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The CEO Water Mandate
Foundation for the Global Compact

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To whom it may concern

Xstrata plc is one of the world's largest mining and metals companies - a major producer of seven commodities used in everything from constructing buildings and delivering electricity to developing jet engines and mobile phones. We operate in more than 20 countries and employ more than 70,000 people globally.

We aim to achieve and maintain the highest standards of health, safety and environmental performance at our operations, and to work in partnership with local communities for mutual benefits, supporting the principles of sustainable development. We believe that mining can be conducted in a way that is economically, socially and environmentally sustainable over the long term.

As part of our commitment to operating responsibly throughout the lifecycle of our operations, we became a signatory to the UN Global Compact in 2006 and first endorsed the UN Global Compact's CEO Water Mandate in 2010.

We recognise that water is a vital resource that we share with others and we are committed to always using it efficiently and to protecting its quality. This report represents our annual 'Communication on Progress - Water' and discloses the steps we have taken during 2011 to implement the CEO Water Mandate's framework's six core elements for water management.

As a global diversified mining group, our operations are geographically diverse and span a range of commodities and processes. We approach water management at a catchment level, working with local communities, authorities and other industry users to ensure sustainable and equal access and the proper management of water resources. Demand for water varies significantly between our sites and commodity businesses and our annual water uses correlates closely with production volumes and product demands.

In this review, we report on the steps we have taken in developing, implementing and maintaining water sustainability policies and practices throughout the Xstrata Group and how our water management strategy incorporates the six elements of the CEO Water Mandate.

We continue to endorse actively the UN Global Compact's CEO Water Mandate and to improve our water management practices and engagement with stakeholders on issues relating to water resources.



To send us any feedback on this report on progress, our Xstrata plc sustainability report or any aspect of our sustainability performance, please contact:

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Further information on our approach to sustainability is available on our website:
www.xstrata.com/sustainability

Sincerely

A handwritten signature in black ink that reads 'M.L. Davis'.

M.L. DAVIS
Chief Executive Officer



UN Global Compact CEO Water Mandate

DIRECT OPERATIONS

Principle	Communication on Progress
<p>Conduct a comprehensive water-use assessment to understand the extent to which the company uses water in the direct production of goods and services</p>	<ul style="list-style-type: none"> • Baseline environmental studies are conducted at the exploration and feasibility phases of new projects and as soon as possible for acquired assets. The studies include establishing an understanding of the existing conditions, including watershed management, and identify the potential impacts of proposed activities as well as the risks to water and assess opportunities for improvements. • All new mining projects require extensive Environmental and Social Impact Assessments (ESIA) that include water management. The ESIA are submitted to regional and national governments for approval ahead of the project being progressed. • Through our change management procedures, we undertake assessments of all potential impacts that could result from a site expanding, including water availability and the net impact of the project on the local community. • We take a 'lifecycle approach' to water use assessments. All sites are required to maintain water management plans which reflect whether the site is in a water-scarce or excess-water location. The plans are regularly reviewed and, where necessary, revised to ensure our approach to water management reflects any changes to the water resource or to users' needs • Where water quality is a discharge requirement, it will be covered by a site's water management plan or through water licences and discharge permits • We regularly report on our water use, both externally through our annual sustainability report and the sustainability reports produced by our operations and internally through quarterly reports to our Executive Committee
<p>Set targets for our operations related to water conservation and waste-water treatment, framed in a corporate cleaner production and consumption strategy</p>	<ul style="list-style-type: none"> • Our sites employ different processes to produce different commodities, which results in water demands varying from site to site. Certain metallurgical processes, such as concentrating, cooling, refining and transporting metals as slurry, are water-use intensive. Our projects, operations and commodity businesses work on a regional basis to develop and implement water management plans that ensure the sustainable and equitable access and proper management of water resources between all stakeholders in a catchment area. • Sites where water scarcity is deemed to present a current or future risk implement water conservation plans, set water intensity targets and make their operations more water efficient. • At operations located in water-abundant areas, our focus is on water quality, effluent treatment and controlling discharges to water, as well as on being a good steward of available resources



