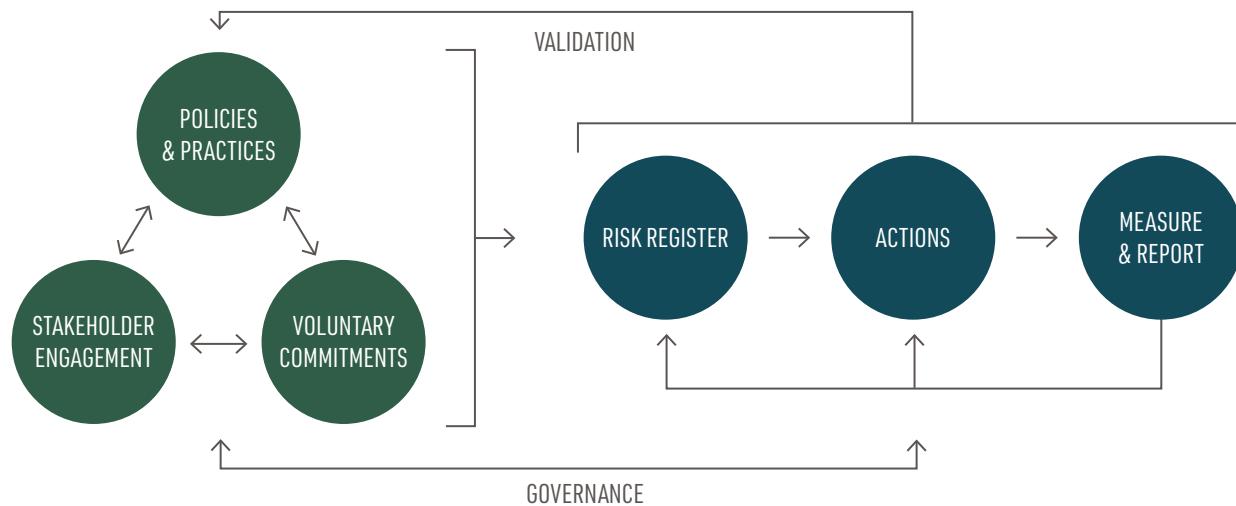


# Our Approach

Freeport is a leading responsible copper producer. Our commitment to responsibly produced copper is visible in everything we do and is driven by our core values of Safety, Respect, Integrity, Excellence and Commitment. Our core values direct the decisions we make as a company and as individual employees. These values represent who we are and how we work – everyone, everywhere, every day. Our focus on responsible production is critical to establish and maintain acceptance from our stakeholders through shared value creation and to meet society's responsible sourcing objectives necessary to supply the world with copper.

Defining and implementing responsible production at Freeport is an iterative process with continuous improvement at its core. The process incorporates our internal governance and policies as well as our external voluntary commitments. Ongoing stakeholder engagement is fundamental to informing our policies and processes, understanding material topics, and for sharing best practices and our performance across various environmental, social and governance (ESG) topics. Regular measurement and reporting support our understanding of our current performance, any gaps in our performance and the actions we need to take to improve. Third-party validation of our reporting helps us to meet our internal and external commitments. This graphic describes how we implement responsible production.



# Governance

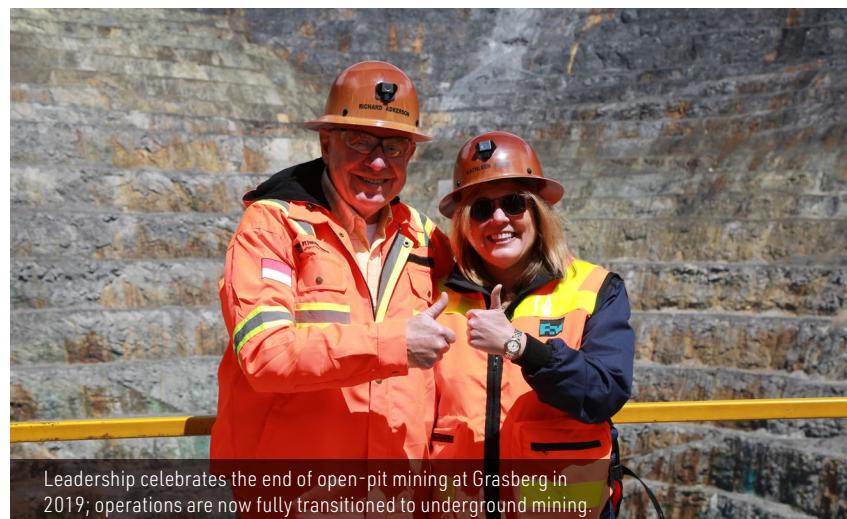
Sustainability is embedded in Freeport's values and business strategy. Governance and oversight of sustainability starts with the Board of Directors (the Board) and cascades through executive leadership to our sites. Good governance requires strong leadership to ensure the values of the company are integrated into everyday operations and business decisions. It also means having the structure and processes in place to facilitate effective decision-making and actions that advance the long-term interests of all our stakeholders.

## BOARD OF DIRECTORS

The Board oversees and guides the company's business strategy and monitors the development and management of risks that impact the company's strategic goals. In its risk oversight role, the Board reviews, evaluates and discusses with members of management whether the risk management processes designed and implemented by management are adequate in identifying, assessing, managing and mitigating material risks facing the company, including financial, international, operational, social and environmental risks.

The Board as a whole is responsible for risk oversight at the company, with reviews of certain areas being conducted by one of its four standing committees: Audit, Compensation, Corporate Responsibility and Governance, each of which is composed entirely of independent directors and regularly reports to the full Board. Committee charters define the roles and responsibilities of each committee within the company's governance framework. Our Corporate Governance Guidelines along with the charters of our principal Board committees provide the framework for the governance of our company and reflect the Board's commitment to monitor the effectiveness of policy and decision-making at both the Board and management levels.

Throughout 2020, our Board continued to exercise its active oversight role with a focus on the company's COVID-19 response. The Board discussed these topics at each of its 11 meetings in 2020 and also received regular communications throughout the year from our Chief Executive Officer (CEO) regarding actions being taken to support the health, safety and well-being of our workforce and our host communities, supply chain resiliency and execution of our operating plans.



## SUSTAINABILITY GOVERNANCE

The Corporate Responsibility Committee (CRC), on behalf of the Board, is responsible for providing advice, recommendations and oversight to the company's management team on environmental and social matters. The CRC regularly reviews the effectiveness of management's strategies, programs and policy implementation with respect to safety and health, responsible production frameworks, tailings management and stewardship, climate change, water stewardship, biodiversity, waste management, human capital management (including inclusion and diversity initiatives), human rights, stakeholder relations, social performance and Indigenous Peoples, responsible sourcing, and political activity and spending practices. During 2020, the CRC met three times, and a member of the CRC participated directly in several shareholder engagement calls during the year to solicit feedback on our sustainability programs and practices.

Additionally, the Audit Committee and the Governance Committee conduct oversight over certain key ESG matters. The Audit Committee conducts oversight of global compliance, information technology security and cybersecurity, and provides ultimate oversight of our global tax strategy as part of its financial oversight responsibilities. The Governance Committee conducts oversight of corporate governance practices and procedures.

## 2020 CRC Discussion Topics

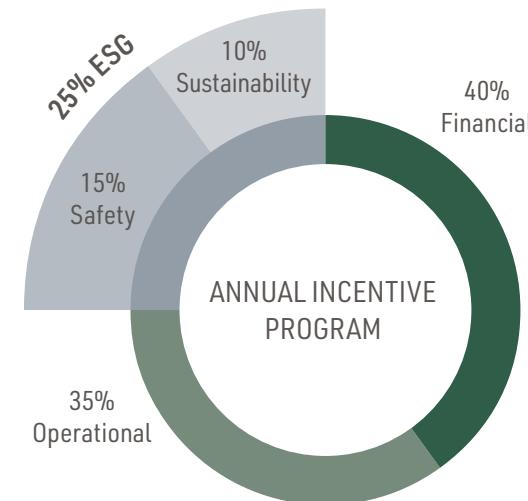
- › COVID-19 response and human capital management
- › Investor feedback on ESG, including expectations on climate change and SASB / TCFD reporting
- › Indigenous Peoples and cultural heritage engagement programs
- › Workforce safety and health (performance, incident review and corrective actions, and policy update)
- › Human Rights Policy and program, including annual adoption of UK Modern Slavery Act Statement and adoption of a Responsible Sourcing of Minerals Policy
- › Existing environmental programs and policies and potential opportunities for improvement; new 2019 climate and water reports
- › Tailings management and the company's leadership in ICMM's role as a co-convenor of the Global Industry Standard on Tailings Management
- › Progress on diversity and inclusion initiatives, including adoption of formalized standalone Inclusion and Diversity Policy
- › Social investment and charitable contributions; political spending

## EXECUTIVE LEADERSHIP & SUSTAINABILITY LEADERSHIP

Our Chairman and CEO has ultimate responsibility for the company's sustainability performance. The company's cross-functional Sustainability Leadership Team (SLT) includes members of the management team tasked with defining the sustainability strategy and implementing our sustainability policies, systems and programs across the organization. In 2020, the SLT met four times and moving forward, will meet monthly and regularly report to executive leadership, including to our Chairman and CEO, and President and Chief Financial Officer (CFO). In addition, members of the SLT report to the CRC on key ESG matters at regularly scheduled meetings.

The SLT is sponsored by our Senior Vice President and Chief Administrative Officer and is led by our Vice President and Chief Sustainability Officer, with active participation from other members of the SLT, including our four operational business unit Presidents. SLT membership also includes Vice Presidents or senior representatives from functional groups, including health and safety, security, supply chain, human resources, sales, legal, compliance, sustainability and finance.

Executive officers are held accountable for the company's sustainability performance through the company's performance-based annual incentive program (AIP). In 2020, ESG metrics collectively accounted for 25% of the AIP (15% safety and 10% sustainability).



# Values, Policies & Practices

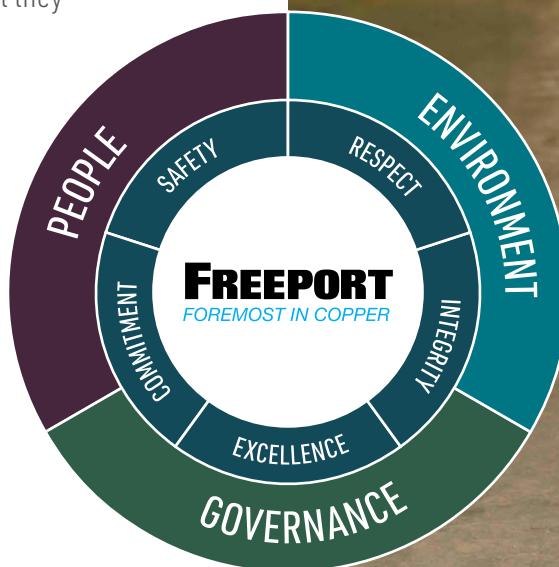
## PRINCIPLES OF BUSINESS CONDUCT

At Freeport, we are guided by our Principles of Business Conduct (PBC). Our PBC is the cornerstone of our commitment to ethical business practices.

It sets forth the global principles that our workforce must follow in all activities – from complying with laws to avoiding conflicts of interest to treating fellow colleagues and stakeholders with respect. The PBC highlights our core values – Safety, Respect, Integrity, Excellence and Commitment – and provides guidance for the application of these values to our business. It also defines the expected behavior of all our employees and the Board itself.

Our PBC and corporate governance guidelines, along with the charters of our principal Board committees, provide the framework for the governance of our company and reflect our commitment to monitor the effectiveness of policy and decision-making at both the Board and management levels.

We conduct comprehensive training on our PBC, including annual certification by management-level employees and induction training for all new employees. This process consists of in-person or computer-based trainings and requires employees to certify that they understand it and have no known instances of non-compliance. Managers and supervisors also are responsible for ensuring their direct reports understand these principles. Please refer to page 19 for more information on our Compliance Line and grievance management.



Our Henderson mine and mill in Colorado are connected by a 10-mile conveyor tunnel under the Continental Divide and an additional five-mile surface conveyor.

## POLICIES & PRACTICES

Our PBC, together with our global policies and practices, details our expected behaviors and commitments to our stakeholders. Freeport's policies are listed below and also are available in the corporate governance section of our [website](#).

### Anti-Corruption

Establishes the Company's zero tolerance policy for any form of corruption, private- or public-sector, and prohibits facilitation payments worldwide. Outlines procedures to meet the U.S. Foreign Corrupt Practices Act (FCPA) and other relevant anti-corruption laws, including laws in the countries where we operate.

### Environmental

Outlines our duty to minimize the impact of our operations on the environment using risk management strategies based on valid data and sound science and, where practicable, to protect and enhance the quality of the environment in areas where we operate.

### Human Rights

Outlines our commitments to respecting internationally recognized human rights and to implementing the United Nations Guiding Principles on Business and Human Rights. The Voluntary Principles on Security and Human Rights are the guidelines for our security programs.

### Inclusion & Diversity

Outlines our commitment to fostering a culture that is safety-focused, respectful, inclusive and representative of the communities where we operate. It also describes how we advance our inclusion and diversity principles in the work we do.

### Political Activity & Spending Practices

Sets forth our expectations regarding political activity and spending and applies to Freeport and its affiliated political action committees.

### Responsible Sourcing of Minerals

Outlines our commitment to producing and sourcing minerals and metals responsibly, including respecting human rights and preventing bribery, fraud and corruption, and implementing the Organisation of Economic Co-operation and Development (OECD) Guidelines for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas.

### Safety & Health

Establishes our objective of zero workplace fatalities and to decrease injuries and occupational illnesses as well as benchmarks to evaluate our performance. The Policy also addresses the implementation of safety and industrial health audits at our operations on a regular basis.

### Social Performance

Recognizes the vital role of stakeholder engagement and calls for collaboration with communities, including indigenous and vulnerable populations, to minimize and mitigate adverse impacts and pursue opportunities to maximize benefits (formerly called our Community Policy).

### Supplier Code of Conduct

Based on the PBC, outlines our expectations for suppliers and supports our commitment to only do business with suppliers and contractors who demonstrate meeting the standards we set for ethical business conduct.



# Contributing to the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 and seek to make the world more peaceful and prosperous for both people and planet. By supplying responsibly produced copper, Freeport is proud to be a positive contributor to the world well beyond our operational boundaries. Part of responsible production means purposefully and deliberately contributing to relevant SDGs within our host communities and across our value chains, while simultaneously seeking to mitigate any potential impediments to their realization.

