

# Creating shared value

Our success depends on our ability to create and deliver shared value to all our stakeholders in a sustainable manner. Our values define what it means to work at Xstrata. They are our promise to our stakeholders about how we will behave in pursuing our mission. We've always been clear about our way of doing things, of seeing opportunities to create value that others don't. Over the last ten years we developed our strengths and different way of doing things to create and deliver shared value.





### Devolved authority

Our commodity businesses are accountable for all aspects of their business and are mandated to improve the net present value of their underlying business.

Through our decentralised structure we ensure decisions are made where the best information exists, through creating a strong sense of ownership at the local level. Operational management are empowered to take pro-active and prompt decisions on operational, community, environmental and people issues and to build meaningful partnerships with local stakeholders at a site or divisional level.

Our devolved management model encourages the rational risk-taking required to foster an entrepreneurial spirit and supports the identification and implementation of opportunities to grow or optimise the value of our business, through acquisitions, divestments, project development and strategic partnerships. We seek to embed a culture that maintains a disciplined approach to creating value for all our stakeholders.

Our decentralised business model is underpinned by a robust governance framework that incorporates stringent checks and balances at Group and commodity business levels. This is supported through effective internal communication and comprehensive risk management and assurance processes.

### Diversified assets

We aim to deliver more stable returns through our diversified business structure by improving our ability to manage risks associated with foreign exchange rate fluctuations, commodity price cycles, operating locations and end-use customer segments. Our portfolio is diversified by commodity, geography, currency and customer industries.

The continuous improvement of our assets is an ongoing imperative, including safety performance, environmental management and our contribution to the communities in which

we operate. Our philosophy is to effect small improvements on a continuous basis that cumulatively have a decisive impact on the quality of our operations and our performance.

Since 2001, we have progressively developed an extensive range of organic growth options. Our approved and near-term projects will add 50% to 2009 volumes by the end of 2014 and substantially reduce our operating costs. Beyond this, a range of earlier stage opportunities are being assessed to provide the next phase of growth.

Our projects and operations have a substantial mineral reserve and resource base, with an average mine life in excess of 50 years. Our annual Reserves and Resources statement is available from [www.xstrata.com](http://www.xstrata.com)

### Financial strength

Our commitment to maintaining a robust balance sheet and investment-grade rating provides access to a broad range of funding sources. We are the fourth largest diversified mining company globally, with a market value in excess of \$56 billion<sup>1</sup>.

At year-end, we had over \$6 billion in undrawn credit facilities, gearing of 15% and robust operational cash flows, enabling the financing of our organic growth pipeline in full from internally generated funds.

Mining is capital-intensive and new deposits are increasingly in more challenging regions. Scale enables mining companies to invest in multiple large projects without risking a substantial portion of capital in any one region or to any one project. Size also brings an improved ability to access capital, talent and new resources and to capture external opportunities.

Our commodity businesses are positioned within the lower half of their respective industry cost curves. We are focused on achieving real unit cost savings to improve the quality of our business and in 2011 we achieved operating cost savings of \$391 million.

### Working in partnership

We form mutually beneficial partnerships with the stakeholders in our business, including local communities, government, customers, shareholders and employees. We aim to work together with our partners to enable us to make the substantial long-term investments required to develop mineral resources while creating lasting benefits from our presence in a region.

Our ability to attract and retain the best people with appropriate skills at every level is vital to the successful execution of our strategy. We provide industry-leading career development, a non-discriminatory workplace, and fair and competitive remuneration within a decentralised, non-bureaucratic culture.

### Industry-leading approach to sustainable development

We aim to manage our business to balance economic, environment and social considerations. Responsible environmental management and community engagement enable us to gain access to new resources, maintain a licence to operate, attract and retain the best people, access sources of capital, identify business opportunities and optimise our management of risks.

Our industry-leading sustainable development assurance programme evaluates the performance of every managed operation and project against our international best practice standards and policy, with results reported to the Board.

We aim to operate with zero harm to our people and prioritise safety at every operation and project. We work to promote a non-discriminatory and equitable workplace to enable us to attract and retain the best people.

We set aside a minimum of 1% of profit before tax each year to fund community initiatives and pro-actively consult with communities about our operations, with the aim of securing broad-based, ongoing support for our activities.

<sup>1</sup> As at 14 March 2012.

 See how we are a vital contributor to society