Principle	Communication on Progress
	<ul style="list-style-type: none"> • The targets set by our commodity businesses for 2012 are: <ul style="list-style-type: none"> ○ Xstrata Alloys: each division to identify at least five water reduction projects. Reduction of freshwater intensity by 7% by end of 2016 based on 2011 for established operations; ○ Xstrata Coal: a 7% reduction on 2011 fresh water intensity performance by the end of 2016. This is a successive target to 10% for the previous five years (2006 – 2011), resulting in an overall reduction of 35%; ○ Xstrata Copper: Water discharge sites to investigate potential to reduce total loads in water discharge. Non-water discharge sites to investigate water efficiency opportunities. All Australian sites to formalise water accounts against Minerals Council of Australia water accounting framework. Develop a comprehensive system and implement processes to improve water use, recycle and discharge data collection ○ Xstrata Nickel: All managed operations to achieve water consumption reduction targets. The consolidated average reduction range is from 14.2% to 16.3%. by the end of 2014 using 2010 as the baseline year. All sites report annually their progress against their 2014 targets. All managed operations to achieve water intensity reduction targets ranging from 14.2% to 16.3% (consolidated average range) by the end of 2014 using 2010 as the baseline year. All sites report annually their progress against their 2014 targets; and ○ Xstrata Zinc: to achieve a 2% reduction in fresh water consumption intensity (per tonne of metal) over 2010 performance by 2012. Implementation of the recommendations of the CEO Water Mandate Gap Analysis conducted in 2011
<p>Seek to invest in and use new technologies to achieve these goals</p>	<ul style="list-style-type: none"> • In water-scarce regions, we develop processes that lessen our demands on water-sources and increase our use of recycled water. Some examples of the initiatives we have implemented include: <ul style="list-style-type: none"> ○ Alumbrera copper mine, Argentina: an 8.23% reduction in water consumption has been through modifications to the grinding plant; ○ Mount Isa Mines, Queensland, Australia: on track to meet target of using less than 200 litres of freshwater per tonne of ore milled by increasing water recycling during processes at the copper concentrator. In 2011, 4,367 mega litres (ML) of fresh water was consumed by the copper operations, a 6.5% decrease compared with 4,670 ML consumed in 2010. The water intensity figure for 2011 was 18.42 kilolitres per tonne of contained metal, compared with 21.75 kilolitres per tonne in 2010, a 15.3% reduction; ○ Ernest Henry copper mine, Queensland, Australia: the site is working to improve its tailings density of 59% to meet its target to maintain or reduce water content in tailings storage at or above 70% solids.



Principle	Communication on Progress
	<p>In 2011, our target to reduce water consumption by 10% to less than 335 litres per tonne of ore milled was not met as the commissioning of the magnetite plant led to an increase of 511 litres per tonne of ore milled. The site consumed 5,437 ML of water from Lake Julius, 84% of our 6,500 ML allocation;</p> <ul style="list-style-type: none"> ○ Altonorte copper smelter, Chile: the site achieved a 19% reduction recycling of external water during 2011. At the site all water is reused and no water is discharged; ○ Lomas Bayas copper mine, Chile: through collaboration with local universities, the site has made changes to the heap pad irrigation system and introduced a water drip cover. Its water management plan includes a hydric and research initiative and efficiency programmes for loss control due to evaporation. The evaporation rate has been reduced in the leaching process by approximately 54% from 9.8 litres of water per square metre per day (L/m²/d) to 4.5L/m²/d. These improvements have allowed Lomas Bayas to increase the area irrigated with leaching solutions by almost 70% from 540,000m² in 2008 to 916,000m² in 2011 enabling the mine to expand production without placing additional stress on local water resources; ○ Ulan coal mine, New South Wales, Australia: –A reverse osmosis plant was installed in 2006 to address water treatment on site, by improving the quality of discharged water through blending mine water with permeate. A second reverse osmosis plant was commissioned in 2011 and the site is currently considering additional water treatment requirements including reverse osmosis to further address excess water on site. Ulan also utilises mine water onsite through an irrigation network containing five pivot irrigators. ○ Tahmoor coal, mine New South Wales, Australia: the site is bringing about a permanent reduction in the volume of potable water it uses for its processes and operations through the commissioning of a water recycling plant during 2012. In addition, at the end of 2012, metal concentrations in discharge water will be lowered as a result of the commissioning of a water treatment plant.
<p>Raise awareness of water sustainability within corporate culture</p>	<ul style="list-style-type: none"> ● Our businesses are committed to continually improving the efficiency with which we use water, reducing our reliance on fresh water, minimising harmful discharges to water and impacts on the quality of local water sources. All of our sites are required to implement a water management plan to minimise fresh water use and maximise recycling ● We regularly report on our water use, both externally through our annual sustainability report and the sustainability reports produced by our operations and internally through quarterly reports to our Executive Committee