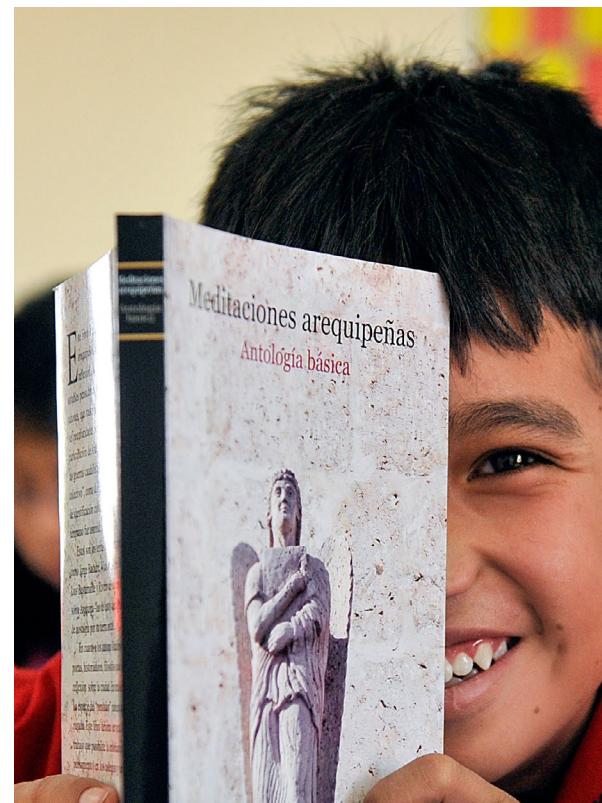
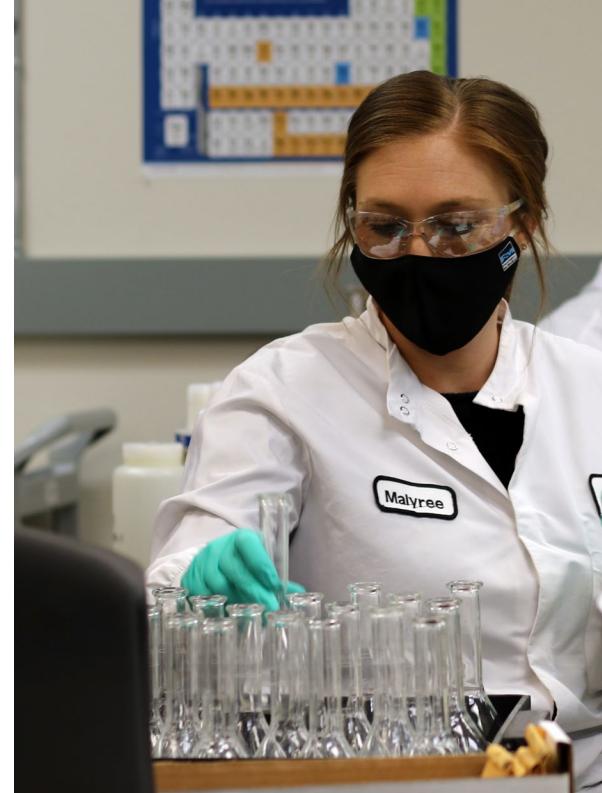
Site-specific circumstances, including environmental considerations and stakeholder dynamics, vary widely across our global organization. To some degree, Freeport works toward all 17 SDGs through aspects of our day-to-day work at our different sites, partnership initiatives and social investments. While we have been mapping our programs to all of the SDGs for many years, our aim is advance this work by identifying and focusing specifically on those goals where we believe we can make the most meaningful contribution.

SDG 12 – Responsible Consumption and Production – is central to Freeport’s strategy of being foremost in the global copper industry. In 2020, Freeport began the process of validating its copper producing sites against the Copper Mark, a new third-party assurance framework designed specifically to demonstrate the copper industry’s contribution to the SDGs. To date, six of our sites have been awarded the Copper Mark and we have future plans to validate all copper producing sites. To learn more about this work, refer to the following Defining Responsible Production section.

Also in 2020, we initiated work with a third-party firm to measure and evaluate the impact of our social investments at our North America sites to better understand the social value created, including a measurement of our contribution to the SDGs. Looking ahead, we plan to implement this evaluation at our other sites to support the increased efficacy of our social investments and identify relevant SDGs.

Informed by the Copper Mark validation process and our social impact valuations, we plan to advance our understanding of both our positive and negative impacts on the SDGs and we look forward to communicating our progress on our SDG prioritization in future reporting. In the interim, we have identified the SDGs that we believe our global programs contribute the most and sign-posted the relevant goals throughout this report.

»»» SDG 12 – Responsible Production – is central to Freeport’s strategy of being foremost in the global copper industry.





## »»» How the Copper Industry Contributes to the SDGs

Copper is strategically important to enabling society's progress

### DECARBONIZATION

- › By 2030, increased use of copper could reduce global carbon emissions by 16%<sup>1</sup>
- › Copper is a critical component for electric vehicles, charging stations, high-efficiency motors and renewable energy

### INFRASTRUCTURE

- › Copper is essential for reliable, advanced electrical grids (production and delivery of energy and energy storage), telecommunications (data centers, networks and cell towers) and railways

### TECHNOLOGY

- › Copper is crucial for connecting and advancing society and smart cities / homes, including artificial intelligence, smart grids, 5G technologies, mobile phones and computers

### PUBLIC HEALTH<sup>2</sup>

- › Copper could play an invaluable role in public health if used more frequently on high-touch surfaces given its substantial antimicrobial properties, which can eliminate bacteria, viruses and other pathogens, reducing the risk of transmission

<sup>1</sup> copperalliance.org

<sup>2</sup> copperalloystewardship.com

# Defining Responsible Production

Freeport is a leading responsible copper producer – foremost in copper. Critical to this is our role in setting the benchmark for responsible production in the industry. Being a responsible producer means integrating sustainability in everything we do, everywhere, every day. This includes understanding the needs of our local and global stakeholders and working with institutions, partners and associations to innovate and drive change across the industry. We do this by identifying the commitments that will move the industry forward and enable us to make meaningful advancements at our operations and in our supply chains, such as the UNGPs and the VPs. Being a responsible producer means purposefully working toward achieving the SDGs within our communities and value chain. We work globally to translate these commitments to our business via the development of common industry frameworks.

## FRAMEWORK DEVELOPMENT

In 2020, we continued our work with both the ICMM and ICA to develop and implement site-based sustainability frameworks that aim to provide greater assurance and transparency to stakeholders while continuously improving conditions at our operations.

In late 2019, following comprehensive engagement with stakeholders, the ICMM membership approved and published 38 performance expectations, designed to augment its long-held 10 Mining Principles for sustainable development. These expectations, along with topic specific Position Statements and assurance and validation requirements, define ICMM's membership commitments. The 38 performance expectations must be validated by a third-party at the site level with annual activities published, including how expectations will be met.

In 2020, ICA launched the Copper Mark – a continual improvement responsible production framework. This voluntary framework requires that copper producers undertake third-party assessments against their performance on 32 requirements across ESG issues. The current Copper Mark framework is focused on copper producers at the beginning of the supply chain, but the organization is developing criteria for fabricators and component producers with the goal of establishing a chain of custody for downstream companies, such as automobile and electronics producers. Freeport plays a leading role in this work by actively participating in the organization's multi-stakeholder processes to further develop and work toward achieving its Theory of Change. This includes key roles in the Advisory Council, Due Diligence Working Group, Technical Working Group and Transparency Working Group.



Copper Mark bundle label on copper cathode from El Abra, the first Chilean company to be awarded the Copper Mark in December 2020.

## CHARGING AHEAD WITH THE COPPER MARK

As an early adopter of the Copper Mark assurance framework, we are committed to responsible production practices across our global operations. We plan to achieve the Copper Mark at all of our copper operating sites. In 2020, we began this process with a Letter of Commitment for our first six sites. Since then, all six sites have been awarded the Copper Mark and we have initiated our routine check-ins with the organization on improvement plans. These six sites include our Cerro Verde mine in Peru, El Abra mine in Chile, Atlantic Copper smelter and refinery in Spain, Morenci mine and Miami smelter in Arizona, and El Paso refinery in Texas.

Our approach to meeting the requirements of both the Copper Mark and ICMM frameworks include the use of integrated, site-level assessment tools and assurance processes across the business. We believe this approach delivers value to our shareholders by enabling an efficient assessment process at the site-level while providing site-level transparency to stakeholders locally and globally. Our site level Copper Mark assessment reports can be found at [coppermark.org](http://coppermark.org).



In 2020, Freeport committed to achieving the Copper Mark at all copper producing sites over time; to date, six of our sites have been awarded the Copper Mark.

## THE RISK REGISTER

Being a responsible producer means evaluating ourselves against our commitments at both a site and corporate level and reporting regularly to our stakeholders in a transparent manner.

To translate our commitments to our everyday work, we use our Sustainable Development Risk Register (the Risk Register) process globally to identify and prioritize sustainability risks and actions. Sites use the Risk Register to identify risks and opportunities related to our commitments in relation to their operation and stakeholders. The Risk Register then prioritizes the most significant risks that could have negative consequences to our business and our stakeholders in areas such as health and safety, human rights, environmental management, community development, and economic impacts.

Site teams use the Risk Register to uncover new risks and opportunities that can further drive Freeport's commitment to responsible production, while prioritizing the most meaningful actions to the business as a whole. We work collaboratively to implement our various commitments, and the use of the Risk Register allows management teams to tailor their site-level priorities while ensuring the overall implementation is consistent globally.

### Implementation of the Risk Register

The corporate sustainability department works with subject matter experts globally to develop and maintain the Risk Register, updating it with new topics as they become relevant and working hand in hand with operations team members so prioritization processes are consistent with corporate procedures. The risks included in the Risk Register are mapped from our commitments to enable the Risk Register to be the focal point of internal and external assurance at both the corporate level and operating sites. In 2019, we updated the Risk Register process to include all 38 ICMM Performance Expectations as well as the 32 Copper Mark requirements. We also mapped the SDGs to the Risk Register to support identification of challenges and opportunities to progress our contribution across the goals.



# Economic Value Contributed

We contribute to the wealth and prosperity of the countries, regions and communities where we operate by generating economic value that includes tax and royalty payments, local hiring and procurement, and community investments. Mining is an inherently cyclical business with production levels and profits fluctuating over the life of the mine, which can impact our social investments and other sustainability programs.

In 2020, Freeport's direct economic contributions totaled \$11.4 billion, which includes \$8.2 billion in payments to suppliers, \$2.3 billion in employee wages and benefits, \$692 million in payments to providers of capital, \$131 million in taxes, royalties and other payments to governments, and \$108 million in direct community investments. We also made payments of \$2.0 billion for capital expenditures. Refer to our 2020 Annual Report for more detailed information on our financial performance and to page 42 of this report for more information on our 2020 community investments.

## 2020 SUMMARY OF KEY ECONOMIC CONTRIBUTIONS BY OPERATING REGION

FOR THE YEAR ENDED DECEMBER 31, 2020 (\$ MILLIONS)	NORTH AMERICA <sup>1</sup>	SOUTH AMERICA	INDONESIA	EUROPE	OTHER COUNTRIES	TOTAL
Payments to suppliers	\$ 3,465	\$ 1,317	\$ 1,283	\$ 2,105	\$ 3	\$ 8,173
Employee wages & benefits	\$ 1,400	\$ 433	\$ 343	\$ 89	\$ 5	\$ 2,270
Payments to providers of capital:						
Dividends & distributions	\$ 73	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73
Interest	\$ 405	\$ 121	\$ 86	\$ 7	\$ 0	\$ 619
(Refunds from) payments to governments <sup>2</sup>	(\$ 194)	\$ 31	\$ 287	\$ 4	\$ 3	\$ 131
Community investments	\$ 35	\$ 5	\$ 67	\$ 1	\$ 0	\$ 108
<b>Direct economic contributions</b>	<b>\$ 5,184</b>	<b>\$ 1,907</b>	<b>\$ 2,066</b>	<b>\$ 2,206</b>	<b>\$ 11</b>	<b>\$ 11,374</b>
<b>Capital expenditures<sup>3</sup></b>	<b>\$ 476</b>	<b>\$ 183</b>	<b>\$ 1,266</b>	<b>\$ 36</b>	<b>\$ 0</b>	<b>\$ 1,961</b>

1 Includes FCX parent company results.

2 Excludes employee payroll taxes, dividends, property taxes and certain other taxes, which are included in payments to suppliers and dividends. A reconciliation to the 2020 Cash Payments to Governments schedule can be found in the sustainability section of our website at [fcx.com](http://fcx.com).

3 Includes costs for capital projects, which include additional payments to suppliers, employee wages and benefits, payments to providers of capital and payments to governments, not included in the payments to government line in table above. Note: These amounts were derived primarily from FCX's publicly reported segment data. For disclosure of FCX's segment data in accordance with accounting principles generally accepted in the United States (GAAP), see FCX's 2020 Form 10-K pages 163 - 168.

# Performance Targets

FOCUS AREA	2020 TARGET	2020 PERFORMANCE	STATUS
<b>Governance</b>	Comprehensive training on PBC, including annual certification of management-level employees	58% employees were trained in 2020, including an 82% certification rate of management-level employees	<span style="color: #C8A23E;">●</span>
	Train 90% of selected employees on anti-corruption laws, regulations and company policies and procedures	In 2020, 82% of the employees selected to participate in the online training completed the course	<span style="color: #C8A23E;">●</span>
<b>Health &amp; Safety</b>	Incur zero fatalities	We regret to report 5 work-related fatalities occurred in 2020	<span style="color: #C85143;">●</span>
	Target of Total Recordable Incident Rate (TRIR) <sup>1</sup> of 0.70	At 0.69 for 2020, we met our target TRIR <i>2021 Target: 0.69 TRIR<sup>1</sup></i>	<span style="color: #2ECC71;">●</span>
<b>Human Rights</b>	Incur zero gross human rights <sup>2</sup> violations at our operations by employees and contractors	Achieved in 2020	<span style="color: #2ECC71;">●</span>
<b>Inclusion &amp; Diversity</b>	Increase the percentage of women employees, including representation in managerial roles, to 15%	Women comprised 13% of our global employee population and held 13% of all managerial positions in 2020	<span style="color: #C8A23E;">●</span>
<b>Communities</b>	Invest 1% of the previous 3 years' annual mining operations revenue, or \$165 million in community programs in 2020	Invested approximately \$108 million in community programs across our operations in 2020 <i>2021 Target: \$157 million in Community Investments</i>	<span style="color: #C8A23E;">●</span>
<b>Environmental Events</b>	Incur zero significant environmental events <sup>3</sup>	Achieved in 2020	<span style="color: #2ECC71;">●</span>
	Incur zero penalties in amounts exceeding \$100,000	Achieved in 2020	<span style="color: #2ECC71;">●</span>
<b>Climate</b>	Reduce GHG emissions by 15% per ton of copper cathode in the Americas by 2030 (vs. 2018 baseline)	On target: while performance decreased in 2020 due to operational changes related to COVID-19 and economic uncertainty, project analysis and planning for Scope 1 & 2 reduction projects accelerated	<span style="color: #C8A23E;">●</span>
<b>Tailings Stewardship</b>	Implement the Global Industry Standard on Tailings Management	Committed to implementing at tailings facilities with "extreme" or "very high" potential consequences by August 2023; all other categories by 2025	<span style="color: #C8A23E;">●</span>

- Achieved
- Partially achieved or in-progress
- Missed

1 TRIR = [(Fatalities + Lost-Time Incidents + Restricted Duty Incidents + Medical Treatment) x 200,000] / Total Hours Worked.

2 Gross human rights violation – There is no uniform definition under international law; however, the United Nations Office of the High Commissioner report The Corporate Responsibility to Respect Human Rights – An Interpretive Guide, provides guidance on identifying such types of violations.

3 Significant environmental event is defined as a consequence rating of 3 or higher on our Risk Register. Note: All performance targets are annually recurring and company-wide, unless otherwise noted.



By acting ethically, we aspire to earn the respect, trust and confidence of our stakeholders.





# Business Integrity

Freeport is committed to the highest level of ethical and legal conduct in all of our business activities. Acting ethically involves more than simply complying with laws and regulations; it involves recognition that our decisions affect others. By keeping this in mind, we aspire to earn the respect, trust and confidence of our stakeholders.

