



Sustainable Development Standards



We will grow and manage a diversified portfolio of metals and mining businesses with the single aim of delivering industry-leading returns for our shareholders. We can achieve this only through genuine partnerships with employees, customers, shareholders, local communities and other stakeholders, which are based on integrity, co-operation, transparency and mutual value-creation.

- 1 Leadership, Strategy and Accountability
- 2 Planning and Resources
- 3 Behaviour, Awareness and Competency
- 4 Communication and Engagement
- 5 Risk and Change Management
- 6 Catastrophic Hazards
- 7 Legal Compliance and Document Control
- 8 Operational Integrity
- 9 Health and Occupational Hygiene
- 10 Environment, Biodiversity and Landscape Functions
- 11 Contractors, Suppliers and Partners
- 12 Social and Community Engagement
- 13 Life Cycle Management – Projects and Operations
- 14 Product Stewardship
- 15 Incident Management
- 16 Monitoring and Review
- 17 Emergencies, Crises and Business Continuity

1 Leadership, Strategy and Accountability

Intent

Xstrata management, employees and contractors demonstrate visible sustainable development (SD) leadership, address and pursue its performance with the same priority as other key areas of business performance and understand and accept their SD accountabilities.

Xstrata management develops and implements well-founded and effective SD strategies at the different levels of the organisation that reflect Xstrata's SD ambitions and commitments. Management addresses key SD performance issues and external factors and contributes positively to the goal of SD through an effective and integrated strategy.

Requirements and Expectations

1.1 Management, employees and contractors demonstrate visible, proactive leadership and commitment to meeting Xstrata's SD ambitions and commitments, as expressed in Xstrata's Business Principles and Sustainable Development Policy.

1.2 Xstrata management creates and maintains a management culture that actively supports the achievement of Xstrata's SD objectives and commitments and the effective implementation of its SD strategies. Management makes clear the values, principles and authority to act that each and every Xstrata employee or contractor is expected to understand and respect. Demonstrated and measurable SD leadership and management performance is a prerequisite for promotion.

1.3 Xstrata management develops and implements well-founded and effective SD strategies at different levels of the organisation that reflect Xstrata's SD objectives, values and commitments, address key SD performance issues and external factors and contribute positively to SD goals. Long-term SD strategies are aligned to Xstrata's Business Principles, Policies and Sustainable Development Standards and are developed and implemented at Group, commodity business, divisional, site and project levels. Specifically, SD strategies:

- Consider and address current and anticipated SD risks, in particular:
 - business opportunities
 - issues and trends at the global, regional and local levels
 - discrete and aggregated risks and impacts of our activities, operations and projects across the life cycle
- Address opportunities to have a positive impact on the quality of life, well-being and the SD of the communities in which we operate
- Reflect consultation with relevant internal and external stakeholders
- Are documented and communicated to all appropriate levels within the commodity businesses; and
- Are reviewed for continued effectiveness and updated annually.

1 Leadership, Strategy and Accountability

1.4 Management understands and accepts its responsibilities and accountabilities, which include:

- Understanding and meeting the intent and expectations of Xstrata's Group Business Principles, Policies, Sustainable Development Standards and applicable regulations
- Identifying, analysing, evaluating and treating SD risks and opportunities at the commodity business, division, site and project level
- The SD performance of each manager's area of responsibility
- The development, implementation and continuous improvement of SD systems within each manager's area of responsibility.

1.5 The specific and measurable SD goals, actions and targets for each executive, manager and employee are included in performance plans and form an essential part of individual performance appraisals.

1.6 For all managers, employees and contractors the following arrangements are clearly defined, documented and communicated:

- Roles, responsibilities and accountabilities are allocated for specific SD risks and controls
- Specific and measurable SD performance indicators
- SD organisational structures and lines of reporting.



2 Planning and Resources

Intent

A formal process exists for setting annual sustainable development (SD) priorities, targets and plans at each level of the organisation that is integrated with Group business planning and risk management processes. SD priorities, targets and plans are aligned to the appropriate strategies at each level of the organisation and are supported by adequate financial and human resources and, as necessary, specific programmes.

Requirements and Expectations

2.1 Annual SD plans are developed and implemented at Group, commodity business, divisional, site and project levels in consultation with employees and other relevant internal and external stakeholders. SD plans:

- Align with Group, commodity business, divisional, site and project level SD strategies
- Address SD risks and performance issues at the planning, design, operational and closure phases
- Allocate sufficient human and financial resources to achieve the planned SD activities including the use of specialist advice when needed
- Clearly define the associated roles, responsibilities and accountabilities
- Set specific schedules and deadlines
- Set realistic but challenging and measurable targets and performance indicators that are consistent across Group, commodity business, divisional, site and project levels.

2.2 Annual commodity business, division, site and project level SD plans are documented and communicated internally and to external parties as appropriate.