Include water sustainability considerations in business decision making e.g., facility-siting, due diligence, and production processes

- All new mining projects require extensive Environmental and Social Impact Assessments (ESIA) that include water management. The ESIA are submitted to regional and national governments for approval ahead of the project being progressed.
- Through our change management procedures, we undertake assessments of all potential impacts that could result from a site expanding, including water availability and the net impact of the project on the local community.
- We engage with government, regulators and communities to share water sources, to plan for future use and to respond to concerns over water quality
- Each site tailors its water management plan to reflect the local situation. We recognise that not only is this the correct approach to take with a valuable resource, but that this also helps us to build relationships with other local users of the resource and maintain our licence to operate



Supply chain and watershed management

Principle	Communication on Progress
<p>Encourage suppliers to improve their water conservation, quality monitoring, waste-water treatment, and recycling practices</p>	<ul style="list-style-type: none"> • All contractors, suppliers and business partners providing Xstrata with products or services are required to uphold our Business Principles, Sustainable Development Policy, Sustainable Development Standards and performance objectives through systematic selection, engagement and management. • We work together with all our suppliers to set, monitor and report on sustainable development performance targets, which, where appropriate, include water management. • Our coal business takes an integrated approach to water management at its sites that are contractor-operated. This includes putting in place agreements around the management factors required in order to achieve water efficiency targets.
<p>Build capacities to analyze and respond to watershed risk</p>	<ul style="list-style-type: none"> • We have in place an ongoing process for identifying, evaluating and managing the significant risks faced by our sites, commodity businesses and the Group, this includes the identification and management of risks associated with watersheds. • We conduct annual risk reviews at asset, commodity business and Group levels and risk registers are updated accordingly. Progress against plans, significant changes in the business risk profile and actions taken to address controls and mitigate risks are reported at each business unit audit committee and Xstrata plc Audit Committee meeting, as well as to the Executive Committee and the Board, as and when necessary. Xstrata’s Board annually reviews the effectiveness of the Group’s risk management and internal control systems. • In order to analyse water-related risks, business units use the World Business Council for Sustainable Development tool to assess the risk of water scarcity, and mapping of likely impacts of the business on the water bodies to understand and mitigate the risk of excessive impact
<p>Encourage and facilitate suppliers in conducting assessments of water usage and impacts</p>	<ul style="list-style-type: none"> • We monitor and require contractors, suppliers and partners to report on their compliance with sustainable development obligations and to provide feedback on the sustainable development performance, including with regard to water management, throughout the contract. • Our coal business takes an integrated approach to water management at its sites that are contractor-operated. This includes putting in place an agreement around the management factors required in order to achieve water efficiency targets.
<p>Share water sustainability practices – established and emerging – with suppliers</p>	<ul style="list-style-type: none"> • We work with our contractors, suppliers and business partners to ensure that they have adequate resources in place to identify and comply with applicable SD legislations, standards and codes applicable to the products and services they supply, including water management practices.



Encourage major suppliers to report regularly on progress achieved related to goals

- Our contractors, suppliers and business partners are required to:
 - Set, monitor and report on sustainable development performance targets;
 - Monitor and report on compliance with contractual sustainable development obligations; and
 - To provide feedback on their sustainable development performance throughout the duration of the contract.