## Anti-Corruption & Compliance

### WHY IT MATTERS

Engaging in corruption or bribery is not only illegal but can permanently damage a company's business relationships and workforce morale. Freeport recognizes that any violation of the United States Foreign Corrupt Practices Act (FCPA) or other anti-corruption and anti-bribery laws of the jurisdictions in which we operate could result in significant criminal or civil fines and penalties, litigation, loss of operating licenses or permits, as well as significant reputational damage.

### OUR APPROACH

Freeport maintains zero tolerance for corruption of any kind, and we expect the same from our employees, contractors and suppliers. We do not obtain a business advantage through bribery, improper payments, kickbacks or any other illegal means. No employee or contractor may offer, pay, solicit or accept bribes in any form.

Our Anti-Corruption Policy and Guidelines require compliance with the FCPA and other applicable laws of the countries and jurisdictions where we operate. In addition to our annual PBC training, we provide annual anti-corruption training for specific groups of employees using a risk-based approach. For example, senior-level employees who may interact with government officials are required to complete the training. The online training course supplements our in-person classroom training programs to extend the reach of our overall compliance efforts.

In recognition of the potential legal and reputational liability that could result from actions of our business partners and contractors under the FCPA and other laws, the company operates an online due diligence platform, the Freeport Compliance eXchange (FCeX). FCeX is a survey-based software platform designed to assess risk in the areas of anti-corruption, international trade, human rights and responsible minerals sourcing. FCeX enhances our ability to identify, assess and mitigate compliance risks.

Annually, we perform company-wide program and risk assessments with assistance from our internal audit firm, Deloitte, to assess risk and plan for the following year's audit strategy. Business controls resulting from periodic fraud risk assessments are tested and reviewed annually at our corporate offices as well as at PT-FI, Cerro Verde, El Abra and Atlantic Copper.

## COMPLIANCE LINE

Among other reporting mechanisms, Freeport maintains a Compliance Line to provide guidance and assistance to workforce members with any questions or concerns related to our PBC, policies or procedures. To encourage our workforce to report potential violations of business conduct, our Compliance Line enables anonymous reporting. The Compliance Line also is available to suppliers (including contractors) through our Supplier Code of Conduct.

During 2020, we received 270 reports through the Compliance Line relating to various topics, including employee workplace conduct, environment, health and safety, protecting company assets, and conflicts of interest. All reports are investigated and, if substantiated, the appropriate disciplinary action is taken, up to and including termination of employment.



Freeport maintains zero tolerance for corruption of any kind, and we expect the same from our employees, contractors and suppliers.

## INTEGRATING COMPLIANCE INTO OUR CULTURE

Although our traditional compliance model was challenged as COVID-19 protocols limited in-person interactions, our compliance team found innovative ways to educate and connect with our workforce. As part of our bi-monthly compliance newsletters, we leveraged the expertise and comedic talent of Chicago's Second City Works to bring short, funny videos to the global workforce. These two-minute live-action or cartoon shorts highlighted general compliance topics – such as the compliance hotline, protection of confidential information, proper use of social media and conflicts of interest – to help reinforce our compliance program, our core values and the right way of doing business. We believe making compliance relatable and part of our employees' daily routine promotes a strong ethical culture and creates consistency in decision-making.





# Responsible Value Chains

## WHY IT MATTERS

Sourcing of goods and services can have significant impact across all areas of ESG risk. In recent years, human rights and environmental risks in supply chains have become a focus in the mining industry. In addition, automotive and electronics original equipment manufacturers have received significant pressure from shareholders and other stakeholders to improve due diligence in their supply chains, which is increasing expectations on minerals producers globally. Freeport is committed to sourcing responsibly across our supply chains wherever we do business.

## OUR APPROACH

Over 70% of the world's copper is used in applications that deliver electricity. This makes copper a crucial contributor to the energy transition and a decarbonized world. As the energy transition continues, copper use is expected to increase in electric vehicles and their charging stations as well as renewable energy technologies, such as solar and wind, and the necessary connections for these technologies to grids. We believe increased copper demand should not come at a cost to sustainability. As one of the world's largest copper producers, we work hard to responsibly deliver copper to our customers and markets around the world. We do this in three key ways: (1) identifying and mitigating risks in our supply chains through our own responsible sourcing efforts, (2) managing the risks of our products and by-products in use by ensuring these risks are well understood and managed, and (3) working to better understand the full life cycle impacts of our products along the value chain.

## RESPONSIBLE SOURCING OF GOODS & SERVICES

Our Supplier Code of Conduct and compliance screening processes are the foundation of our responsible sourcing program for goods and services. Responsible sourcing of goods and services is led by our Global Supply Chain Sustainability Manager under the oversight of the SLT with support from the Human Rights Working Group. This work is a significant task, as it equates to over 20,000 suppliers that provide a wide variety of goods and services – from small catering businesses in remote locations to large multi-nationals that produce heavy machinery. In 2020, we began implementation of an advanced risk and data-based responsible sourcing framework using a combination of tools in the contracting and supplier qualification process. The system enables both screening and advanced risk assessment, tracks supplier progress against any required action plans, and enables more direct collaboration with our suppliers throughout the contract life cycle.

In 2020, we also prioritized increasing transparency in our local procurement spending to enhance visibility and to encourage increasing opportunities for local suppliers where feasible. For example, we joined WEConnect International, a global network that connects women-owned businesses to qualified buyers around the world, working to enable them to compete in the global marketplace.

Our global supply chain team also worked with local suppliers when cleaning supplies and Personal Protective Equipment (PPE) became scarce during the onset of COVID-19. In Colorado, a collaboration with local sustainable distilleries produced a reliable and sustainable source of generic wipes and cleaning solutions. In Arizona, local hardware stores provided PPE such as face coverings. These examples demonstrate our commitment to support our local communities and the critical role they play in daily operations.



## DUE DILIGENCE TOOLS

Freeport uses a combination of tools to help gather critical data on suppliers with regard to compliance, ESG and other related risks. The FCeX is the company's online due diligence platform. This survey-based software platform is designed to assess risk in areas of anti-corruption, international trade and human rights. FCeX has enhanced our ability to identify, assess and mitigate compliance risks. In 2020, we added a Responsible Sourcing section to the survey to gather information from each supplier on their ESG programs, including sustainability-related management systems and certifications, human rights, health and safety, and environmental commitments, among others.

In 2020, we also initiated implementing a software system, called Ariba Supplier Risk Management, that will be integrated into our central purchasing system. The new software enhances our supplier risk assessment using data from external sources – including operations, regulatory (anti-corruption and human rights), environmental and financial – and will provide more in-depth risk-based assessments through targeted questionnaires and audits. We will track these assessments and resulting actions, engagement and approvals for ongoing supplier life cycle management. This graphic describes the supplier life cycle process, and the Ariba platform will support us through each step.

The Ariba Supplier Risk Management system will monitor vendor risk throughout our relationship with suppliers.



## RESPONSIBLE SOURCING OF MINERALS & METALS

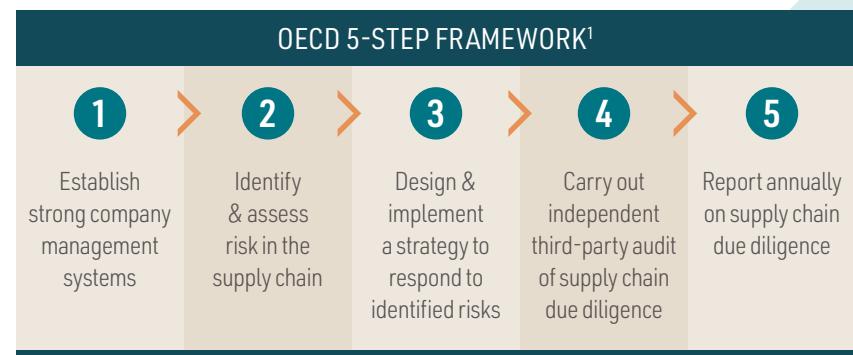
In 2019, we adopted and published our Responsible Sourcing of Minerals Policy, which commits the business to identifying and mitigating human rights violations in our supply chains of minerals and metals used in our downstream processing facilities. The Policy describes how we implement the OECD Guidelines on Mineral Supply Chains in Conflict-Affected and High-Risk Areas in our supply chain of minerals and metals. It is critical to address the requirements of the new London Metals Exchange Policy on Responsible Sourcing, where we trade several of our products. It is also a requirement of both the ICMM Mining Principles and the Copper Mark. We previously implemented a similar policy at our Kokkola cobalt refinery in Finland. In 2019 and 2020, we implemented the new policy across our copper business and smelter operations. We are working to implement it across our molybdenum operations in 2021.

To do this, we assess our incoming metal and mineral supply chains to identify potential "flags" with regard to what are defined as Annex II risks – such as bribery and corruption, human trafficking, and child or forced labor – by the OECD Guidelines. We then go through a risk-based due diligence process to help us better understand these "flags." These results then are reviewed by the applicable internal committee and appropriate actions are taken. Actions can include working together with the supplier to identify and implement an action plan, termination or general collaboration to build capacity. In 2020, we conducted due diligence on several mineral suppliers. We also began collaborating with our key traders to improve risk identification and systems. We are one of the first base metals producers to publish an OECD Step 5 report for copper and molybdenum, providing a summary of our efforts in 2019 and early 2020, and we believe this level of transparency is critical for our industry partners to adopt.

In 2020, Freeport played an important role in the development of a Base Metals Due Diligence Standard managed by the Copper Mark. The standard provides specific steps for base metal producers of copper, nickel, zinc, lead and cobalt to meet the OECD Guidelines and to aid in conformance with the LME's forthcoming responsible sourcing commitments. The standard was published in February 2021 by the Copper Mark and its partners.

## UNDERSTANDING OUR PRODUCT FOOTPRINT

Life Cycle Assessments (LCAs) provide an overview of environmental impacts across a product's life cycle to enable decision makers to identify improvement opportunities and trade-offs. Globally, governments increasingly are using LCAs in Circular Economy frameworks and for carbon and water footprint comparisons of products and services. In early 2020, the International Copper Association (ICA) launched a project to update the current global LCA profile for copper concentrate and cathode. Freeport plays a key role in this study, providing data from our mining and refining facilities. However, the project was temporarily suspended in 2020 to enable producers to focus on COVID-19 adaptation. The project was relaunched in early 2021 and its focus expanded to include developing a methodology for the carbon footprint of copper. In addition, a project was re-initiated by the Copper Development Association (partner organization to ICA in North America) to conduct an LCA of copper rod used for electrical applications. Freeport will participate in both studies in 2021 and use the results to drive internal improvements (e.g., support climate strategy) and provide data to customers and other value-chain participants.



<sup>1</sup> [www.OECD.org](http://www.OECD.org)

# Political Engagement

## WHY IT MATTERS

Public policy decisions can significantly affect our operations, future business opportunities, employees, shareholders and the communities where we operate. Trade associations and other organizations provide information and assistance with policy issues of concern to us, and certain partnerships representing our best interests are invaluable to the advancement of the industry.

## OUR APPROACH

Freeport is committed to the highest level of ethical and legal conduct regarding its political activity and spending practices, and to rigorous compliance with applicable laws and regulations.

We exercise our right and responsibility to participate in public policy matters by following public matters that are important to us and interacting, where appropriate, with elected and appointed government officials, regulators and their staff.

We are a member of various trade associations and other organizations. When we fund a trade association, we do so because we believe the association generally represents the company's best interests, although importantly, we may not support an association's position on every issue. For example, we do not delegate our voting power to trade associations or other organizations without completing our own due diligence on matters of importance.

» Freeport is committed to the highest level of ethical and legal conduct regarding its political activity and spending practices.

In addition to operating in the United States, we have significant operations in Chile, Indonesia, Peru and Spain. We work cooperatively with local, regional and national governments wherever we have operations. From time to time, issues may arise in these jurisdictions that affect our operations. With agreement from senior management, we may engage in dialogue with government officials on issues that affect our business goals and objectives, and the jobs that are thereby created. We only engage in non-partisan political activity and spending outside of the United States as permitted by, and in strict compliance with, applicable laws and regulations, including the FCPA.

The company's political activity and spending practices are overseen and approved by senior management. Annually, the Board's CRC reviews our political activity and spending practices. Our political spending also is subject to legal review and external audit.

Our practice is to make information concerning all political contributions available to our stakeholders annually by posting our political contributions to the sustainability section of our [website](#).





# Transparency of Government Payments

## WHY IT MATTERS

Our operations contribute significantly to national, regional and local development in jurisdictions where we conduct business through payments to host governments via taxes, royalties and other financial obligations. We believe that increased transparent disclosure of our natural resource revenues and payments to host governments promotes better governance and accountability regarding the distribution of natural resource industry revenues.

## OUR APPROACH

Freeport's tax strategy seeks to balance the economic considerations of our host governments and stakeholders with our business objectives. The Board's Audit Committee provides ultimate oversight of our global tax strategy, and management of our tax strategy is conducted within the corporate finance group under the direction of our President and CFO. Tax risks are identified and monitored by a global team of tax professionals, which assists in executing our tax affairs in line with our strategy, PBC and internal control policies. We are committed to fully cooperating with all tax authorities and providing access to accounting and governance documentation as requested.

We advocate for the development of fair and predictable tax laws in jurisdictions where we conduct business on issues that are important to our business and the industry.

The Extractive Industries Transparency Initiative (EITI) is a global standard to promote transparent and accountable management of natural resources. We have endorsed and committed to support the EITI since 2008. Our support includes direct financial contributions as well as contributions through ICMM. We maintain significant mining operations in Indonesia and Peru, both of which are EITI-implementing countries, and we actively support and participate in associated in-country processes.

In addition to our country-level EITI commitments and regulatory reporting obligations, our practice is to provide transparency by voluntarily reporting cash payments to governments in all jurisdictions where we conduct business, as presented in the table below.

## CASH PAYMENTS TO GOVERNMENTS<sup>1</sup>

FOR THE YEAR ENDED DECEMBER 31, 2020 (\$ MILLIONS)	U.S.	CHILE	PERU	INDONESIA	OTHER COUNTRIES <sup>2</sup>	TOTAL
Corporate Income Taxes, Net of Refunds	(\$ 216)	\$ 2	\$ 5	\$ 155	\$ 7	(\$ 47)
Withholding Taxes on Foreign Dividends	\$ 1	\$ 1	-	\$ 4	-	\$ 6
Employee Payroll Taxes <sup>3</sup>	\$ 337	\$ 10	\$ 51	\$ 69	\$ 28	\$ 495
Dividends	-	-	-	-	-	-
Royalties & Net Severance Taxes	\$ 22	-	\$ 24	\$ 132	-	\$ 178
Property Taxes	\$ 72	-	-	\$ 68	\$ 2	\$ 142
Other Taxes & Fees <sup>4</sup>	\$ 48	\$ 9	\$ 48	\$ 171	(\$ 12)	\$ 264
Total	<b>\$ 264</b>	<b>\$ 22</b>	<b>\$ 128</b>	<b>\$ 599</b>	<b>\$ 25</b>	<b>\$ 1,038</b>

1 This schedule reflects a voluntary effort by FCX to capture its cash payments to governments (net of refunds). Amounts presented do not reflect payments on assessment under dispute. Amounts presented reflect credits from prior years, as applicable.