2.3 Annual SD plans are reviewed at least quarterly to:

- Check progress against the plan's objectives, targets and timelines
- Update the plans when changes to business circumstances occur
- Take remedial actions when progress deviations occur
- Revise the plan when actions fail to provide the required outcomes
- Communicate progress against and deviation from the plans to Group and commodity business level management.

2.4 SD programmes are developed and implemented at the appropriate level of the organisation when additional resources and focus are needed to address a specific SD performance issue or risk.

3 Behaviour, Awareness and Competency

Intent

Management, employees and contractors have the necessary awareness, commitment and competency to perform their work activities and make operational and business decisions in accordance with Xstrata's delegated authority levels and sustainable development (SD) framework. All employees and contractors behave in accordance with Xstrata's Business Principles and Sustainable Development Policy commitments.

Requirements and Expectations

3.1 SD competency is achieved through:

- Identifying the SD competencies required for all manager, employee and contractor positions and roles
- The assessment of SD competency and awareness as a key selection criteria
- Applicable induction processes that address Xstrata's Business Principles, Sustainable Development Policy and Sustainable Development Standards and specific SD requirements
- The establishment and maintenance of specific SD training plans for all positions and roles, including training in SD management systems
- The identification and provision of appropriate competency-based SD training for all positions and roles
- The ongoing assessment of SD competence and the provision of SD refresher training as required.

The application of these requirements is appropriate to the SD obligations and the SD hazards associated with the work activities.

3.2 Employees and contractors are made aware of their obligations to:

- Understand and comply with Xstrata's Business Principles, Sustainable Development Policy and Sustainable Development Standards
- Participate in the development and implementation of SD management systems
- Comply with defined SD procedures
- Advise management of changes to the work environment that could affect SD risk levels and/or SD performance.

3.3 Each operation implements a behavioural safety management programme.

4 Communication and Engagement

Intent

Effective and timely internal communication and consultation occurs at and between the different levels of the organisation about sustainable development (SD) expectations, risks, performance, leading practice and other issues. Communication and engagement with employees across the Group continuously improves SD awareness, commitment and competency. Proactive communication and engagement occurs with external stakeholders who are concerned with, or affected by, Xstrata's SD performance. Communication is conducted in an equitable and culturally sensitive manner with the maximum transparency that is commercially possible.

Requirements and Expectations

4.1 A system exists and is implemented by appropriately competent and experienced persons to identify and periodically review Xstrata's external stakeholders at each level of the organisation including Group, commodity business, division, site and project.

4.2 Equitable and culturally appropriate processes are implemented and maintained to engage external stakeholders in respect of their SD concerns and expectations with regard to Xstrata's operations, activities and products.

4.3 Xstrata management communicates, engages and consults with employees and external stakeholders in the development, implementation and review of SD requirements and in the identification and assessment of SD risks.

4.4 Relevant SD experience and knowledge is shared across Xstrata sites and with appropriate external stakeholders, including evolving health, safety, environmental and community development knowledge regarding Xstrata's operations, activities and products.

4.5 Effective channels of communication exist to inform all employees and relevant external stakeholders of Xstrata's:

- SD objectives, strategies, plans, targets, requirements and any recent changes to these
- SD performance, risks and other SD matters.

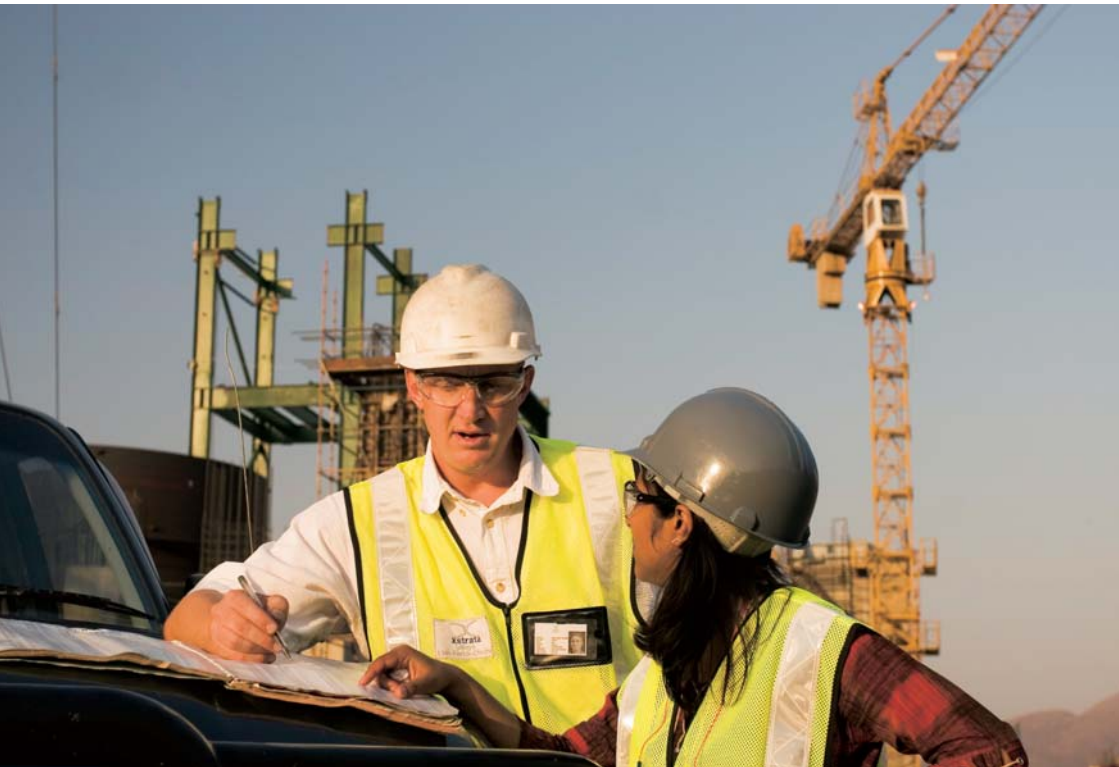
An independently verified Group Sustainability Report that meets international reporting standards is published annually and is supplemented by sustainability reports at a commodity business, division, site or project level as appropriate. Each report communicates with identified stakeholder groups.