Collective action

Principle	Communication on Progress
<p>Build closer ties with civil society organizations, especially at the regional and local levels</p>	<ul style="list-style-type: none"> • Our sites and commodity businesses work on a regional basis with local communities, authorities, agricultural and other industry users to develop and implement water management plans that ensure the sustainable and equitable access and proper management of water resources between all the stakeholders in the catchment area. • We engage in a number of different ways with relevant external stakeholders throughout our business. Our engagement activities reflect our commitment in our Sustainable Development Standard 4: Communication and Engagement, for all engagement to be carried out in a fair and culturally sensitive manner, with the maximum transparency that is commercially available: <ul style="list-style-type: none"> ○ In Queensland, Australia, Xstrata Coal is a founding member of the multi-stakeholder Fitzroy Partnership for River, which works towards improving understanding of the different influences on water quality in Queensland’s largest catchment area; ○ In New South Wales, Australia, Xstrata Coal is an active participant in the Hunter River Salinity Trading Scheme and on the customer service committee for the NSW State Water body; ○ In South Africa, Xstrata Coal has the chair of the Olifants River Forum, which looks the health of the river through funding testing and research. The Forum regularly liaises with local and national government; ○ In South Africa, we participate in a joint initiative with industry partners, such as Anglo American, BHP Billiton, Eskom and Exxaro to better understand water management in the coal fields of the Mpumalanga province; and ○ We are members of a national strategic water partnership in South Africa that was established as a result of COP17. • In Australia, we worked with the Minerals Council of Australia on the development of a water accounting framework. • We are working with the International Council of Minerals and Metals on the broader adoption of water accounting as a global framework. We are reviewing our reporting definitions to ensure we meet the requirements.
<p>Work with national, regional and local governments and public authorities to address water sustainability issues</p>	<ul style="list-style-type: none"> • We work with local authorities and regional and national governments, as well as regulators to appropriately manage our water consumption in line with local needs and the seasonal nature of rainfall. We engage with other users and local communities to improve the efficiency of water usage. • All our sites are in regular contact with local regulatory bodies on water matters and we ensure we comply with local water quality requirements.



Principle	Communication on Progress
<p>and policies, as well as with relevant international institutions – e.g., the UNEP Global Programme of Action</p>	<ul style="list-style-type: none"> • We play an active role in a number of significant international and national industry organisations and multi-stakeholder groups, through membership, funding, provision of expertise and participation in committee and working groups.
<p>Encourage development and use of new technologies, including efficient irrigation methods, new plant varieties, drought resistance, water efficiency and salt tolerance.</p>	<ul style="list-style-type: none"> • In South America, Xstrata Copper has assisted in replacing open channels with pipes to reduce evaporation for village water supplies and to improve the efficiency of irrigation • Xstrata Coal’s Australian operations have implemented a number of technologies and original initiatives to improve water efficiency and quality, including: <ul style="list-style-type: none"> ○ Ulan coal mine, New South Wales, Australia: The mine’s Bobadeen Irrigation Scheme (BIS) reflects our commitment to minimise untreated off-site water discharge. The operation pumps its surplus mine water from the mine site to a 502 mega litre storage dam located seven kilometres north of the mining operations. Once it reaches the holding dam, the water is then pumped to five centre-pivot irrigators, which irrigate 242 hectares of land planted with vigorously growing perennial pastures. The pasture is maintained at an optimal level by beef cattle, which graze the pastures under a carefully monitored rotational basis. Internal subdivision fencing has also been erected to manage the movement of cattle between the grazing areas. The site has developed a unique salinity offset programme to ensure there is no net increase in the salinity load in the Macquarie and Hunter River catchment areas. ○ Bulga coal mine, New South Wales, Australia: the mine utilises water recycling technology to reduce its use of fresh water and to reduce its tailings (waste). Through the addition of flocculent to the tailings, water can be recycled from the tailings dam and reused by the coal handling and preparation plant, for dust suppression and to wash-down equipment. In addition, following extensive tests, the site now uses coal seam water in its underground processes, reducing its draw on the Hunter River by 500 megalitres per year ○ Coal operations, New South Wales, Australia: a water network links the mining operations of Ravensworth, Liddell, Cumnock, Mt Owen. This pipeline system allows the operations to share recycled mine water, rather than each relying on its own fresh water allocation, storage systems and piecemeal arrangements with neighbouring sites.
<p>Be actively involved in the UN Global Compact’s Country Networks</p>	<ul style="list-style-type: none"> • Xstrata Coal is an active member of the UN Global Compact Country Network in Australia.
<p>Support the work of</p>	<ul style="list-style-type: none"> • We participates in the ICMM framework for water reporting and accounting



