objective is to have

Breyten HIV/AIDS Clinic



every employee and contractor participate in VCT by December 2006. The programme, which is similar to Xstrata Coal's programme, is run initially by OCSA, but training is provided simultaneously for site and divisional management, with the aim of enabling Xstrata Alloys to run the programme after the initial 12 month period. In 2005, a health awareness campaign was presented to the Xstrata Alloys workforce by the Department of Health.

Through 'Aid for Aids' (Medical Aid) and VCT programmes, we provide free anti-retroviral or other treatment as appropriate, depending on the stage of the disease for all Xstrata employees. Around 45% of Xstrata Coal employees who have tested positive are currently receiving treatment that is applicable to the various stages of the disease, including anti-retrovirals. This percentage has improved significantly since the VCT programme was initiated towards our target of 100%. The VCT programme currently underway at every Xstrata Alloys operation will improve participation rates in this business. Treatment is also provided to prevent transmission from mother to unborn child for employees or their partners.

Community initiatives

We recognise that our investment in our workforce is not sustainable unless benefits flow through to the members of local communities, many of whom may not have easy access to healthcare. Xstrata is working with NGOs, service providers and government agencies in innovative public-private partnerships to provide much needed services and facilities in areas where employees and local communities do not have access to primary healthcare and HIV/AIDS treatment. Initial funding is provided by Xstrata, with the long-term aim of ensuring, through our partners, that these clinics are not dependent on the company.

A health clinic was established by Xstrata Coal at Breyten in 2005 to provide a wellness clinic, treatment and HIV/AIDS testing for employees and the wider community. Details about this clinic and a further clinic at Kwa Guqa, currently under construction, are provided in the case study on pages 52-53.

In addition to our initiatives to provide direct intervention and education, Xstrata's strategy also aims to tackle factors that contribute to the spread of HIV/AIDS and to provide support for communities dealing with problems associated with the disease.

One such issue is the plight of children who have lost their parents to AIDS. Xstrata provides direct support for these children through the provision of three specialist centres in South Africa in local communities – Middelburg Care Village (see case study on page 48), Ratanang Care Centre 1 and Ratanang Care Centre 2. These centres offer accommodation for more than 220 orphans and day facilities for 40 disabled children. Xstrata works closely with the Department of Social Welfare and other organisations such as the Rotary Club to fund and maintain these centres.

A programme to engage with traditional healers is being implemented in partnership with Xstrata's community development programmes in South Africa. The programme will seek to establish two-way communication and education between traditional healers and Western medicine health workers to tackle conflicting advice over how to manage HIV/AIDS and to mobilise community support for testing and anti-retroviral treatment, to encourage workers to manage their HIV status proactively.

Xstrata also funds a number of community education and prevention programmes including educational materials for schools and an awareness programme for teenagers via radio programmes and specific magazines.

Leadership and advocacy

Xstrata Coal has joined with BHP Billiton Ingwe, Eskom and Highveld Steel to form the Highveld HIV/AIDS Coalition. The coalition was established at the end of 2005 and the intention is to pool these companies' resources to tackle large-scale HIV/AIDS initiatives. The coalition intends to involve national and local government and NGOs in addition to businesses active in the region.

Xstrata Coal is an active member of the HIV/AIDS Powerbelt Project and is a voting member of the Steering Committee. The project is a collaborative initiative established by Xstrata, Anglo Coal, Ingwe, Sasol and various governmental departments including the Department of Mines and Energy, Department of Health, Council for Scientific and Industrial Research to advocate action by businesses in the workplace and in the community.

Xstrata also joined the Global Business Coalition in early 2005, the lead organisation for the business response to HIV/AIDS.

Xstrata's two South African businesses have shared knowledge and best practices in tackling HIV/AIDS. For example, Xstrata Alloys incorporated experience in running a voluntary counselling and testing programme by Xstrata Coal in designing and adopting its own VCT programme. Xstrata Coal is introducing Medical Aid for all employees from April 2006 in addition to its HIV/AIDS programmes; this decision was taken through consultation with employees and unions and incorporated feedback from Xstrata Alloys, where all employees are enrolled in a Medical Aid scheme.

Each commodity business has a steering committee dedicated to managing HIV/AIDS issues including senior Xstrata management, union representatives, government representatives, Xstrata's chief medical officer and external healthcare providers. Site level steering committees have also been established and include union representatives, HR managers, General Managers of the various operations and peer educators.



Xstrata Coal South Africa's HIV/AIDS programme addresses community needs

Evaluation and monitoring

The HIV/AIDS steering committees for each business assess ongoing programmes against objectives at least annually, together with service providers, community members, NGOs and government. Xstrata's HSEC Assurance Programme independently assesses each site's systems and performance against the Group's 17 Management Standards. For South African sites and divisions, this includes an assessment of each site and divisions' response to HIV/AIDS. Every Xstrata site was audited in 2005.