4.6 Xstrata communicates and engages with relevant organisations such as governments, authorities, inter- and non-governmental organisations and national and international mining industry associations as appropriate to contribute to the development of SD knowledge, leading practice, public policy, legislation and other initiatives.

4 Communication and Engagement

4.7 An employee grievance and conflict resolution mechanism is implemented at Group, commodity business, divisional, site and project levels that allows employees and contractors to directly or anonymously raise issues and make complaints with respect to SD performance and management and that includes clear mechanisms for registering, evaluating and resolving all issues and complaints.

4.8 An external stakeholder grievance and conflict resolution mechanism is implemented at Group, commodity business, divisional, site and project levels that allows external stakeholders to directly or anonymously raise issues and make complaints with respect to SD performance and management and that includes clear mechanisms for registering, evaluating and resolving all issues and complaints.



5 Risk and Change Management

Intent

Sustainable development (SD) hazards associated with Xstrata's operations, including those associated with change, are systematically identified and, where reasonably practicable, eliminated or otherwise treated. External SD issues are identified and tracked in a timely and coordinated manner at each level of the organisation and their potential negative and/or positive consequences are understood and communicated to management at the appropriate levels. Internally created and externally imposed SD risks are incorporated into central strategy and business planning processes.

Requirements and Expectations

5.1 The Group risk management process and culture is used to drive continual improvement in SD performance through:

- The development, implementation and continual improvement of systematic SD risk management processes and procedures
- Systematic identification of SD hazards and external issues associated with Xstrata's operations
- The assessment of SD risks, including those that aggregate at the Group, commodity business and division level, using recognised analysis and evaluation methodologies
- Recording of SD risks in defined registers which are reviewed at least annually
- Treatment of risks using options that are consistent with a 'hierarchy of controls' and that is based on recognised analysis and evaluation methodologies
- Periodic assurance of the adequacy and effectiveness of controls
- Communication of information to potentially affected parties and other relevant parties on identified risks and controls and why particular treatment actions are required
- The development and implementation of SD incident recovery plans.

5.2 The implications of changes in Xstrata's operations, SD management and external and internal risk contexts and the ramifications in terms of risks and controls are systematically assessed as an integral part of the commodity business, division, site and project level change management processes.

SD risks introduced through changes are systematically identified, analysed, evaluated and treated by the risk management processes that are required at each level of the organisation.

5.3 Appropriate mechanisms are required to monitor and review the residual SD risks that remain after the implementation of specified risk controls and treatment measures.

6 Catastrophic Hazards

Intent

Management implements processes and promotes the necessary culture and competencies to identify, analyse, evaluate and treat health, safety and environmental catastrophic hazards throughout the life cycle of Xstrata's projects and operations.

Requirements and Expectations

6.1 Hazards associated with facilities, structures, activities or situations are identified and assessed using systematic and rigorous processes that are implemented by suitably competent and experienced persons, including external experts if appropriate, to determine the individual hazards or combinations of hazards that could give rise to a sudden catastrophic event.

6.2 Catastrophic hazard registers and plans are developed for each operation and in consultation with communities and other relevant external stakeholders.

6.3 Site and project catastrophic hazard registers are consolidated into a commodity business register.

6.4 Internal and external communication processes are established and used to allow those directly exposed to the hazard and others who have a legitimate interest in the hazard, to:

- Understand how the hazards were identified
- Understand why particular actions are required
- Receive communication and training as necessary.

6.5 The status of catastrophic hazard registers and plans, nominated control measures and other factors impacting on controls are routinely reviewed.