Principle	Communication on Progress
<p>existing water initiatives involving the private sector – e.g., the Global Water Challenge; UNICEF’s Water, Environment and Sanitation Program; IFRC Water and Sanitation Program; the World Economic Forum Water Initiative – and collaborate with other relevant UN bodies and intergovernmental organizations – e.g. the World Health Organization, the Organisation for Economic Co-operation and Development, and the World Bank Group</p>	<ul style="list-style-type: none">• We submit an annual response to the CDP Water Disclosure Project• We play an active role in a number of significant international and national industry organisations and multi-stakeholder groups, through membership, funding, provision of expertise and participation in committee and working groups. For example in Australia:<ul style="list-style-type: none">○ The Queensland Resources Council (QRC) is actively involved in the discussions around water policy in Queensland, Australia. Stakeholders are looking at the cumulative impacts on the whole of the catchment area and the interaction between the mining and agriculture industries. Our North Queensland Chief Operating Officer is the Chair of the QRC and Xstrata is represented on its environmental committee; and○ Our Australian businesses are active members of the Minerals Council of Australia (MCA), with Xstrata Coal’s CEO, Peter Freyberg, representing Xstrata on the MCA’s board. Through its water accounting framework, the MCA is engaging with Federal government on water accounting advocacy.



Public Policy

Principle	Communication on Progress
<p>Contribute inputs and recommendations in the formulation of government regulation and in the creation of market mechanisms in ways that drive the water sustainability agenda</p>	<ul style="list-style-type: none"> • We engage with government, regulators and communities to share water resources, plan for future use and to respond to concerns over water quality • Xstrata Coal participates in a cooperative effort that has helped restore the quality of the Hunter River, to the benefit of nearby farmers and the community as a whole: <ul style="list-style-type: none"> ◦ The Hunter River Salinity Trading Scheme is a market based initiative controlling the level of salt discharged into the Hunter River by mines and power stations. Entities hold tradable salinity credits allowing them to discharge set tonnages of salt under strict licence conditions. Under the Scheme, mines and power stations can only discharge surplus saline water during high river flows and low background salinity levels. A number of Xstrata Coal's sites in New South Wales participate in the scheme, including Bulga, Cumnock, Liddell, Ravensworth and United. • Xstrata Coal participated in and contributed to Australia's national water commissions study on the integration of mining into water markets. This study was completed in January 2012. • In South Africa, we provide input, through our participation in the Chamber of Mines, in the national government's environment quality committee.
<p>Exercise "business statesmanship" by being advocates for water sustainability in global and local policy discussions, clearly presenting the role and responsibility of the private sector in supporting integrated water resource management</p>	<ul style="list-style-type: none"> • We are active members in a number of industry associations. Through our membership, we advocate water sustainability: <ul style="list-style-type: none"> ◦ The Queensland Resources Council (QRC) is actively involved in the discussions around water policy in Queensland, Australia. Stakeholders are looking at the cumulative impacts on the whole of the catchment area and the interaction between the mining and agriculture industries. Our North Queensland Chief Operating Officer is the Chair of the QRC and Xstrata is represented on its environmental committee; ◦ Our Australian businesses are active members of the Minerals Council of Australia (MCA), with Xstrata Coal's CEO, Peter Freyberg, representing Xstrata on the MCA's board. Through its water accounting framework, the MCA is engaging with Federal government on water accounting advocacy; and ◦ The International Copper Association, which Xstrata Copper's CEO, Charlie Sartain, chairs, is extensively involved in research in the protection of water for the natural and human environment.
<p>Partner with governments, businesses, civil society and other stakeholders – for example specialized</p>	<ul style="list-style-type: none"> • We recognise the need to manage water resources in cooperation with other users. • We engage with local communities, government and other industries to develop water management plans that provide all stakeholders with access to water resources in a sustainable and equitable way.



Principle	Communication on Progress
<p>institutes such as the Stockholm International Water Institute, UNEP Collaborating Centre on Water and Environment, and UNESCO’s Institute for Water Education – to advance the body of knowledge, intelligence and tools</p>	<ul style="list-style-type: none"> • We seek opportunities to work collaboratively with other mining companies, as well as different industries, to make use of shared water resources in a way that is balanced and protective of the resources. • Our Lomas Bayas copper operation in Chile is located in a water scarce area. We actively engage with all local stakeholders on water resource management through a roundtable approach. The engagement is evaluated and moderated by an independent third party, selected by the participants to ensure transparency. In addition, meetings with individual stakeholder groups are held to focus on their particular interests and priorities. Together, the participants have identified the risks and opportunities relating to water, how to mitigate these risk and benefit from the opportunities and have assessed the effectiveness of these initiatives.
<p>Join and/or support special policy-oriented bodies and associated frameworks – e.g., UNEP’s Water Policy and strategy; UNDP’s Water Governance Programme</p>	<ul style="list-style-type: none"> • Xstrata participates in the International Council for Mining and Metals’ framework for water reporting and accounting