2 Represents cash payments to governments by FCX's other business groups that are located outside of the countries where FCX conducts its primary operations.

3 Includes payroll taxes collected on behalf of employees and paid to governments.

4 Includes customs and export duties, as well as withholding tax on foreign services.



Protecting our people is  
safeguarding our business.



Company sites around the world joined the COVID-19 pandemic relief effort. Cerro Verde donated oxygen tanks and an oxygen generating plant to hospitals in Arequipa, Peru.

# People

People are at the core of our business. We are deeply committed to supporting the health, safety and well-being of our people, which was further emphasized as the COVID-19 pandemic created unprecedented challenges for our workforce and their families, our host communities and indigenous neighbors, and society at large.

In response to the pandemic, we implemented wide-ranging COVID-19 mitigation protocols at each of our operating sites, following the recommendations of global health organizations and our Medical Director, including face coverings, physical distancing, travel restrictions, sanitizing, and frequent testing and monitoring. At many of our sites, we obtained specialized medical equipment and set up quarantine and isolation facilities.

To support our employees and their families, we adjusted our policies for sick leave and other pay practices. We also implemented a policy to allow those employees who can work remotely to do so. We remain committed to maintaining health benefits and offer guidance resources to support mental and physical well-being.

In our host communities, we worked to understand our stakeholders' needs and provided continued access to the company through new communications channels in a world that quickly shifted to virtual and socially distanced interactions. Across our communities, we provided monetary support and in-kind contributions of medical supplies and food. We collaborated with partner organizations, medical institutions, charities and local governments to provide additional guidance, resources and support to our stakeholders.

Despite the unquestionable hardships and difficulties brought on by the pandemic, our workforce emerged more flexible, innovative and agile. Even with the forced distance, in many ways we are more connected to each other and to our stakeholders. Looking ahead, we remain focused on managing the ongoing pandemic, and we aim to leverage our learnings, enhanced connections and partnerships to support our workforce and stakeholders. Freeport understands its global workforce and host communities are the foundation of its success.



# Health & Safety

## WHY IT MATTERS

Mining by its nature is associated with high-risk work that must be carefully understood and managed. On a daily basis, our workforce engages in activities such as drilling and blasting rock, operating heavy machinery, using chemicals, working with high-voltage electricity, working at heights, working with high-temperature materials as well as other complex tasks. Our highest priority is the health, safety and well-being of our employees, contractors, suppliers and the communities where we operate. We understand the safety of our workforce is critical to our operational success and efficiency and ultimately to our ability to deliver long-term value to our stakeholders.

## OUR APPROACH

Safety is the foundation of our sustainability approach and is one of our core values. Our objective is to achieve zero workplace fatalities and to decrease injuries and occupational illnesses. We are committed to creating a safe and healthy workplace and providing the training, tools and resources needed so our workforce can identify risks and consistently apply effective controls. We share information and key learnings about potentially fatal events, near misses and best practices throughout the company and engage with industry peers to continuously improve our health and safety performance.

We rolled out our 2020 Safe Production Matters strategy, which aims to align global priorities, empower safe work behaviors and strengthen our safety culture. Our principal focus is on the prevention of fatalities and high-risk incidents, which we manage by using data and technology combined with behavioral science principles. Other key focus areas include the elimination of systemic root causes and optimization of health and safety resources across our business.

Our Vice President of Health and Safety oversees safety in the organization, including implementation of company-wide initiatives, safety audit programs and incident investigations. Safety performance is reported regularly to executive management, and we review and discuss all fatalities with the CRC and the Board. The CRC provides input on the overall direction of Freeport's health and safety programs and also reviews adherence to our safety and health policy, safety statistics and trends, and incident reports.

## Policies & Programs

- › **Safety and Health Policy** – States our commitments, processes and management systems to meet our health and safety objectives.
- › **Contractor Health and Safety Manual** – Defines the minimum expectations and requirements for contractors working at our operations.
- › **Occupational Health and Safety Management System** – Our framework for managing risks and compliance obligations is certified in accordance to OHSAS 18001. We are in the process of migrating to the new ISO 45001 Health and Safety Management System, which will be completed company-wide in 2021.

# SAFE PRODUCTION MATTERS



- **Protecting** our workforce
- **Supporting** our local communities
- **Maintaining** resiliency and value

## COVID-19 RESPONSE & MANAGEMENT

We started 2020 focused on implementing our Safe Production Matters strategy. However, in early 2020, the team pivoted quickly in response to the COVID-19 pandemic to support our global operations while managing the strategy rollout in parallel.

In response to the pandemic, we created a cross-functional team comprised of company leaders to help the company navigate COVID-19-related challenges. Together with this team, our Vice President of Health and Safety and our Medical Director developed and implemented COVID-19 mitigation protocols to protect our employees, our communities and our business. This included providing frequent and timely information to educate, equip and protect our workforce.

Typically, the health and safety team travels to our sites regularly to support local program implementation and best practices. Due to COVID-19, virtual communication among the team and our sites became a common practice and strengthened over time. Safety team members located on site continued to monitor operations from the field, while corporate health and safety team members largely communicated virtually. Although the team prefers to meet in-person in the office or at the sites, the health and safety team was able to continue supporting sites with the implementation of our Safe Production Matters strategy. Audits of our operations were performed remotely, safety concerns were communicated effectively, and importantly, analysis and mitigation of large-scale risks inherent to mining, such as catastrophic risks, continued throughout 2020.

## FATAL RISK MANAGEMENT PROGRAM

Our Fatal Risk Management (FRM) program is aimed at achieving our objective of zero workplace fatalities by focusing on preventative measures. As part of the program, we seek to identify potentially fatal risks in the field and apply the controls most critical for avoidance. We have identified 23 potentially fatal risks common to some or all of our operations and have embedded critical controls across our operations to help manage them.

Our FRM program is underpinned by our Safe Production Matters strategy and our culture of leading by example at all levels of the organization. We expect all employees to take ownership of their own safety and the safety of their co-workers and the community around them. Our frontline supervisors play a vital role in reviewing assigned tasks for each shift and assisting crew members with identifying potentially fatal risks, helping to ensure everyone on the job is engaged and understands the hazards and required critical controls. Anyone on the job is expected to stop work immediately if they observe that critical controls are missing or ineffective or if they believe an unsafe working condition exists.

We regularly verify and audit our critical controls to assess their proper use and effectiveness. Critical control verifications help us review high-risk tasks to ensure controls are in place and effective and provide leading indicator data to strengthen our FRM program as well as our overall health and safety system. We have a mobile platform available to assist field supervisors through a critical control checklist. The checklist captures variances with our critical controls and allows us to create action plans to address gaps.

To facilitate learning from any fatal or potentially fatal event and to help prevent reoccurrence, we conduct an investigation that includes a thorough root cause analysis for every incident. We also review findings with senior management and site senior leadership to understand what happened, take corrective action as appropriate, and discuss opportunities for company-wide learnings and improvements. Finally, we review and discuss all fatalities with the Board and the CRC.

## PERFORMANCE

We measure our safety performance through regularly established benchmarks, including our company-wide Total Recordable Incident Rate (TRIR) that includes both employees and contractors. In 2020, our Freeport workforce worked 121 million hours and recorded 418 reportable injuries during the year, compared with 142 million hours and 528 reportable injuries in 2019. Our 2020 TRIR was 0.69 per 200,000 man-hours worked, meeting our 0.70 target for the year and reflecting a decrease from 0.74 in 2019.

## Fatal Events

Regrettably, five fatalities occurred at our PT-FI operations in Indonesia. We strive to have a strong culture of safety at all levels of our organization and across all our sites, however these fatalities underscore that we must do better. Our objective remains zero fatalities.

In response to the fatalities at PT-FI during 2020, there are broad efforts underway involving senior leadership across the organization, including an intense focus on expanding FRM efforts in 2021. PT-FI's Safety Board, comprised of senior leadership and technical experts, established new metrics-based performance expectations for all leaders with clear expectations for enhancing the FRM program.

## 2020 WORKPLACE FATALITIES

### February 2020

A vehicle operator was fatally injured after losing control of their vehicle.  
*Contractor*

### May 2020

A vehicle operator was fatally injured after losing control of their vehicle.  
*Employee*

### October 2020

One operator was fatally injured after leaning out from the cabin of their equipment and accidentally hitting the control, causing it to articulate and pin the operator between the cab and the door.  
*Contractor*

### November 2020

An environmental crew member was fatally injured when an explosion occurred on a small survey vessel during a gasoline leak repair.  
*Contractor*

### December 2020

A rock fall protection team member fatally fell from a temporary walkway while mitigating landslide risk.  
*Employee*

Additionally, the PT-FI Safety Board established targets for increasing the frequency and number of critical control field verifications related to fatal risks to support leaders in driving accountability. PT-FI is integrating an enhanced mobile FRM application where critical control verifications are entered in the field in real-time, facilitating prompt response to identified deficiencies.

PT-FI has developed an upgraded contractor screening process, and in 2021, will be applying it to existing and newly established contractors to verify that they meet health and safety performance expectations.

Following the death or serious injury of one of our employees, we initiate multiple steps of care after the initial emergency response and provide assistance for the employee's family. When an employee is seriously injured, the company provides support to the employee and his or her family members during the employee's medical treatment. In the case of a workplace fatality, we assist with funeral arrangements as appropriate. In addition, senior leadership reviews the evaluation of each incident to determine compensation for the family, irrespective of liability and in addition to local requirements. We encourage our contractors to approach these types of incidents in a similar manner and, depending on the facts and circumstances, we are involved in providing or supplementing contractor assistance.

## HEALTH & SAFETY PERFORMANCE DATA

	2016	2017	2018	2019	2020
Total Recordable Events	459	433	466	528	418
% High Risk <sup>1</sup>	13%	23%	11%	11%	7%
Total Recordable Incident Rate (TRIR) <sup>2</sup>	0.71	0.75	0.71	0.74	0.69
TRIR Annual Target	0.56	0.63	0.70	0.73	0.70
Number of Fatalities	6	5	1	3	5

1 Our Sustainable Development Risk Matrix defines high-risk events as incidents that have the potential to result in permanent disabilities or a fatality.

2 TRIR = [(Fatalities + Lost-time Incidents + Restricted Duty Incidents + Medical Treatment) x 200,000] / Total Hours Worked. TRIR presented here may differ from reported TRIR in FCX's Form 10-K filings because data have been adjusted to exclude disposed assets for comparison purposes.

Note: Above safety statistics include both employees and contractors at all of our locations. We define total recordable incidents according to the requirements of the U.S. Department of Labor's Mine Safety and Health Administration.

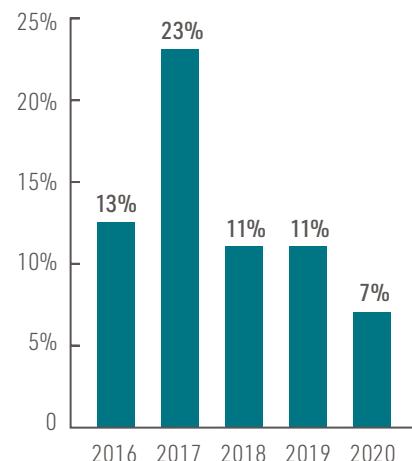
## High Risk Events

In 2020, the percentage of high-risk safety incidents continued to trend downward, reflecting our sharp focus on workplace tasks with the highest potential consequences in line with our Safe Production Matters strategy. Although implementing critical controls has helped to minimize risk and prevent fatalities, we have opportunities for improvement.

To better understand and define the spectrum of our high-risk recordable incidents, in 2017, we expanded our risk matrix to include "actionable" or "monitor" ratings categories for high-risk events. While we have always been focused on high-risk events, this change resulted in elevating more incidents to a higher level, which resulted in increased action items and monitoring of critical controls to help prevent reoccurrence. This explains the increase in high-risk events in 2017 and the subsequent improvement in the years that followed; the action items implemented and monitoring programs have led to the continued decrease in the number of high-risk incidents.

In 2020, we enhanced our root cause analysis program and established dedicated team members to support robust root cause analysis practices and learnings at our sites globally, incorporating subject matter experts from each site to drive the action plans across the company.

## TOTAL RECORDABLE EVENTS (% HIGH RISK<sup>1</sup>)



1 Our Sustainable Development Risk Matrix defines high-risk events as incidents that have the potential to result in a permanent disability or a fatality.



PT-FI's experience managing risks associated with large-scale underground block caving in Indonesia extends over four decades.

## SUPPORTING A SAFE TRANSITION TO UNDERGROUND AT PT-FI

In 2020, PT-FI transitioned all mining operations underground following completion of the open pit. PT-FI trains and educates all underground employees on underground hazards, risk controls and safety procedures to prepare them to safely and efficiently perform their assigned work. The training begins in surface classrooms and progresses to on-the-job training and competency verification in underground work areas. Health and safety training is refreshed at least annually for all underground employees, and management of potentially fatal risks is emphasized at all levels, from pre-task crew discussions and risk control checklists, to line management verifying that critical controls are in place and effective, to senior leaders verifying that the risk management system is effective.

PT-FI invests significant effort and resources into proactive management of the safety and health risks that exist in underground operations, including:

- **Autonomous and remote-operated equipment** to reduce workforce exposure to ground failure, wet muck spills and air contaminants.
- **A comprehensive Ground Control Management Plan** developed by industry leading geotechnical experts that specifies critical controls and drives continual improvement in ground support designs, practices and geotechnical monitoring systems. Controls routinely are verified for their effectiveness by PT-FI's Underground Steering Committee comprised of underground mine Vice Presidents and Senior Management and subject matter experts in geotechnical engineering, mining engineering and safety.
- **Underground fire prevention and preparedness plans** overseen by PT-FI's Underground Fire Committee control of combustible materials; extensive fire suppression systems on mobile equipment, shops and conveyor systems; emergency warning systems; firefighting teams and equipment; and refuge stations to provide shelter and clean air for personnel if an underground fire were to occur.

## ARTISANAL MINING IN PAPUA

At our PT-FI operations in Indonesia, illegal artisanal miners seek unrecovered gold from our milling operations by panning in our controlled riverine tailings system. On average, approximately 4,500 artisanal miners are in the Lowlands and 750 are in the Highlands. About 65% of Lowlands artisanal miners come from outside Papua, while the Highlands artisanal miners are predominantly from tribes from the central Highlands of Papua.

Artisanal mining in the area is illegal. However, artisanal miners set up working camps at various points along the controlled riverine tailings system. Many do not have expertise operating in hazardous conditions including remote terrain and varied climatic conditions. There are additional safety challenges with PT-FI's ongoing levee maintenance and earthworks necessary to responsibly manage the controlled riverine system.

PT-FI's community liaison officers and third-party contractors in the field proactively socialize any operational changes with the artisanal miners in an effort to manage their expectations and encourage them to seek alternative livelihoods and to minimize risks to the operations and to the panners themselves. PT-FI also informs the artisanal miners in advance of planned maintenance to minimize safety risks. The potential use of mercury by illegal artisanal miners remains a concern, and PT-FI conducts regular monitoring for mercury use through its routine environmental monitoring programs.

PT-FI cannot address illegal artisanal mining on its own; a multi-faceted approach including government cooperation, security risk management, stakeholder engagement and socioeconomic development for alternative livelihoods is essential.