6.6 Management, in particular executive management, in each commodity business maintains and supports a catastrophic hazard management culture by:

- Endorsing the catastrophic hazard management requirements
- Maintaining knowledge and awareness of catastrophic hazards
- Monitoring the status of nominated control measures
- Reviewing and responding to recommendations and actions emanating from assurance activities
- Committing the organisation to the ongoing task of better anticipating, understanding and, where reasonably practicable, eliminating or controlling catastrophic hazards.

7 Legal Compliance and Document Control

Intent

Xstrata's businesses demonstrate compliance with applicable sustainable development (SD) laws, regulations, permits, standards, codes, additional requirements to which the organisation subscribes and Xstrata's SD performance requirements through an effective compliance management culture and system that includes documents, records and data control.

Requirements and Expectations

7.1 Systems and procedures are implemented to ensure health, safety, environment and community (HSEC) legal compliance through:

- Identification of all HSEC legislation, standards, codes and additional external requirements to which the organisation subscribes that are applicable to Xstrata's operations
- Tracking and identification of changes to all relevant HSEC legislation, standards, codes and additional external requirements to which the organisation subscribes that are applicable to Xstrata's operations
- Creation and maintenance of a register of applicable HSEC legal documents and other documents pertaining to external requirements that are communicated and made accessible to employees
- Communication to employees and contractors of new and amended legislation and other external requirements that would affect their accountabilities
- Assessment of new or changed legislation or other external requirements to Xstrata's operations and business
- Incorporation of applicable HSEC legal requirements, other external requirements and changes to these, into the SD management system.

7.2 In countries or regions where HSEC legislation is below Xstrata's standards then Xstrata's SD framework will set the minimum level of acceptable HSEC performance.

7.3 The structure of SD management frameworks, systems and related documentation is defined.

7.4 There is a SD document control process that manages:

- Management system(s) documentation through revisions and approvals
- Relevant legislation, standards, codes and requirements
- The removal of obsolete documentation
- The traceability, confidentiality and archiving of essential data and records.



8 Operational Integrity

Intent

The operational integrity of plant, equipment, structures, processes and protective systems is monitored and assured on an ongoing basis. Hazards are identified, assessed and, as far as reasonably practicable, eliminated or the risks treated to tolerable levels.

Requirements and Expectations

8.1 Operational integrity of plant, equipment, structures, processes and protective systems is achieved through the development and implementation of integrated management systems that address the following aspects:

- Accountability and responsibility
- Adequate financial resources to ensure the integrity of critical plant, equipment and structures
- Sourcing specialist advice and support as required
- Employee and contractor involvement
- Hazard identification through hazard analysis, assessment and prioritisation
- Identification and recording of all critical plant, equipment, structures and processes
- Documented operating and safe work procedures
- Permit to work systems
- Competent operations and maintenance employees and contractors
- Availability of appropriate operational safety information
- Maintenance, inspection, testing and calibration, including their associated instrumentation and control systems
- Inspection and testing prior to commissioning new or reintroduced plant and equipment
- Documenting design parameters of plant and equipment
- Monitoring and reviewing design parameters as applicable
- Plant and equipment operators working within design parameters
- Timely availability, quality and suitability of consumables and replacement parts
- Managing change through the identification and elimination/minimisation of hazards in new designs, modifications and updates to plant and equipment.

8.2 Operational integrity of plant, equipment, structures, processes and protective systems is confirmed by:

- Reviewing the effectiveness of inspection, testing and maintenance activities and procedures
- Reviewing the effectiveness of failure and incident analysis and the associated corrective actions
- Periodic operational integrity audits.

9 Health and Occupational Hygiene

Intent

Systems, plans and programmes are established and implemented to identify, analyse, evaluate, treat, so far as reasonably practicable, and enhance the health and well-being of workers, contractors and visitors, through providing a workplace that is free from significant occupational health and hygiene hazards. Public health risks affecting our people and the communities associated with our operations (including HIV and AIDS, malaria and tuberculosis) are identified and initiatives are implemented to mitigate these in partnership with appropriate stakeholders.

Requirements and Expectations

9.1 Occupational health assessment and surveillance systems and plans are established and implemented that include:

- Pre-employment health assessments that establish a baseline position and assess fitness for work
- Regular health surveillance appropriate to the level of exposure
- Communication of the results of health assessments and surveillance with due regard for confidentiality.

9.2 Occupational health and hygiene systems, plans, programmes and controls are established and implemented to:

- Identify occupational health and hygiene hazards including those associated with all work environments and activities
- Assess employee and contractor exposure to the hazards with reference to internationally recognised monitoring standards
- Eliminate as far as reasonably practicable, or otherwise minimise exposure to, hazards
- Provide personal protective equipment where other controls do not effectively reduce the risks
- Drive continuous improvements in occupational health and hygiene.