Community engagement

Principle	Communication on Progress
<p>Endeavour to understand the water and sanitation challenges in the communities where we operate and how our businesses impact those challenges</p>	<ul style="list-style-type: none"> • We are committed to continually improving the efficiency with which we use water, reducing our reliance on fresh water, minimising harmful discharges to water and impacts on the quality of local water sources and – especially in water-scarce regions – working with communities and other industry users to manage water resources on a regional basis. • We work closely with the communities our operations affect. Access to water for communities is a key consideration in the planning of new operations or potential expansions and where access is potentially impacted mitigation strategies are developed and are subject to consultation by experts, communities and other stakeholders. We actively seek to engage communities, discussing our activities honestly with them to gain local understanding and support and, through our engagement processes we look to gain an understanding of their concerns in order to address these. • We undertake quarterly testing of groundwater and report the results at community meetings and in other forums. • A number of our operations provide fresh water supplies to neighbouring communities, including the Cerrejón coal mine in Colombia and Horizon chrome mine in South Africa.
<p>Be active members of the local community, and encourage or provide support to local government, groups and initiatives seeking to advance the water and sanitation agendas</p>	<ul style="list-style-type: none"> • Community consultation is a key part of our risk management and business planning process. We meet with communities at all stages of a project or operation to discuss their concerns and expectations, identify their needs and work together to address these. • Our Lomas Bayas copper operation in Chile is located in a water scarce area. The operation has actively engaged with the local community on water use for a number of years and senior management representatives regularly meet with local stakeholders including representatives of the communities and farmers living and operating in the river catchment area. The operation has implemented a three-phase roundtable approach to engaging with its stakeholders: <ul style="list-style-type: none"> ○ The first phase involves the participation of local stakeholders in identifying the risks and opportunities relating to the operation’s current activities; ○ During the second phase, stakeholders help to co-design solutions for the risks and opportunities that the first phase identified; and ○ In the final phase, roundtable stakeholders consider whether risks have been successfully mitigated and evaluate the effectiveness of the initiatives implemented <p>This approach has allowed Lomas Bayas to identify and respond to the needs and concerns of its stakeholders as well as keep them informed of initiatives implemented by the site to improve water efficiency, access to</p>



Principle	Communication on Progress
	<p>water and water security.</p> <p>The process is facilitated and evaluated by an independent third party, selected and agreed on by the roundtable participants to ensure transparency. Following an evaluation of the roundtable process in 2010, individual meetings are now also held with each stakeholder group to allow the discussions to focus on their particular interests and priorities.</p>
<p>Undertake water-resource education and awareness campaigns in partnership with local stakeholders</p>	<ul style="list-style-type: none"> • We work in partnership with local communities, authorities, agriculture and other industry users to develop and implement water management plans that ensure the sustainable and equitable access and proper management of water resources between all stakeholders in the catchment area • We actively promote the protection of water resources through steps that include: <ul style="list-style-type: none"> ○ Open days to share ideas on water resource protection and conservation with members of the local community. ○ Water resource protection and conservation measures are included in operation’s newsletters that are distributed to the local community ○ Water conservation measures posters are displayed around our sites to encourage employees and visitors to be vigilant in the use of water ○ Water savings tips are shared with employees through posters and short films • In Australia, we have pledged AUD1.5 million over five years to the Wybong Catchment Health Improvement Project, which addresses natural resource management issues. The funding has been allocated to several on-the-ground programmes such as regenerating native vegetation, stabilising stream channels, restoring in-stream habitats and stabilising salt-affected areas. The Wybong catchment has been identified by the Hunter Central Rivers Catchment Management Authority as a priority saline catchment area and as a critical biodiversity corridor in the NSW government’s Great Eastern Ranges project.
<p>Work with public authorities and their agents to support – when appropriate – the development of adequate water infrastructure, including water and sanitation delivery systems</p>	<ul style="list-style-type: none"> • We are rigorous in planning and monitoring our water use. Before we build or expand a mine, we carry out detailed assessments of the water we will need, what the community requires and any risks to water quality from our operations. We work with public authorities to ensure the needs of all users are met • In South Africa, the local municipality experienced difficulties when repairing leaking water pipes, blocked sewerage lines and sewer treatment plant. The raw sewer was leaking directly into the river and created health and hygiene concerns in the local community. Working with the local municipality, our Xstrata Alloys’ Lydenburg operation’s engineers were able to make the necessary repairs and bring about a swift resolution. • Xstrata Alloys’ Lydenburg operation in South Africa repaired the local municipal sewerage treatment plant to increase the availability of purified sewerage water, which is used, where possible, by our operations to reduce our use of potable water.