## KNOWN COMMUNITY & INDIRECT FATALITIES

In an effort to develop a more holistic understanding of the health and safety impacts of our mining activities beyond our boundaries and operational control, starting in 2020, we are disclosing known community and indirect fatalities. Ultimately, our goal is to positively contribute to the improved health and safety of the people in our host communities and supply chains by supporting their efforts to avoid re-occurrence of these incidents.

During 2020, there were 16 known community and indirect fatalities, including four offsite transportation-related fatalities, two security-related fatalities near PT-FI, and nine fatalities associated with illegal artisanal mining at PT-FI where panners seek unrecovered gold in our controlled riverine tailings system.

There is no standard definition of known community and indirect fatalities. For purposes of our initial reporting, we have included non-occupational related fatalities that occurred within our area of operations, fatalities related to security events in our communities, fatalities associated with mining activities that occurred offsite and outside of our control within the communities where we operate (such as transportation), and fatalities associated with illegal artisanal mining. As a member of ICMM, we are actively engaged in discussions to develop a guideline for consistent industry disclosures on this topic.

For more information on our management of security events and our implementation of the Voluntary Principles on Security and Human Rights, please refer to the human rights section of this report and our annual report to the Voluntary Principles Plenary available on our [website](#).



# Workforce



## WHY IT MATTERS

Freeport believes a diverse, inclusive and representative workforce offers a broad range of experience, knowledge, background, culture and heritage, which can drive innovation, enhance our operational performance and improve our relationships with stakeholders. Our people are our greatest asset and our competitive advantage. Maintaining a skilled, stable and diverse workforce in the mining industry can be challenging due to the cyclical nature of mining tied to commodity price fluctuations, geographically remote operations, shifting local demographics, technological advances that are changing the way we work, and competition for talent from both inside and outside of the industry.



## OUR APPROACH

Freeport operates in regions of varying ethnic, religious and cultural backgrounds, and we often are the largest employer in our host communities. The key to our success is the ability to recruit, retain, develop and advance talented employees with diverse perspectives. We focus on attracting and retaining talented people by offering quality employment with fair and equitable compensation and benefits as well as opportunities for professional development and growth. We are committed to fostering a culture that is safety-focused, respectful, inclusive and representative of the communities where we operate.

Our PBC, Human Rights Policy, Supplier Code of Conduct, Inclusion and Diversity Policy, Social Performance Policy, and other core policies outline our company culture, our commitment to doing what's right, and the expectations for all employees and contractors. These global policies are publicly available and translated in the local languages of the regions where we operate, and it is our expectation that our workforce understands and complies with our trainings, policies and procedures.

## PERFORMANCE

At the end of 2020, Freeport's global workforce was comprised of approximately 24,500 employees and 33,800 contractors. Our overall workforce decreased from the prior year counts of 27,500 employees and 40,600 contractors largely due to operational changes made as a result of the COVID-19 pandemic. Our total employee turnover rate increased to 15% in 2020 from 9% in 2019, which was largely driven by North America where we offered Voluntary Separation Programs (VSP) in response to uncertain economic conditions related to the pandemic.

## GLOBAL WORKFORCE

(As of December 31, 2020)



North America	46%
Indonesia	26%
South America	23%
Europe / Other	5%



Indonesia	62%
North America	26%
South America	10%
Europe / Other	2%

## LABOR RELATIONS

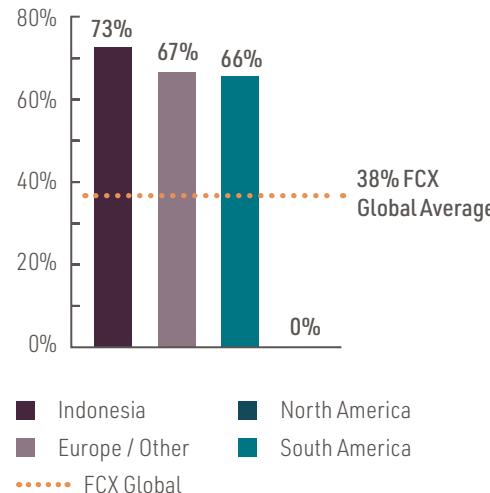
We recognize and respect the rights of our employees, including rights to freedom of association and collective bargaining, without interference or fear of retaliation, and prohibit forced, compulsory or child labor and human trafficking. We do not tolerate any form of harassment or discrimination against individuals based on race, color, sex, religion, national origin, disability, age, veteran's status or any other characteristic protected by applicable law.

During 2020, we continued to maintain positive and collaborative relationships with unions representing our employees, working cooperatively with 15 unions in seven locations worldwide. Approximately 38% of our global employee population is covered by a collective labor agreement (CLA). Our operations in Indonesia, Europe and South America are all covered by a minimum of 66% representation.

While our North American workforce is not represented by unions, our hourly employees elect to work directly with company management rather than through union representation using our Guiding Principles agreement, which outlines how we work together within the values of the company to achieve our collective goals. Updated in 2019 with input from employees, the Guiding Principles include a problem-solving process that complements our broader employee grievance mechanism and adds significant value to both our workforce and the company.

We openly engage with our employee and union leadership to negotiate and uphold labor agreements, recognizing that prolonged strikes or other work stoppages can adversely affect our business, our workforce and regional stakeholders. Although there were no formal strikes or lockouts at any of our operations in 2020, in the third quarter, we experienced a five-day, labor-related work stoppage due to COVID-19 travel restrictions when a group of workers at PT-FI staged protests and a blockade restricting access to the main road to the mining operations area. We quickly reached an amicable resolution with the group of workers, while upholding our COVID-19 safety protocols.

## EMPLOYEES UNDER COLLECTIVE LABOR AGREEMENTS IN 2020



## ORGANIZATIONAL & CULTURE TRANSFORMATION

In 2020, Freeport advanced a process to enhance our organizational structure and promote a high-performance culture designed to meet the needs of our business today and beyond. The COVID-19 pandemic radically shifted our traditional organizational systems and means of working and collaborating. In many ways, the pandemic amplified our focus on the need for, and receptivity to, innovation across all facets of our business, particularly in how we communicate, engage and collaborate across our global workforce in a virtual environment.

To support our workforce transformation, engagement and ongoing talent development, we strengthened our Human Resources department in 2020 and established two new positions: Chief Human Resources Officer and Vice President – Transformation and Organizational Development, which maintain specific responsibility for inclusion and diversity efforts.

The company began implementing the values and principles of an agile workplace in early 2019 at select sites in North America. Recognizing the momentum the agile approach created and the new challenges COVID-19 presented, we accelerated our focus on prioritizing a flexible, highly engaged workforce across the broader organization.

In 2020, we completed a value impact assessment of the human resources functions and advanced our digital collaboration efforts. We also conducted a detailed analysis of an employee Organizational Health Index (OHI) survey conducted in the Americas in late 2019 and early 2020. The survey results identified opportunities for improvement in the areas of leadership development, employee development and skills training, and employee engagement and motivation, including performance targets and transparency, and has helped inform our priorities going forward.

As part of this transformation effort, informed in part by the OHI survey results and employee feedback, we developed and rolled out Freeport Edge to support a high-performance culture.

Freeport Edge behaviors are about leveraging new ways of working that can help build a competitive advantage and promote a high-performance culture. It emphasizes the importance of aiming high by setting bold targets, challenging the status quo, collaborating as one, inclusive Freeport, and motivating and energizing our people at all levels of the organization by empowering them to be engaged to act and speak up.

» We accelerated our focus on prioritizing a flexible, highly engaged workforce across the broader organization.



### FREEPORTE EDGE BEHAVIORS



AIM HIGH



PURSUE VALUE



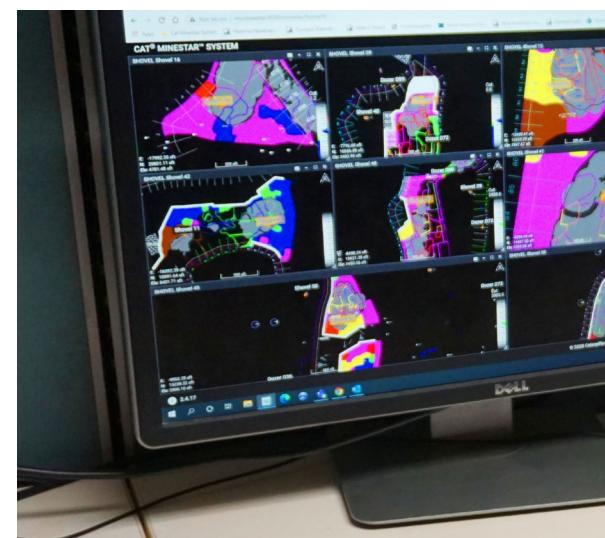
COLLABORATE AS  
ONE FREEPORT



EMPOWERED  
TO ACT



DEVELOP & COACH  
OUR PEOPLE

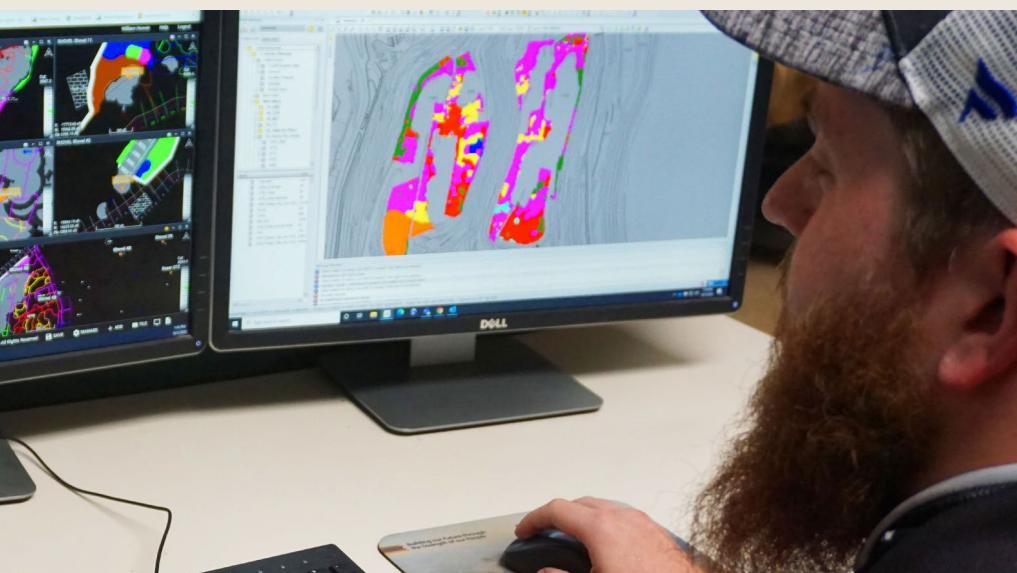


## EMPLOYEE ENGAGEMENT

A primary goal of Freeport Edge is to have more people feel connected and aligned with our high-performance culture. We proactively communicate information to our employees. The feedback we receive through employee engagement, such as the OHI survey, helps us better understand our impact, assess emerging issues and address concerns in a timely manner.

Even as many of our employees worked remotely during 2020, Freeport Edge behaviors were promoted through various communications channels, including our company intranet, social media and online collaboration tools, digital signage at sites, employee magazines, videos, surveys, and virtual townhalls – all of which encouraged employees to engage meaningfully and consistently.

We established unified virtual weekly meetings for company leaders to share current initiatives and discuss best leadership practices, and we conducted strategic planning sessions virtually. Sites and corporate functions identified culture and communications leads to pioneer these efforts, drive conversations and provide training to change how we engage and communicate with our people. We established a pulse-check program to measure progress against our baseline. We encourage regular pulse checks, or check-ins, to reveal invaluable insights into our workplace that can help inform action plans to strengthen our workplace and high-performance culture.



## TALENT DEVELOPMENT & TRAINING

We are committed to ongoing training and development of our workforce. We understand ongoing career and skill development through training and education is critical to help ensure we have the right people with the necessary skills to deliver on our business strategy today and well into the future.

In 2021, our Human Resources roadmap includes plans to focus on enhancing several critical pillars to support Freeport Edge, including performance management and recognition, skills development training and career progression, and succession planning.

Regular, ongoing and timely feedback, often in an informal setting, is critical to the success of Freeport Edge behaviors. The structure of performance feedback currently varies among locations, job categories and workforce agreements. In 2021, the human resources team will be focused on enhancing our formal performance management processes and establishing more consistent formal feedback processes between employee and supervisor, while continuing to promote our informal feedback and dialogue culture. For unionized employees, we will continue to follow local protocols to make the connection between employee skills and competencies with business performance.

## TALENT DEVELOPMENT FRAMEWORK



## INCLUSION & DIVERSITY

Inclusion and diversity has been a priority for the company for many years and has been integrated as a fundamental part of Freeport Edge behaviors. In 2020, as part of our broader organizational development efforts and Freeport Edge rollout, we made several advancements aimed at refocusing and strengthening the governance, resourcing and strategic direction of our global inclusion and diversity program, including the following:

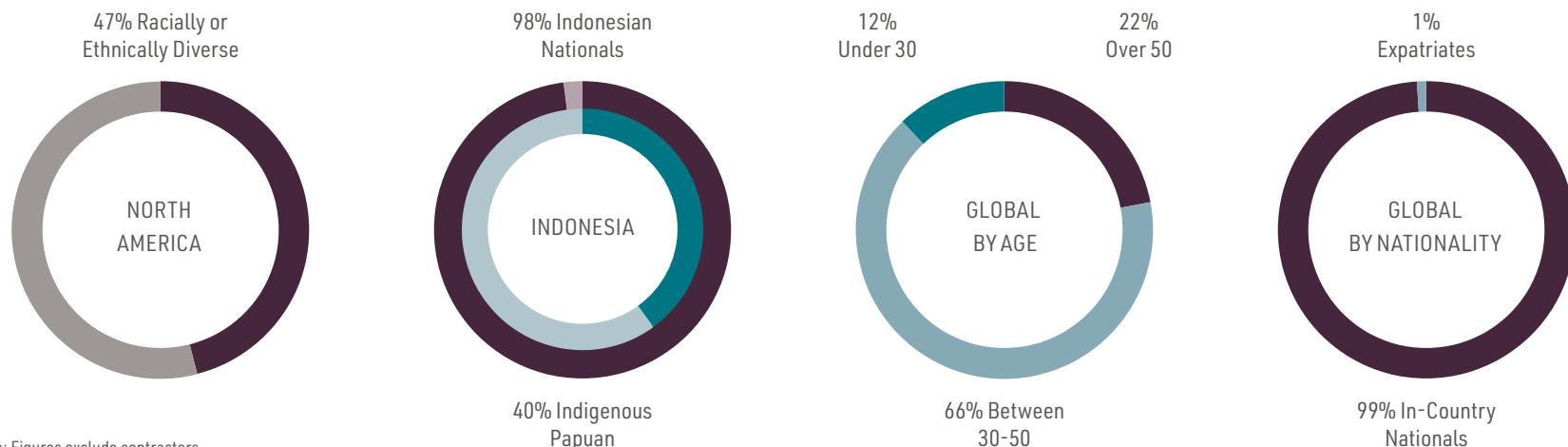
- **Established** a dedicated human resources team to focus solely on inclusion and diversity initiatives.
- **Formalized** and published a new standalone Inclusion and Diversity Policy to specifically outline our expectations for behavior for promoting an inclusive culture and workforce, available in local languages on our website.
- **Created** a cross-functional Inclusion and Diversity Steering Committee, sponsored by our President and CFO and including senior representatives from human resources, legal, operations, administration and finance teams, that meets on a quarterly basis to help guide the strategy and direction of our inclusion and diversity team.