9.3 An effective illness and injury management system is implemented that:

- Considers the location and nature of the operation, site or project and its ability to provide effective medical and first aid services
- Considers the physiological, psychological and sociological elements of injury or illness
- Ensures healthcare is administered under the guidance of properly qualified professionals
- Ensures rehabilitation systems and procedures promote early intervention to assist optimum recovery from work-related injuries or illnesses and aid return to work
- Takes all reasonably practicable steps to assist or provide rehabilitation and suitable duties to employees who are injured at work
- Maintains the injured person's position for as long as is reasonably practicable or as specified under relevant laws.

9 Health and Occupational Hygiene

9.4 Systems exist to identify significant public health risks and to assess the potential or actual impact on Xstrata's employees, contractors and communities associated with the operation, such as HIV and AIDS, tuberculosis and malaria.

Where high or rapidly growing prevalence of HIV and AIDS is identified as a risk, confidential, voluntary HIV and AIDS counselling, testing and treatment programmes are implemented in the workplace, complemented by education and awareness-raising programmes. Initiatives to provide community access to testing and treatment for HIV and AIDS are undertaken where relevant, in partnership with appropriate stakeholders.

9.5 The health and well-being of the workforce shall be promoted through access to health information and programmes.



10 Environment, Biodiversity and Landscape Functions

Intent

All significant potential and actual impacts of our activities and operations on the environment, biodiversity and landscape functions are identified, analysed, evaluated and eliminated or otherwise treated, with the aim of preserving the long-term health, function and viability of the natural environments affected by our operations. Scientifically sound technologies and procedures are developed and implemented for the effective management and conservation of biodiversity and landscape functions in the areas affected by our operations.

Requirements and Expectations

10.1 Systems and procedures are established and implemented to:

- Identify and document all aspects of site and project operations and activities that impact, or could potentially impact, the natural environment including air, surface and groundwater, land, habitats, biodiversity and landscape functions (e.g. watershed management, control of soil erosion and the creation of microclimates)
- Conduct environmental baseline surveys and environmental impact assessments at appropriate points in the project or operating life cycle
- Assess the aspects and identify significant and potential impacts that require priority attention and management and establish plans, programmes and targets as appropriate
- Routinely review and update identified aspects when there have been significant changes or new developments to site or project operations and activities.

10.2 Using the highest reasonably practicable level of control from a recognised hierarchy of hazard controls, actions are taken to eliminate or minimise the environmental hazards, risks and impacts of site or project activities and operations. This includes systems and procedures that address:

- Point source, fugitive and accidental harmful emissions to the atmosphere, surface waters, ground waters, soil and surface sediments
- Tailings management
- Hazardous wastes
- Hazardous chemicals and materials
- Nuisance noise and vibration
- Activities that cause physical damage to the environment (e.g. clearance of vegetation and disturbance of natural habitats due to road construction or exploration drilling).

10.3 With respect to the conservation of scarce natural resources:

- Systems and procedures are established and implemented to identify and document significant natural resource conservation issues, such as the use of water, energy and raw materials
- Objectives and targets are set and programme systems and procedures are established and implemented that address the priority natural resource conservation issues
- The identified natural resource conservation issues are routinely reviewed and updated, in particular in light of any proposed new or modified activities and operations.

10 Environment, Biodiversity and Landscape Functions

10.4 Baseline biodiversity and landscape function studies are conducted at the feasibility or exploration phase of projects, or as soon as practicable for acquired operations without an appropriate baseline study, to:

- Establish existing conditions of biodiversity and landscape function (e.g. watershed management, control of soil erosion and microclimate creation)
- Identify the potential impacts of proposed activities and operations that create risks to biodiversity and landscape functions
- Identify relevant standards to be applied or used as benchmarks
- Identify opportunities for improvements.

10.5 Environmental risk assessments associated with impacts on biodiversity and landscape functions are undertaken for new operations or major changes to existing operations.

10.6 Information acquired from 10.4 and 10.5 is used, in consultation with affected and concerned external stakeholders, for the development and implementation of biodiversity and landscape function management systems and programmes.

10.7 During the life cycle of a project including post-closure, the status of biodiversity shall be monitored and reviewed in terms of:

- Species and habitat loss or gains
- Factors that impact on biodiversity
- Security of protected areas
- Management of biological resources
- Ongoing rehabilitation and restoration of ecosystems
- Resilience of the ecosystem.

10.8 Appropriate education and awareness about the environment, biodiversity and landscape function is provided to relevant personnel using specialist advice as required.

10.9 The environment, biodiversity and landscape function are addressed when determining post-closure land use and the conservation, rehabilitation or restoration of ecosystems as appropriate.

10.10 Scientific information on the best available current practices, including technologies, to protect and enhance the environment, biodiversity, conservation and landscape function is shared with relevant internal and external stakeholders as appropriate.

11 Contractors, Suppliers and Partners

Intent

All contractors, suppliers and business partners providing Xstrata with products or services uphold Xstrata's Business Principles, Sustainable Development Policy, Sustainable Development Standards and performance objectives through systematic selection, engagement and management.