Transparency

Principle	Communication on Progress
<p>Include a description of actions and investments undertaken in relation to The CEO Water Mandate in our annual Communications on Progress for the UN Global Compact, making reference to relevant performance indicators such as the water indicators found in the Global Reporting Initiative (GRI) Guidelines</p>	<ul style="list-style-type: none"> • Our sustainability reporting meets application A+ of the GRI G3 Sustainability Reporting Guidelines, including the Mining and Metals Supplement. We report our performance against the GRI indicators in our annual sustainability report, our comprehensive GRI data book and on our website. • We require all managed operations in water scarce regions to document a review of water management plans including targets to reduce water intensity • Reflecting the variations in operating processes and the geographical locations of our sites, our commodity business have in place a number of performance targets for water management that reflect the water indicators found in the GRI Guidelines: <ul style="list-style-type: none"> ○ Xstrata Alloys: reduce freshwater intensity by 7% by end of 2016 based on 2011 for established operations; ○ Xstrata Coal: a 7% reduction on 2011 fresh water intensity performance by the end of 2016 ○ Xstrata Copper: water discharge sites to investigate potential to reduce total loads in water discharge and non-water discharge sites to investigate water efficiency opportunities. Develop a comprehensive system and implement processes to improve water use, recycle and discharge data collection ○ Xstrata Nickel: all managed operations to achieve water consumption reduction targets. The consolidated average will range from 14.2% to 16.3% by the end of 2014 using 2010 as the baseline year. All sites report annually their progress against their 2014 targets ○ All managed operations to achieve water intensity reduction targets ranging from 14.2% to 16.3% (consolidated average range) by the end of 2014 using 2010 as the baseline year. All sites report annually their progress against their 2014 targets ○ Xstrata Zinc: achieve a 2 % reduction in fresh water consumption intensity (per tonne of metal) over 2010 performance by 2012 and implement the recommendations of the CEO Water Mandate Gap Analysis conducted in 2011
<p>Publish and share our water strategies (including targets and results as well as areas for improvement) in relevant corporate reports, using – where appropriate – the water indicators</p>	<ul style="list-style-type: none"> • We disclose and publish our approach towards water management, the opportunities we have identified and our performance in our annual sustainability report, our comprehensive GRI data book and on our website: www.xstrata.com/sustainability/environment/water



Principle	Communication on Progress
found in the GRI Guidelines	
Be transparent in dealings and conversations with governments and other public authorities on water issues	<ul style="list-style-type: none">• We undertake our engagement with governments and other public authorities in line with our Sustainable Development Standard 4: Communication and Engagement, which requires all engagement to be carried out in a fair and culturally sensitive manner, with the maximum transparency that is commercially available.• We report on our engagement with all stakeholders in both our annual sustainability report and the sustainability reports produced by our sites and divisions• As part of our approach to engagement, our operations and projects host visits by local and national government representatives, as well as by other stakeholders.• Our engagement is varies to reflect local needs:<ul style="list-style-type: none">○ In South Africa, we appointed an independent third party to conduct our Water Use License compliance assessments. The audit report was submitted to the National Department of Water Affairs.○ In 2011, our South African sites encountered a number of incidents relating to minor storm water dam overflow. These were immediately reported to authorities and a team of investigators from the department visited the site after which an incident report was completed and submitted; and○ Our Xstrata Alloys Lydenburg operation in South Africa hosted five Green Scorpion Inspectors from the Mpumalanga Provincial Department of Economic Development, Environment and Tourism on site in order to familiarise themselves with the operations