In 2020, we continued to enhance our tracking and disclosure of various diversity metrics, an effort we plan to build upon in 2021. During the year, we launched initiatives to help ensure the global availability of PPE to accommodate different shapes, sizes and genders. We increased visibility into job openings across the organization and promoted the use of inclusive language and graphics in our official communications. We also began facilitating information sharing of best practices and lessons learned, and we collaborated on inclusion and diversity efforts across our global sites. For example, our El Abra team implemented Chile's voluntary gender equality and work-life balance ordinance in 2020 and shared findings from that effort with our PT-FI team in Indonesia.

### Diversity & Local Hiring

Freeport is committed to fostering a culture that is inclusive and representative of the communities where we operate. One of our greatest opportunities to contribute to our host communities is through local employment and capacity building. Local employment directly contributes to the economic and social development of surrounding communities. Moreover, hiring locally incorporates local cultures and knowledge into our company, which can strengthen our programs and enhance our global inclusion and diversity through increased awareness, understanding and perspectives. We believe varied workforce perspectives throughout our organization make us stronger.

GLOBAL EMPLOYEES (as of December 31, 2020)



Hiring locally is a commitment we make to our host communities. It is from this context that we must tailor our approach to inclusion and diversity – by all definitions – across our global business. We aspire for the diversity of our global workforce to reflect the diversity of the communities where we operate. In North America, 47% of our employee base is racially or ethnically diverse, including 40% Hispanic representation and 4% self-identified Native Americans / Alaskan Natives. In Indonesia, 98% of our PT-FI employee base is Indonesian, 40% of whom are Papuan.

Most people employed at our operations are host country nationals. We retain expatriate expertise for managerial and technical roles only when certain expert skills are not available in local communities. Expatriates and inpatriates receive cultural training upon their arrival to a new location. On average, expats represent less than 1% of people employed at our operations globally.

As we move forward, enhanced communications, collaboration, job opportunities and talent sharing across our sites will help us leverage the unique perspectives and local knowledge that exists within our organization. We will be considering ways to collect and gather the most meaningful data for each of our operations. We also will seek ways to encourage and promote job opportunities for our indigenous communities and other underrepresented minority groups across the organization, and we will focus on engaging with and encouraging our contractors to employ diverse and representative candidates.



Freeport welcomes all cultures and perspectives into our workforce; here, two members of our workforce pray at our mosque located inside of the underground mining complex at PT-FI's operations in Indonesia (photo capture pre-COVID-19).

## Gender Diversity

Gender diversity continues to be an important focus for Freeport. We believe that progressing an inclusive workplace culture that extends beyond our operational boundaries and into our communities is a critical driver to attracting, promoting and retaining top female talent.

At year-end 2020, women represented 33% of our Board of Directors, 13% of our global workforce and 22% of new hires in 2020. Our percentage of women in executive management and management-level positions increased to 13% in both categories, from 11% and 12%, respectively. During the year, we achieved a cumulative milestone in our global women's empowerment programs of reaching more than 100,000 women with education and training that positioned them for additional employment and advancement opportunities across our value chain and outside of the company. Refer to the Communities section of this report for more about our work to support and enhance gender diversity in our communities.

The percentage of women in our global workforce remained at 13% in 2020. Female representation ranges widely across our geographies, as high as 18% in North America and as low as 6% in Peru.

Our gender representation target remains at 15% women comprising our global workforce. Unfortunately, in 2020, female representation decreased in the Americas, partly driven by higher turnover at our North American corporate offices, which has a higher concentration of women than our operating sites, and at our operations in Peru, where retaining women in the workforce during the COVID-19 pandemic was particularly challenging due to familial roles. As a result, our 2020 global employee attrition rate was 22% among women versus 14% among men, further indicating we have room for improvement.

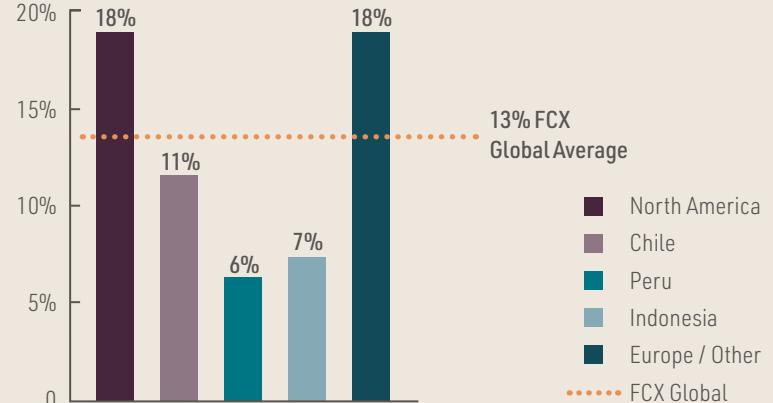
Part of our work moving forward is to better understand the specific regional contexts and drivers behind the lower numbers of women in these regions and to find ways to support inclusivity through capacity building, resilience, skills, knowledge and career development opportunities as well as finding ways to support our people outside the workplace. While inclusion and diversity issues take time to identify and resolve, our organizational and workforce transformation and the rollout of Freeport Edge focuses on addressing these challenges, increasing overall employee engagement and satisfaction, and finding ways to retain our female talent.

WOMEN IN LEADERSHIP POSITIONS (%)

	2016	2017	2018	2019	2020
Board of Directors	25%	25%	40%	33%	33%
Executive Management	11%	8%	10%	11%	13%
Management	11%	11%	12%	12%	13%
Non-Management	10%	12%	13%	13%	13%
<b>Total Employees</b>	<b>10%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>

Note: Figures exclude contractors and are as of year-end.

2020 WOMEN EMPLOYED BY LOCATION (%)



## FAIR & EQUAL REMUNERATION PRACTICES

Our approach to compensation and benefits is market-based and competitive and informed by annual benchmarking and analysis. We are committed to respecting the rights of our workforce, including paying fair and equal wages. This includes equal pay for equal work and compensation levels that support the acquisition of the goods and services necessary for an average-size family to meet their basic needs in the geographic locations where we operate.

In early 2021, we partnered with BSR, a global sustainability non-profit, to conduct a living wage assessment for both full-time and part-time employees at 14 of our operating and processing sites in the U.S., Chile, Peru and Indonesia. BSR's living wage benchmark exceeds the minimum country wage in all 14 locations assessed. The analysis found that of the more than 21,000 employees in these locations, all employees met BSR's living wage benchmark for their respective locations. We plan to complete the assessment for the remainder of our direct employees later in the year and integrate the assessment into our annual compensation review processes across our global operations. We also will seek to extend our living wage commitment to our on-site contractors in the future.

In addition to living wage, we also are committed to providing equal pay for equal work regardless of gender, race or ethnicity. We periodically conduct internal compensation reviews to identify possible pay gaps which cannot be explained through performance, distribution of jobs, experience, time in role and other related factors. To further our commitment to provide equal pay for equal work and to support our global inclusion and diversity efforts, we have engaged a third-party compensation consultant to support a formal, comprehensive evaluation of our gender pay equity practices covering our global operations.

 **We are committed to providing fair and equal pay for equal work regardless of gender, race or ethnicity.**



## EL ABRA IMPLEMENTS CHILEAN GENDER EQUALITY CERTIFICATION

Our El Abra operation implemented Chile's voluntary gender equality and work-life balance ordinance to enhance gender equality in the workplace through various measures. For example, the site reviewed equal pay, enclosed changing rooms, installed independently partitioned sanitation facilities, trained employees on managing unconscious bias, provided PPE designed specifically for women, added inclusive language and graphics to formal communications, and confirmed equal gender representation on hiring panels. A third-party audit of the management system was conducted in 2019, and the certification officially was awarded in 2020, making El Abra the first private mining company to receive this certification in Chile.



# Communities



## WHY IT MATTERS

The relationship between a mine and nearby communities is dynamic. Mining is an inherently cyclical business with production levels and profits fluctuating over the life of the mine. While many of Freeport's assets are long-lived, mining resources are finite. We aim to support our host communities during the entire life cycle of the mine, not only by managing and mitigating our impacts, but also by providing sustainable benefits that will exceed the lifespan of our operations. Further, increasing automation and shifts in the global economy are changing mining methods, processes and labor requirements. Collectively, these challenges make it increasingly important for mining companies to work collaboratively with local communities to support them in developing the necessary skills and capabilities to adapt and succeed over the long term.

## OUR APPROACH

Freeport works actively through engagement, investment and partnership activities to support host communities in maximizing the social and economic benefits of mining. Our work is focused on supporting our communities to develop the requisite skills to successfully adapt to technological and economic changes in the future to reduce their dependency on mining over the long term. By partnering to increase both individual and institutional capabilities, we help create increasing resiliency, allowing communities to better weather and adapt to commodity market fluctuations or other economic disruptions that may have social impacts.

Constructive dialogue is at the foundation of our relationships with host communities and stakeholders. Our engagements help to inform understanding of our actual, potential and perceived impacts. They also help us build a localized understanding of what contributes to community welfare and long-term sustainability as well as mutually identify relevant social investment and development priorities to support any gaps. Engagements also enable us to share information about our own operational activities, facilitate dialogue and build trust.

While our community programs are tailored to the site-specific dynamics of the operation and host community, our overarching objectives in partnership with our local stakeholders are to: (1) build enduring trust, (2) minimize or mitigate any negative impacts from our operations, (3) maximize the positive benefits, (4) support our communities in building resiliency and well-being over the life of the mine, and (5) develop the skills and capacity to thrive beyond the mine.

## Policies & Programs

- › **Social Performance Policy** (previously called Community Policy) – Mandates engagement and collaboration with local communities to minimize and mitigate unavoidable adverse impacts while maximizing opportunities to deliver value from our presence.
- › **Social Performance Plans** (previously called Community Engagement and Development Plans) – Each operating mine site maintains a Social Performance plan, updated annually, which provides a strategic framework for risk management, engagement and development assistance to the communities and neighboring stakeholders near our operations.
- › **Social Performance Management System** – The system documents and institutionalizes how we interact with our communities across our portfolio with the goal of driving strong, consistent social performance and critical coordination, communications, and accountability across the global business. A cross-functional team, including representatives from operations, sustainability and senior leadership, has been actively involved in the design with rollout planned for 2021.



## ENGAGEMENT

Traditionally, we engage with our host communities in person through Community Partnership Panels in the U.S., Community Roundtables in South America and community development and empowerment teams in Indonesia. All three models focus on proactive, transparent communications and dialogue and are comprised of local leaders and citizens representing a broad range of stakeholder groups in each community. Each of our operations also engages with stakeholders frequently through situation or topic-specific meetings, presentations or community outreach office hours.

With the onset of COVID-19 in early 2020, our community engagement teams quickly pivoted to virtual or socially distanced formats. In some communities, the transition to virtual channels resulted in an increase in overall frequency and stakeholder participation. However, in some of our partner communities, particularly Native American reservations in the U.S. and in more remote communities in Chile and Papua, effective virtual engagements were challenging due to unreliable internet and limited mobile phone access. We sought to reach these communities by phone, when available, and held socially distanced meetings with some stakeholders. In addition, some of the Tribes in North America closed access to their reservations to prevent the spread of COVID-19, limiting our access to engage and support them directly. Despite the challenges of COVID-19, we held more than 56 virtual community engagement meetings through our formalized processes, such as Community Partnership Panels and Roundtables, and an estimated 250 additional engagements throughout the year.

COVID-19 reinforced the importance of collaborating with various public and private partners and using our convening power to support our stakeholders with necessary resources. For example, early in the pandemic, our community engagement team in North America worked with the U.S. Chamber of Commerce and other partners to provide insight and guidance to our stakeholders and small business leaders on a range of topics, from financial knowledge and business recovery to information on how to access the U.S. federal relief packages and other available state and federal financial resources.

## SOCIAL INVESTMENTS

Our social investment programs are funded directly through each operation and the respective foundation or community trust funds we have established and maintain in the U.S., Chile, Peru and Indonesia. We believe communities best understand their own needs. Through our ongoing engagements, we work to understand their needs and objectives and empower them through community-led processes that direct our investments to relevant programs that meet mutually defined goals and objectives.

Annually, we seek to invest 1% of our revenue (based on a prior three-year average) into community programs. Our revenue and corresponding community investments tend to vary year over year due to a variety of factors, including the cyclical nature of our business. In 2020, Freeport invested \$108 million in social programs around the world, less than our 2020 target of \$165 million, in part due to COVID-19-related budget and programming adjustments. Since we first established a community investment target in 2009, we have invested nearly \$1.9 billion dollars in community development initiatives.



Community Trust Funds	35%
Safety, Health & Environment	17%
Other	17%
Economic Development & Infrastructure	15%
Education & Training	12%
Administration	4%

2020 TOTAL  
INVESTMENT  
» **\$108  
MILLION**

» **\$1.9  
BILLION  
CUMULATIVE  
INVESTMENT  
SINCE 2009**

## RESILIENCE

One of our primary goals in working with our communities is to help build resiliency over the life of the mine. Resiliency means the ability to anticipate and consider potential scenarios and corresponding responses, and pivot from changes in mine plans and unforeseeable events, such as the COVID-19 pandemic and impacts from climate change.

In 2020, much of our work shifted to helping communities manage the effects of the pandemic by providing dedicated resources and support and finding ways to contribute toward regional and national efforts. We are focused on supporting our communities through the ICMM Build Forward Better Framework by supporting efforts linked to livelihood (such as jobs and income) and learning (such as education and skills) to enable economic resilience and help create conditions for recovery and growth through the identification and development of alternative economic opportunities.

## Americas

- › To help support COVID-19 relief efforts in the U.S., we delivered a warehouse full of medical supplies to hospitals, health clinics and first responders in 27 locations in four states and six tribal nations. We moved quarterly Community Partnership Panels online to comply with social distancing precautions, which allowed us to engage with 45% more stakeholders on average per meeting. Our long-standing partnerships with Arizona and New Mexico United Way leaders allowed us to quickly coordinate the use of the company's matching funds for COVID-19 emergency relief and community recovery.
- › Our South America operations donated food, medical equipment, medical supplies and PPE to local communities to support COVID-19 relief efforts. In Chile, our El Abra operations donated ventilators, medical supplies and a fully-equipped ambulance to local organizations.
- › In 2020, the Freeport-McMoRan Foundation committed \$500,000 to help establish a Collaborative Care Center to provide accessible healthcare to the community and surrounding counties near our Henderson operations in Colorado. The center will house public health and human services, primary medical care, mental and behavioral health, and veterans services. Government and medical professionals will provide a team based approach and help address the social determinants of health that prevent many rural residents from receiving needed services.

## Indonesia

- › PT-Fl and the Amungme and Kamoro Community Empowerment Foundation (YPMAK) gave a combined \$1.6 million to support national, provincial and regency government COVID-19 mitigation efforts during 2020. Funds were used to purchase and transport food supplies as well as PPE for local communities, health facilities and hospital medical personnel treating COVID-19 patients. During 2020, PT-Fl purchased two Polymerase Chain Reaction (PCR) machines and converted its own labs to analyze tests of employees and others from around Papua. PT-Fl also provided thousands of test kits, expanded its medical staff, added inpatient facilities and medical equipment, and increased its isolation centers.
- › To build resiliency in and around Gresik, PT-Fl leveraged its strong partnership with the Indonesian Red Cross to hold multiple blood donation programs for employees and contractors. PT-Fl donated PPE to the Indonesian Red Cross and the East Java branch of the Indonesia Chamber of Commerce and Industry.