Requirements and Expectations

11.1 Contractors, suppliers and partners shall be selected based on defined sustainable development (SD) criteria which include:

- A risk and performance based evaluation of their products and/or services
- An evaluation of past performance.

11.2 Systems and procedures shall be established and implemented to confirm that contractors, suppliers and partners have adequate resources, systems and processes to identify and comply with applicable SD legislation, standards and codes applicable to the products or services they supply and/or their relationship with the organisation.

11.3 Contractors, suppliers and partners shall be engaged through a fair, formal contract or process that includes requirements for:

- Meeting or exceeding the requirements in Xstrata's Business Principles, Policies and Sustainable Development Standards when carrying out activities on or supplying to an Xstrata operation, site or project
- Providing competent employees who are fit for work.

11.4 Contractors, suppliers and partners shall be managed through systems that include:

- Documentation of responsibilities and lines of communication
- Setting, monitoring and reporting on sustainable development performance targets
- Monitoring and reporting on compliance with contractual SD obligations
- Feedback on SD performance throughout the duration of the contract
- Consequences for non-compliance.

11.5 Demonstrable processes shall exist to create business opportunities for local contractors, suppliers and partners that:

- Do not compromise Xstrata's Sustainable Development Standards
- Contribute to sustainable community development.

11.6 Procurement of products and services supports positive sustainability outcomes through the supply chain.

12 Social and Community Engagement

Intent

The social impact of our activities, community concerns, needs and the social risks to our operations are identified and addressed through the effective implementation of community relations strategies which uphold and promote human rights and respect cultural considerations and heritage.

Social involvement plans aim to enhance the socio-economic capacity and well-being of the communities associated with the Group's activities, avoiding dependency and contributing to the development of sustainable livelihoods. Plans are established through engagement with communities and relevant organisations and are coordinated between the different levels of the organisation and with external governmental or development organisations.

Requirements and Expectations

12.1 Community concerns and needs, as well the risks and impacts of site and project operations and activities on local communities, are identified and evaluated at each stage of the project life cycle or when any major modification to Xstrata's activities and operations occur or when significant changes occur in the communities. Where appropriate, this includes:

- The systematic identification of external stakeholders
- Human rights baseline studies and risk assessments that include security providers and activities
- Social baseline studies and risk assessments.

12.2 We engage with all communities within the operation's area of influence and prioritise the most affected communities and vulnerable groups.

12.3 Respect for the rights of communities is demonstrated through an understanding of:

- Traditional rights and cultural heritage, including those of indigenous peoples
- Sensitivities involved in addressing issues of social impact, including avoiding the resettlement of people wherever possible
- Local laws and customs
- Handling matters in a spirit of trust
- Upholding human rights, in particular with regard to the use of security providers and personnel in high-risk areas.

12.4 Identified community concerns, needs, opportunities, and the risks and impacts of site and project operations and activities are prioritised – in close consultation with the communities concerned – and addressed via community strategies and social involvement plans as an integral part of our risk management and business planning processes. Where appropriate, this includes:

- Community mapping
- Institutional analysis – the evaluation of the variety, strength and linkages of institutions within and around the relevant community

- Problem census – the identification of community concerns through direct consultation with a broad range of community groups
- Opportunity ranking
- Identification of goals and assumptions
- Identification of key performance indicators and measures of success.

12.5 Our community strategies and social involvement plans focus on enhancing the socio-economic capacity, prosperity and sustainable development of the communities in which we operate in a manner that avoids dependency on the Xstrata site/operation after closure. Where appropriate, this includes:

- Development and use of appropriate skills and technologies
- Support for community educational initiatives and health programmes
- Providing employment opportunities for local people
- Sourcing and purchasing from local companies
- Support for community projects
- Promoting local enterprise development.

12.6 Commodity businesses formalise the budgeting and business planning process for prioritising and allocating commodity business social involvement funding in a manner that is coordinated with site and project level social involvement plans.

12.7 Community relations activities are undertaken by appropriately skilled employees and contractors with defined, documented and communicated responsibilities.

12.8 Performance is monitored on an ongoing basis, community strategies and social involvement plans are reviewed at least annually, in consultation with local communities, and actions taken where objectives and targets are not met.

12.9 Mutually understood and accepted community consultation mechanisms exist at commodity business, divisional, site and project levels. A system is maintained to record community engagement activities and any complaints or enquiries from community members or other external parties, together with Xstrata's response to these.

12.10 Systems exist to measure and report on cash and in-kind contributions made towards community development by a commodity business, division, site or project.