HIV/AIDS is being introduced as a critical performance indicator for mine managers and senior management. Performance

indicators include participation rates in VCT, effective HIV/AIDS committees at site and divisional levels and effective training of peer educators.

Xstrata's South African businesses are also using the Global Business Coalition's self-assessment tool, the Best Practice AIDS Standards Assessment Tool (BPAS), to benchmark programmes against the Global Business Coalition's 10 areas of best practice. Self-assessment was completed at end of January 2006. In future, Xstrata's corporate HSE function may independently assess programmes against the GBC's best practice assessment tool. The tool sets out 10 areas of best practice:

Xstrata Coal South Africa's HIV/AIDS testing and counselling programme was internationally recognised by the Global Business Coalition on HIV/AIDS during its Business Excellence Awards ceremony in Washington DC in September 2005.

The work being done at the Breyten health clinic in Mpumalanga Division has also been recognised with the provision of public-private partnership funding from President Bush's Emergency Plan for AIDS Relief (PEPFAR) – the first PEPFAR donation made directly to a company.

General Manager Human Resources Piet Henderson said while Xstrata Coal was thrilled with the recognition of the work it had been doing in partnership with local government and NGOs, the company was busy getting on with the job.

"HIV/AIDS is the greatest health crisis in human history; every day 8,500 people die and 13,000 others are newly infected. Around 21 per cent of our workforce in South Africa – that's over 800 employees for Xstrata Coal – have HIV/AIDS," he said.

"We need to continue our counselling and awareness programme to encourage our employees and their families to know their

HIV/AIDS status, to undergo voluntary counselling and testing and for all those who tested positive to enrol into our wellness programme which includes anti-retroviral treatment.

"To help us carry out this work, Xstrata Coal South Africa is establishing health clinics in areas where employees and local communities do not have access to primary health care and HIV/AIDS treatment."

In 2005, following extensive consultation with employees, local government, NGOs and the local community, Xstrata Coal South Africa constructed the Breyten health clinic in a refurbished house owned by Spitzkop and Tselentis collieries. The clinic is currently funded by Xstrata Coal and run by Re-Action! with permission and the full support of the Department of Health. Xstrata Coal South Africa provides a wellness clinic, HIV/AIDS testing and treatment for employees and the wider community, and the community is given access to anti-retroviral treatment through Aurum Health, a local NGO.

Piet said the Breyten clinic had been successfully integrated into the community. "We have the full support and

appreciation of our employees, the community, NGOs, and local and provincial governments because establishing this clinic has been done on a tripartite basis," he said.

With an investment of around ZAR8 million (\$1.3 million), Xstrata Coal South Africa will construct a second health clinic at Kwa Guqa in 2006. The company is in the process of setting up a tripartite public-private partnership with the government, Re-Action! and local NGOs, to construct and manage a multi-purpose community centre in the Kwa Guqa community. This will provide an access point for primary care and treatment for families and will make a significant contribution to the emergency response to the HIV, AIDS and tuberculosis crisis facing the community. The initiative involves extensive consultation and partnership with the local health authority and provincial department of health. Re-Action! will be responsible for the management of the public-private partnership.

"Our ultimate aim is for these clinics to become sustainable beyond Xstrata Coal South Africa's presence in the area," Piet said.

1. Non-discrimination
2. Prevention, education and behaviour change
3. Testing and counselling
4. Treatment care and support
5. Product and service donation
6. Corporate philanthropy
7. Community and government partnerships
8. Business associates and supply chain engagement
9. CEO advocacy and leadership
10. Monitoring, evaluation and reporting

Xstrata Coal and Xstrata Alloys assessed existing programmes using the GBC tool at the end of 2005. Xstrata Coal scored very highly in non-discrimination, prevention

education and behaviour change and testing and counselling, with lower scores in product and service donation, partly due to the nature of the mining industry's products, and business associates and supply chain management. This is a focus area for 2006, as Xstrata Coal is engaging with suppliers, particularly companies providing short-term contract workers who may not be fully engaged in Xstrata's programmes, to ensure all contractors enrol in Xstrata's programmes, or that companies provide their own programmes. Community and government partnerships are being strengthened and the Breyten and Kwa Guqa community clinics are examples of such partnerships in action.

Xstrata Alloys' score was lower overall, reflecting the later adoption of voluntary counselling, testing and treatment programmes at the end of 2005. These programmes are expected to materially improve this business unit's self-assessment score. In 2005, Xstrata Alloys' highest scores were in non-discrimination, prevention, education and behaviour change, reflecting the focus on the programmes underway before 2005.