One of our primary goals in working with our communities is to help build resiliency.



Cerro Verde

#### SUPPORTING OUR HOST COMMUNITIES DURING COVID-19

Cerro Verde's partnerships with health-care organizations expanded in 2020 to address pandemic-related community health needs.

After a summer surge in COVID-19 cases left Peruvian hospitals struggling to keep pace with increased demand for medical-grade oxygen amid a supply shortage, Cerro Verde donated an oxygen generating plant to Honorio Delgado Regional Hospital in Arequipa, Peru.

The new plant generates 720 cubic meters of medical-grade oxygen each day, or enough for the hospital to expand care to an additional fifty COVID-19 patients, nearly double its previous capacity. It complies with international standards and was certified by one of the Peruvian Ministry of Health agencies.

Since the start of the pandemic, Cerro Verde has donated 120 oxygen cylinders as well as funds to purchase 10 non-invasive Continuous Positive Airway Pressure (CPAP) ventilators, helped acquire more than 500,000 test kits for the government and contributed tens of thousands of PPE items to regional health centers.

## CAPACITY BUILDING

Individual, institutional and economic capacity building continues to be a primary focus of our work with communities. To build individual capacity, we help ensure people have enduring, adaptable skills and opportunities needed to achieve productive livelihoods, particularly post-mining, and to play a progressively active role in the future prosperity and resilience of their own communities. We support long-term efforts to develop capabilities in leaders of organizations, local governments and nonprofits that contribute to communities' ongoing ability to grow, adapt and thrive over the long term, regardless of the status of mining. We also work to help local economies diversify by promoting small business development and a local ecosystem that enables their growth and sustainability. These efforts underpin our contribution to the SDGs.

## Americas

- › For the two-year period ending in 2020, Freeport provided matching funds to help secure competitive Rural Economic Development Innovation (REDI) technical grants from the United States Department of Agriculture for multiple rural communities in Arizona, Colorado and New Mexico. The REDI grants are exclusive planning grants that bring together local leaders and economic development experts to create actionable economic development plans addressing entrepreneurial ecosystems, housing and workforce attraction. They became vital to the entrepreneurial ecosystem during the pandemic.

Cerro Verde's healthy lunchbox program in Peru educates and provides meals to school children.



## Indonesia

- › During 2019, PT-FI completed the conversion of the Partnership Fund into an Indonesian Foundation (YPMAK) which will eventually achieve financial and managerial self-sufficiency and strengthen the long-term effectiveness of PT-FI's social investments. The new YPMAK foundation is a grant-making organization and aims to provide financial assistance for community-based programs and professional third-parties to implement projects focused on health, education, economic development, training and small-scale infrastructure. PT-FI contributes 1% of annual revenue to the foundation, or \$36.1 million in 2020, bringing the total to more than \$861 million since 1996.
- › In 2020, we launched a mentorship initiative to support graduating Papuan high school students pursuing post-secondary educations at foreign universities outside Indonesia. Students receive full scholarships and funding from the Papua Provincial Government for international travel, tuition, books, and room and board. Each student is assigned a Freeport or PT-FI mentor who assists with academic goal setting, time management, resume writing and job interview techniques. The program commenced with 57 mentees in Fall 2020, of which 68% are women.



15% of our community investments were in economic opportunities, small business initiatives and the infrastructure of our communities globally.

## WOMEN'S EMPOWERMENT & DEVELOPMENT

In 2020, cumulative enrollment in our women's economic empowerment and leadership programs reached a significant milestone, surpassing 100,000 women. Women's empowerment is a theme across our community engagement work. We believe inclusive and diverse communities that enable full and equal participation of women are stronger and more resilient over the long term. In addition to contributing to the UN SDGs, our empowerment initiatives promote women's rights through policy advocacy, leadership in the public and private sectors, small business training programs and educational attainment.

The largest of our economic development programs, DreamBuilder – a free, online entrepreneurship training program for women – has helped train more than 93,000 women across 90 countries (primarily in the U.S., Chile and Peru where we operate). In its ninth year, the program equips women with the skills and confidence needed to become financially independent business owners.

Freeport partners with WEConnect International and Vital Voices to support women's empowerment and leadership. Through our partnership with WEConnect, approximately 300 women business owners have participated in trainings and certifications to better enable them to compete for a greater share of private sector sourcing contracts as well as a business growth forum in Jakarta, Indonesia. Freeport joined Vital Voices in launching VVEngage to empower and prepare women to serve in public leadership roles where they can affect change in public policy and increase equality of benefits for women. The program aims to shift the culture around women's public leadership and move towards equality in public representation globally. Since 2018, over 50 women leaders from 23 countries have benefitted from VVEngage.

## EVALUATING OUR IMPACT

In 2020, we initiated a new impact evaluation pilot program focused on our communities in North America. Working with a third-party firm, True Impact, our aim was to go beyond tracking and reporting the output of our investments which traditionally refers to the number of direct beneficiaries, and measure and evaluate the broader impact of our social investments and the value created. We evaluated 90 projects across eight of our U.S. operating communities and their impact over the past five years. In that time, we invested \$33.3 million, that enabled participation of 2.9 million direct beneficiaries, which yielded 1.37 million "successes." The "success" metric includes a measure of how lives are improved or what additional ongoing value is gained resulting from the company's initial social investments. For example, it evaluates if a participant attends a training and then starts a business with that knowledge, creating more job opportunities versus simply tracking the training attendance with no follow-on actions. The success metric includes tracking of things like jobs created or retained, improved health, or earning a higher education degree or credential.

The overall evaluation concluded that company investments supported diverse programs and outcomes, often fortifying capacity to reach more beneficiaries or increase their efficacy over time. These highly leveraged investments generate more social impact than typical philanthropy, increasing social value to the community and social return on investment.

Following the initial pilot in North America, the team is considering how the approach might be adapted for implementation at our other sites. By implementing new tools and processes to evaluate our impact, we hope to further demonstrate the social value of mining as well as increase the efficacy of our social investments and their ability to deliver positive social change.



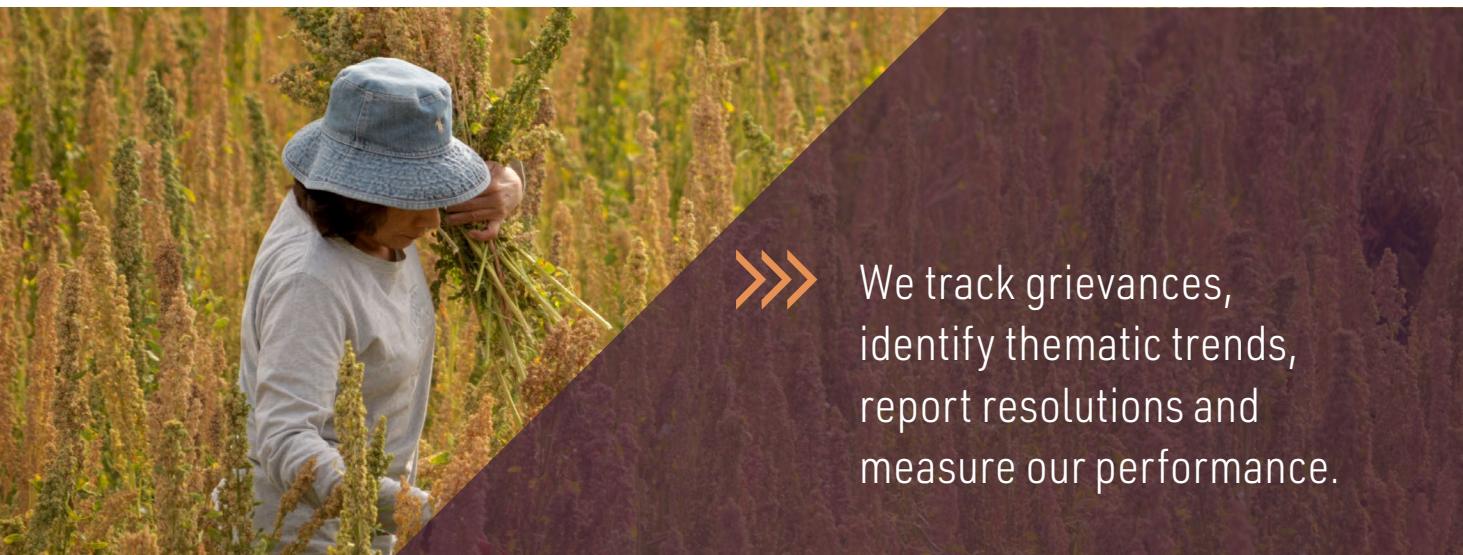
## COMMUNITY GRIEVANCE MECHANISMS

To support constructive engagement and resolution of issues that may arise, we maintain site-level grievance mechanisms where community members can share their questions, concerns and complaints outside of any other engagement forum. These community grievance mechanisms serve as an early warning system and help to manage and reduce potential risks by identifying and addressing problems before any potential escalation into larger conflicts.

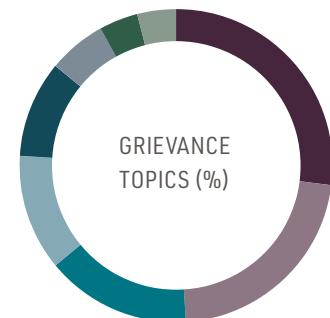
Our community grievance mechanisms are available in local languages, tailored to local cultures and allow us to document and track issues and concerns raised by local community members and respond in a timely manner. Grievances typically are received by community engagement team members in the field through engagement at established company or community forums, in writing via physical drop boxes or via local telephone hotlines. Grievances then are reported to the site Community Grievance Officer, who relays the grievance to the relevant department for evaluation. Community engagement team members help investigate grievances and work with community members to acknowledge the grievance, address concerns, solve problems and mitigate or remedy impacts. For grievances with potentially high community impacts, senior management and applicable government authorities are engaged as appropriate.

During 2020, our global operations recorded 140 community grievances in our web-based management system, mostly regarding community benefits, environmental concerns, health and safety, and land rights. This system allows us to track grievances, identify thematic trends, report resolutions and measure our performance.

In 2020, we completed a review of our global community grievance procedures against the UN Guiding Principles (UNGPs) effectiveness criteria. The ICMM's updated good practice guidance on Handling and Resolving Local-level Concerns and Grievances, which together with input from community members and their representatives, will be incorporated into our Community Grievance Standard Operating Procedure. Process improvements include, but are not limited to, access accommodations for vulnerable groups, guidance on impact assessment and remedy, and establishment of a formal feedback loop to inform continuous improvement. These enhancements will be rolled out in 2021 along with improved management systems.



## 2020 GRIEVANCES



Community Benefits	27%
Environment	22%
Health & Safety	15%
Other <sup>1</sup>	12%
Land Rights	10%
Physical Damage	6%
Employment	4%
Cultural Heritage	4%

1 Other includes security, town site / housing and other grievances not listed above.



United States	59
Indonesia	53
Chile	17
Peru	10
Europe	1



# Indigenous Peoples



## WHY IT MATTERS

Indigenous Peoples have lived for thousands of years in aboriginal territories around the world. These populations inhabit landscapes that collectively hold some of the world's most diverse peoples, languages, cultures and biodiversity. At Freeport, we acknowledge and respect the Indigenous Peoples who have historically occupied areas on or near our operations or have ancestral connections to these lands. We are steadfast in our commitment to engage with indigenous groups, and importantly, to foster long-term relationships built on transparency and trust to earn and maintain our social license to operate.



## OUR APPROACH

Freeport's stakeholder engagement and social investment objectives include formal interactions with Indigenous Peoples in Papua, Indonesia; Native Americans in the United States; and the traditional communities of Alto El Loa in Chile. The adjacent table provides a listing of the Indigenous Peoples that we currently interact with on a routine basis. This list is not exhaustive and is not static. For example, there are several other Native American Tribes in the Southwestern United States that we interact with on a non-routine basis.

Our approach aims to respect the social, economic and cultural rights of Indigenous Peoples, including supporting their effective representation and participation in engagements with our company. We are committed to adhering to the ICMM Position Statement on Indigenous Peoples and Mining and work towards obtaining Free, Prior and Informed Consent (FPIC) for new projects and material expansions of existing projects.

REGION / SITE	INDIGENOUS GROUP / COMMUNITY
Southwestern U.S. (Arizona)	Hualapai Tribe Navajo Nation Pascua Yaqui Tribe San Carlos Apache Tribe Tohono O'odham Nation White Mountain Apache Tribe Yavapai Prescott Indian Tribe Yavapai-Apache Nation
El Abra (Chile)	Ascotán Ayllu Ojos de San Pedro Ayquina Caspana Chiu Chiu Conchi Viejo Coska Cupo Estación San Pedro Lasana Ollagüe Taira Toconce
PT-FI (Papua, Indonesia)	Amungme Damal Dani Kamoro Mee Moni Nduga

» At Freeport, we acknowledge and respect the Indigenous Peoples who have historically occupied areas near our operations or have ancestral connections to these lands.

## BUILDING TRUST WITH INDIGENOUS PEOPLES

Over the last two years, we focused on strengthening our work to build trust with Indigenous Peoples potentially impacted by our operations and business activities, starting with our North American operations. The overarching goal of the process was to develop a practice that facilitates trust by supporting ongoing relationships, fostering transparency and creating shared value over time. Ultimately, the trust-building process also should enable a clearer path to FPIC when new expansions or projects are undertaken that may impact Indigenous Peoples.

We began with a workshop facilitated by experts in indigenous relations to support our understanding of our current relationships with Native American tribes and to determine areas and key goals for improvement. Freeport has an internal Native American affairs team who provided critical guidance and leadership through this effort and continue to do so on an ongoing basis. The team's expertise, knowledge and perspectives are invaluable to informing and educating our company's practices. As such, they led a multi-disciplinary team from across our U.S. operations and corporate office to develop an approach that outlines how we seek to build trust between our operations and our partner Native American tribes through a variety of activities and approaches.

A critical component of the approach is the establishment and maintenance of dedicated trust building teams at our operations. These cross-functional teams are responsible for understanding the values and cultural needs of each tribe, developing and maintaining ongoing relationships, supporting effective engagements on a regular basis, and creating opportunities for social benefit. Often in the past, relationships were transactional in nature and defined by specific business needs such as land purchases and projects. Although we continue to discuss these topics, we are shifting our focus to building deeper relationships that deliver a foundation of trust through which shared value can be achieved over the long term.

Early indications from the initial implementation of the Building Trust approach show we are facilitating a much greater understanding of the values and needs of nearby tribes that will improve our approach to and definition of engagements and shared benefits. In 2021, we will continue to apply the Building Trust approach at our U.S. sites and begin adaptation and implementation at our international sites.



A Project Dreamcatcher graduate, small business owner, Hualapai Tribe member, pictured with her daughter in Arizona.

## RESILIENCE

### Americas

In 2020, our resilience efforts focused on our COVID-19 response where we redirected funds to help deliver critical supplies to tribal communities and address other response and recovery efforts. For example, through our Native American Partnership Fund, we awarded \$50,000 to the Hualapai Tribe to support the construction of an Emergency Operations Center and storage facility for the Hualapai Incident Command team who monitor community health and communicates medical recommendations, such as measures to prevent the spread of COVID-19. Additionally, we supported the Hualapai Tribe with funds to retrofit tribal office workspaces, allowing tribal business to continue amid social distancing and tribal public health ordinances. We provided the White Mountain Apache Tribe, near our Morenci mine site, funds to purchase personal hygiene kits and other necessities for first responder teams.