13 Life Cycle Management – Projects and Operations

Intent

Sustainable development (SD) risks are identified, analysed, evaluated and treated in a timely and integrated manner during acquisitions, divestitures and throughout all phases of the project life cycle, i.e. exploration, pre-feasibility, conceptual design, detailed design, procurement, construction, commissioning, operation, decommissioning, closure, rehabilitation, post-closure care and maintenance and disposal. On the basis of scientifically sound and adequate information, the closure of sites and operations is properly planned for, costed and implemented in accordance with accepted leading practice, applicable laws and regulations and in an environmentally and socially sustainable manner.

Requirements and Expectations

13.1 SD risks of new developments are identified, analysed, evaluated and treated by processes that include:

- An appropriate level of baseline SD assessments prior to commencing exploration or construction activities
- Pre-feasibility studies that identify any fundamental SD impediments, the completion of sufficiently detailed and robust social, health and environmental impact assessments and land-use assessments to determine the associated risks to be treated should the project proceed
- The development and implementation of appropriate SD risk management strategies that meet Xstrata, commodity business, statutory and stakeholder requirements
- A mechanism to ensure the transfer of knowledge concerning SD risks and their management, between each phase of the project life cycle
- A phase by phase process designed and implemented to ensure that as new SD and operational information and knowledge is acquired, it is used to review and test the assumptions made at earlier phases of the project life cycle
- A mechanism to ensure, when appropriate, the transfer of knowledge concerning SD risks and their management, to other projects being implemented by Xstrata
- The identification assessment and management of property rights that considers: land tenure, cultural heritage, authority to access and the level of community support.



13.2 A documented project management system, relevant to SD issues, is used to deliver all projects and developments through:

- Formal evaluation(s) of the conceptual design against defined SD criteria, prior to management approval
- Formal evaluation(s) of the detailed design against defined SD criteria, prior to procurement or construction
- Identification of all reasonably foreseeable SD risks, constraints and opportunities relating to the project and the effective management of these
- Compliance with Xstrata's Business Principles, Policies and Sustainable Development Standards and all relevant SD legislation, standards, codes and requirements
- Applying experience from previous projects and current operations in the appropriate context to project development
- Site and project management systems to manage construction SD risks
- Design and construction that complies with sound engineering and technical standards
- Periodic project audits that monitor project SD milestones and outcomes
- Design, construction and operation that considers closure planning SD requirements
- A commissioning plan that addresses operability requirements and employee competency.

13.3 SD risks from new plant, equipment and infrastructure is effectively managed through procedures that:

- Identify, analyse, evaluate and treat SD risks from the plant, equipment and infrastructure including SD decommissioning and disposal requirements
- Assess, prior to use, all newly installed plant and equipment against compliance with relevant design codes, standards and legislation.

13.4 Closure plans are developed, maintained and implemented as designed for all operations and are:

- Compliant with Xstrata's Business Principles, Policies, Sustainable Development Standards, all applicable regulatory obligations and international standards regarding mine closure, including financial provisioning requirements
- Based on a robust process developed at the commodity business level for identifying and assessing all significant SD risks and controls. This includes commercial opportunities to share risks with other parties and the associated costs related to the foreseen decommissioning, closure, rehabilitation and post-closure obligations and activities
- Annually reviewed, including a review of assumptions and cost estimates, to address any changes in circumstances such as changes in legal requirements, new technologies, the local environmental and community situation etc.
- Developed and reviewed by appropriately experienced and competent persons including external experts, as necessary.

14 Product Stewardship

Intent

An integrated system is implemented and maintained which identifies, analyses, evaluates and treats sustainable development (SD) impacts and risks associated with our products and services throughout their life cycle, including during the stages which may be beyond Xstrata's direct control, such as use, recovery, recycling and disposal.

Requirements and Expectations

14.1 Systems, processes and procedures exist to:

- Assess existing and new products and services for their SD benefits, impacts and risks over their life cycle
- Identify opportunities to conduct or support research and innovation that leads to the development of products and technologies that have lower SD impacts and risks.

14.2 All relevant employees, contractors, customers and other relevant internal and external stakeholders are appropriately informed of the SD hazards associated with the handling, transport, use, storage and disposal of Xstrata's products.

14.3 Strategies are implemented that support research and innovation aimed at improving the safe use and recycling of our products and developing technologies for extracting and processing metals and minerals that are efficient in the use of energy, natural resources and materials.

14.4 Systems and procedures exist to identify, evaluate and respond to changes in external legal and other sustainable development requirements that have potential impacts on Xstrata's products and/or operations.



15 Incident Management

Intent

A management culture exists that promotes the recognition, response, reporting and investigation of incidents, including near-misses. Appropriate corrective actions are implemented and applicable learning is shared within the commodity business and across Xstrata and is incorporated into relevant sustainable development management processes.

Requirements and Expectations

15.1 Health, safety, environment and community (HSEC) incident management systems are developed and implemented that include:

- Immediate response to incidents
- Recording, classifying and reporting of incidents
- Relevant statutory notifications
- Media relations plans where required
- Incident investigation conducted to a depth commensurate with the actual and/or potential consequence of the incident
- Establishing the direct and underlying causes and contributing factors and identifying the lessons learnt through the adoption of appropriate and systematic root cause analysis
- Developing, implementing and monitoring the effectiveness of corrective and preventative actions
- Documentation and communication of the changes resulting from the investigation and root cause analysis findings
- Documentation and communication of lessons learnt from incident investigations to relevant employees and contractors within the business; and for all critical and high potential HSEC incidents within commodity businesses and across the Xstrata Group
- Collation and analysis of HSEC incident and investigation data to identify trends, assess the effectiveness of current SD management and where necessary initiate appropriate responses.

15.2 The Xstrata plc Board and Group Executive Committee are informed of all critical and high potential HSEC incidents in a timely and accurate manner.

15.3 Commodity business boards or executive teams are provided with the following for all critical and high potential HSEC incidents:

- Notification of the incident
- Management of the incident
- Outcomes of the investigation
- Completion of corrective actions.

15.4 Commodity business executive teams demonstrate their personal involvement in the management of a critical HSEC incident through an executive team member:

- Communicating directly with site personnel
- Reviewing the investigation process, findings and recommendations
- Supporting the capture of incident-related learning and its communication within the commodity business, where appropriate across the organisation and/or with external stakeholders.

16 Monitoring and Review

Intent

Through the ongoing monitoring of sustainable development (SD) performance and routine management reviews, the adequacy and effectiveness of SD strategies, plans, systems, programmes and processes are routinely assessed and actions are taken to address weaknesses and share good performance across the organisation.

Requirements and Expectations

16.1 Processes are established and implemented so that SD performance is routinely measured, monitored, recorded, assessed and acted upon by management. This includes SD inspections and audits conducted by commodity businesses and sites at frequencies appropriate to their SD risks and performance.

16.2 Commodity businesses, sites and projects comply with Group and commodity business sustainable development assurance programmes. Non-conformances are addressed and the implementation and adequacy of corrective actions are tracked and assessed.

16.3 Annual management reviews occur at all levels of the organisation to determine the continued suitability, adequacy and effectiveness of SD strategies, plans, systems, programmes and processes. This includes identifying and understanding the basis for good SD performance, and assessing the effectiveness with which it has been shared and acted upon across the organisation.

Inputs to the management reviews shall typically include information from the following sources:

- Internal and external SD inspections, assessments and audit reports addressing: operational, specialist, functional, management system, legal compliance and stakeholder requirements; or other external commitments
- Health, safety, environment and community incident reports and investigation findings
- Performance data, trends and reports including the extent to which targets and objectives have been met
- Inputs and views of external stakeholders, including complaints
- Status of corrective and preventative actions
- Outcomes from previous management reviews
- Government policies and regulation, socio-economic or political developments and new scientific findings and technological developments.

The annual SD management reviews are documented and include observations, conclusions, recommendations and follow-up.

16.4 The Group and commodity business level Sustainable Development Policies and Sustainable Development Standards are reviewed at least every three years and revised as required.

17 Emergencies, Crises and Business Continuity

Intent

To provide appropriate resources and effective emergency response, business continuity and crisis management planning structures to manage site and project health, safety, environment and community (HSEC) emergencies and commodity business HSEC crises.

Requirements and Expectations

17.1 Foreseeable site and project HSEC emergencies and business HSEC crises are systematically identified and their HSEC impacts assessed, including those associated with activities adjacent to sites and projects.

17.2 Site and project emergency response and business continuity plans are developed in consultation with external emergency agencies to mitigate the assessed HSEC impacts and restore the business. These plans are:

- Documented with defined roles and responsibilities
- Communicated throughout the site or project
- Made accessible to everyone at site or at the project
- Maintained and updated through periodic testing.

17.3 All employees and non-employees are trained in the emergency response plan to understand:

- Their roles and responsibilities
- The use of emergency response resources.

17.4 Resources required for the management of emergencies are allocated and their adequacy reviewed.

17.5 Emergency response, crisis management and business continuity plan exercises are conducted:

- At least annually and as scheduled
- With involvement from external emergency agencies, as appropriate
- To review the completeness and currency of the HSEC emergency and crisis scenarios considered in site and project planning.

17.6 Lessons learnt from the success and failures of actual emergencies and of emergency exercises are:

- Developed from systematic root cause analysis
- Properly documented
- Used to review and amend existing plans and resources as required
- Shared amongst other Xstrata operations as appropriate.

17 Emergencies, Crises and Business Continuity

17.7 Site and project emergency response plans are aligned to a commodity business level crisis management plan.

17.8 A defined process exists to escalate a site or project emergency to a commodity business crisis and from a commodity business crisis to a Group crisis.

17.9 Sites contribute to and have access to the commodity business crisis management plan.

17.10 A Group crisis management plan exists and includes reference to HSEC incidents that may escalate to become a crisis. The Group plan aligns with commodity business crisis management plans.



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