The Navajo Nation was one of the hardest hit by COVID-19 with infection rates among the highest in the U.S. We partnered with the Nation to provide PPE and other medical supplies as well as funds for emergency response and recovery efforts that could be applied to address the most urgent needs as they arose through the initial months of the pandemic.

Our Safford and Morenci operations in Arizona donated approximately 72,300 bottles of water – more than 3,000 cases – to support the needs of the San Carlos Apache Tribe and White Mountain Apache Tribe. The typical summer water shortage experienced in Arizona was amplified by the COVID-19 crisis with the frequent need to cleanse hands and reduce the spread of the virus. In remote locations, tribal members haul water for everything from cooking and drinking to showering.

In early 2020 at our El Abra operation in Chile, we delivered 10 thousand liters of water to the neighboring communities of Ayquina and Cupo located in the El Loa Province, Antofagasta Region, where water scarcity is historically high and few communities have access to potable drinking water. These communities have large elderly populations, who could not safely seek potable water during the pandemic. The municipality of Calama delivers water once a month to the communities. During the pandemic, the need for additional water for cooking, cleaning and basic hygiene increased significantly.

### Indonesia

Some of the traditional waterways used by the Kamoro Lowland communities have been impacted by PT-Fl's recent levee extension which was necessary to maintain the safety of our controlled riverine tailings system. PT-Fl has been collaborating with the Kamoro on a mitigation strategy for the levee extension, and in 2020, accelerated its support and collaboration with the Mimika Government to establish the village of Otakwa, east of the levee, as a transportation hub to support the Kamoro's economic needs.

In 2020, in cooperation with the Mimika Catholic Diocese, PT-Fl helped establish a retail grocery store in Otakwa, providing food and necessities to nearby coastal communities including fishermen. Developed in partnership with Arizona State University's School of Sustainability, a solar panel system was installed next to the retail grocery store to economically power refrigerators, reducing fish storage costs and increasing fish quality. In 2020 during the pandemic, the cooperative was able to keep the solar system operating, benefitting the fishing community with higher return on sales and the broader Otakwa community with lower retail prices. Fish is now sold locally without incurring the expensive round-trip transport costs to Timika.



## CAPACITY BUILDING

### Americas

During 2020, we continued our Native American college scholarship program which has awarded 304 college scholarships to tribal students over the last nine years. This program is particularly important, as we continue to identify mechanisms and solutions to increase equity in education. In 2020, 18 students from the Hualapai Tribe, San Carlos Apache Tribe, Tohono O'odham Nation and the White Mountain Apache Tribe received scholarships and attended Arizona state universities, tribal colleges and tribal universities across the U.S. and one in Sonora, Mexico.

Our DreamCatcher program, aimed at empowering Native American women entrepreneurs, consists of an intensive week of MBA-level business classes taught by Thunderbird School of Global Management faculty, site visits to local businesses and professional development and networking sessions with successful business owners. Since inception, 67 participants have been selected to complete the intensive in-person DreamCatcher program. In response to COVID-19, DreamCatcher pivoted to an open online platform where 19 webinars were hosted for 260 tribal participants, significantly expanding program reach.

### Indonesia

PT-Fl has engaged with Papua's indigenous populations for decades through multiple formal agreements that promote capacity building through workforce skills training as well as health, education, economic development, public infrastructure development, and participatory monitoring and evaluation of PT-Fl funded projects.

We continually invest in our host communities in Papua by implementing programs to support capacity building through the development of their skills and employability. Our Papuan Sustainable Human Capital Development Program is designed to increase opportunities for Indigenous Papuans to join our workforce directly or through contractors that support our operations. The program includes a three-week course to enhance life and work skills by teaching teamwork, behavioral safety and workplace compliance expectations. PT-Fl also provides a monitoring and coaching program to support successful adaptation into the working environment. Through 2020, 302 Papuans have completed the program and now are working with contractor organizations throughout PT-Fl operations.



A 2020-2021 Freeport-McMoRan Native American Scholarship Recipient in Arizona. We seek to support our Indigenous neighbors through capacity building and educational opportunities.



# Human Rights

## WHY IT MATTERS

Human rights are internationally recognized, defined in the Universal Declaration of Human Rights and codified in international law. Mining activities have the potential to impact the way people enjoy these rights – as employees, contractors, suppliers, community members, human rights defenders or other groups. Freeport respects internationally recognized human rights, including the rights under the International Bill of Human Rights, and is committed to implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs). Treating people with respect is simply the right thing to do.

## OUR APPROACH

Respect is a core value for Freeport. We are committed to respecting the rights of all people, including our employees, contractors and suppliers, community members, and others who potentially may be impacted by our business activities. We take this obligation seriously in all aspects of our business, and we expect the same of our business partners.

Respecting human rights is a business imperative and unique opportunity. We aim to promote human rights through proactive engagement with host governments and communities and by training our employees and contractors. Our corporate level Human Rights Working Group supports our site-level implementation of the UNGPs.

We participate in multi-industry dialogues on respect for human rights, including Business for Social Responsibility's human rights working group, Sustainability 50's executive-level peer-to-peer collaboration and information exchange on multiple topics including human rights and responsible supply chains, ICMM's Community Support Working Group, and the Voluntary Principles on Security and Human Rights (VPs). These external initiatives, together with local and international-level stakeholder engagement, influence our human rights approach.

## Policies & Programs

- › **Human Rights Policy** – States our commitments to the Universal Declaration of Human Rights, the UNGPs and the VPs. In late 2020, we updated our Human Rights Policy to strengthen our commitments and incorporate our value chain approach.
- › **Supplier Code of Conduct** – Based on our PBC, our Supplier Code of Conduct sets forth expectations for suppliers and contractors in areas such as safety, human rights, anti-corruption, community and environment. We mandate human rights standards through our supplier contracts.
- › **Responsible Sourcing of Minerals Policy** – Our Responsible Sourcing of Minerals Policy commits our business to identifying and mitigating human rights violations in our supply chains of minerals and metals for our downstream processing facilities.

The CRC provides oversight of our human rights program and application of the Policy is supported by our PBC and other core policies (Anti-Corruption, Social Performance, Environmental, Safety and Health, and Inclusion and Diversity). These policies and supporting management systems along with relevant external standards and initiatives form the overall framework that guides our sustainability programs and management of human rights risks.

## PERFORMANCE

Despite social distancing due to COVID-19, many of our human rights teams collaborated more frequently in 2020. Teams held weekly meetings with critical sites to discuss and address complex issues brought on by the pandemic. Our Human Rights Working Group convened four times to share and provide feedback across functions including Global Supply Chain, Compliance, Sustainability and Communities. This enabled our operations to adapt quickly and keep respect for human rights at the forefront.

Protecting our workforce from the virus was paramount. At our Cerro Verde operations in Peru, most of our workforce commutes daily from Arequipa, Peru's second most populous city. We quickly recognized the need to reduce potential exposures and implemented a hoteling concept where employees stayed on-site for seven-day shifts after completing a screening process. Similarly, at our PT-FI operations in Indonesia, in order to limit potential exposures to our workforce and the communities, we enacted travel restrictions between our operations in the Highlands and the communities in the Lowlands where most of our employees live. As we gained experience with COVID-19 protocols and listened to feedback from our workforce and communities, we responded and adjusted workforce COVID-19 requirements.

## Due Diligence

As we seek to further embed respect for human rights across our organizational activities, we use our Risk Register process to identify risks to people at each operation and address potential and actual impacts on rights-holders. This process is developed by ongoing stakeholder engagement, grievance management and the results of human rights impact assessments (HRIAs).

## HUMAN RIGHTS IMPACT ASSESSMENT STATUS

YEAR CONDUCTED	2013	2017	2018	2021	2021	2022	TBD
Site / Region	Corporate	Cerro Verde	New Mexico	El Abra	Arizona	PT-FI	Europe
Status	Complete	Complete	Complete	In Progress	Planned	Targeted	Targeted

Our primary method of conducting specific human rights due diligence at our operations is through HRIAs. They involve direct input from a broad cross-section of internal and external rights-holders and support continuous improvement of our management systems by testing their effectiveness in identifying and addressing potential, actual and perceived human rights risks and impacts.

In second-quarter 2019, we initiated implementation of an HRIA at our El Abra operation in Chile. Unfortunately, field work was deferred due to social unrest throughout the country occurring in late 2019 through early 2020. Then, as a result of COVID-19, we were unable to restart as planned. We are restarting the HRIA in 2021 with a virtual approach to field work and expect to complete the assessment during the year. In 2021, we also plan to start our Arizona HRIA and initiate planning for an HRIA at PT-FI, which will commence in 2022.

Our responsible sourcing programs require human rights due diligence on suppliers of both goods and services, and minerals and metals for further processing. In 2020, we launched a new version of our supplier screening tool used to assess supplier human rights and other sustainability-related risks. The tool helps identify where we need to collaborate or investigate further with suppliers and is being used at most of our operations as of first-quarter 2021.

In 2020, PT-FI continued its Human Rights Ambassador program, providing representatives from contractor companies with train-the-trainer instruction on human rights and the VPs. After training, Human Rights Ambassadors serve within their respective contractor companies and promote awareness of PT-FI's Human Rights Policy, emphasize our shared responsibility for human rights and annually train their company's workforce on human rights.

## VOLUNTARY PRINCIPLES ON SECURITY & HUMAN RIGHTS

The VPs serve as guidelines for our security and human rights programs, including interactions with host government police, military personnel and private security contractors. Our implementation is primarily focused on Indonesia and Peru, which are higher risk jurisdictions for security and human rights matters.

Risk assessments help us identify security-related human rights risks and create action plans for specific site-level operating environments. Contracts with private security providers include requirements to comply with both our Human Rights Policy and the VPs. Memorandums of Understanding are maintained with host governments detailing the working relationship between the company and the public security personnel assigned to it. Human Rights Compliance Officers conduct training for security employees, security contractors and host government security as well as receive, document and follow up on formally or informally reported human rights incidents, grievances and allegations. Refer to our annual reports to the Voluntary Principles Plenary on our [website](#) for more information.



Indonesia has long faced separatist movements and civil and religious strife in various provinces. In Papua, where our Grasberg minerals district is located, separatist groups have sought increased political independence for the province. These groups have been responsible for sporadic attacks on civilians as well as highly publicized conflicts between separatists and the Indonesia military and police.

On March 30, 2020, a fatal shooting incident occurred at an administration building near Timika, a town in the Lowlands area of our operations. We are deeply saddened to report one expatriate employee was killed, one national employee and one national contractor were seriously injured, and four others suffered minor injuries. Police authorities believe an armed separatist group, also reportedly responsible for recent attacks on government security posts near Tembagapura, orchestrated the attack.

PT-Fl continues to work with the government to enhance security throughout the PT-Fl project area. We continue to limit the use of the road leading to our mining and milling operations to secured convoys, including transport of personnel by armored vehicles in designated areas.

## GRIEVANCE MECHANISMS & REMEDY

While we seek to avoid causing and contributing to adverse impacts on individuals and communities, we acknowledge they may occur. We are committed to providing for and cooperating in remediation of adverse impacts related to our business as well as collaborating with value chain stakeholders to address impacts linked to our business relationships.

We have established grievance mechanisms for employees, community members and members of our supply chain and others to report human rights concerns. These mechanisms help us address concerns early and remediate impacts directly. Updates to our community grievance mechanism are being rolled out in 2021 to incorporate the effectiveness criteria outlined in the UNGPs. To learn more, please refer to the Community Grievance Mechanisms section of this report.



Environmental protection and stewardship are critical to the long-term viability of our business.



Educators teach visitors about the tailings deposition area at our demonstration area in Papua, Indonesia, which is part of the reclamation and revegetation program at PT-Fl.

# Environment

Freeport recognizes that mining impacts the natural environment. Our goal is to conduct our mining and processing operations in a manner that minimizes adverse impacts on the environment and supports protection of the ecosystems through responsible environmental stewardship.

We believe environmental protection and stewardship are the keys to ensuring the long-term viability of our business, including maintaining the necessary support from our host communities and governments. We are committed to sound environmental practices at all of our operations with a focus on continuous improvement.

Our workforce incorporates environmental awareness into our daily activities and implements actions necessary to protect the environment. This commitment is reflected in the highest level of our executive management, and the Board's CRC provides oversight to management on the direction and effectiveness of our environmental practices, policies and programs.

## POLICIES & PROGRAMS

Our Environmental Policy serves as the framework for the protection of natural resources in the regions where we live and work. In addition to maintaining compliance with laws and regulations, our policy objectives are to minimize environmental impacts using risk management strategies based on valid data and sound science.

Our Policy also requires that we review and account for the environmental effects of our activities throughout the mining life cycle, and we plan and conduct our operations in a manner that optimizes the economic use of resources while minimizing adverse environmental effects.

All of our mining and mineral processing operations and technology centers maintain Environmental Management Systems (EMS) certified to the ISO 14001:2015 standard. As part of our EMS, our workforce is trained on site-specific subject areas, receives annual environmental refresher training and is supported in the field by environmental professionals through our Boots in the Field program.

Site management teams identify, manage and mitigate environmental risks through our Risk Register and the use of environmental critical control systems designed to prevent significant environmental incidents from occurring at our operations. Critical controls are particularly focused on the elimination of unplanned off-site releases and prevention or minimization of impacts to water and other natural resources.

At the corporate level, we maintain subject matter experts (SMEs) who train, develop and support site teams, routinely conduct site visits and manage a group of site-based SMEs. Collectively, they are responsible for building technical expertise, ensuring consistency in our environmental programs and sharing best practices.

## PERFORMANCE

The EMS at each of our operations are independently audited on an annual basis. In 2020, we used a virtual audit format to complete internal EMS audits at seven locations and environmental compliance audits at another two locations. Our facilities were inspected by governmental regulatory agencies 58 times and several were conducted virtually. Inspections were down significantly year over year due to COVID-19 travel restrictions and safety protocols. Early in 2020, we revised operating plans due to COVID-19, which included suspending operations at our Chino mine, lowering mining rates at El Abra and deferring all nonessential projects. Additionally, Cerro Verde's mining and milling rates were impacted by the government-mandated temporary shutdown. As a result, many of our environmental indicators are improved year over year, including water use, GHG emissions, air emissions and waste.

As part of our environmental management commitment at PT-Fl, external audits have been undertaken on a routine basis since 1996. The next audit was scheduled for completion in 2020; however, this was delayed due to the pandemic. Subject to global health conditions, we will seek to initiate the audit in the fourth quarter of 2021. An executive summary and responses to the most recent 2017 audit recommendations are posted on our [website](#) and will be updated once the new audit is completed.

All operations have corrective and preventive action programs associated with the overarching EMS as well as audit and inspection findings. These actions are reviewed by corporate SMEs to ensure such measures are robust and institutionalized for the future.

For 2020, Freeport had two global environmental targets: (1) incur zero environmental penalties over \$100,000 on an individual basis and (2) incur zero significant environmental events as defined in our Risk Register process. We met both targets in 2020.

Fines paid in 2020 included one Notice of Violation (NOV) at Sierrita for a dust event arising from a tailings impoundment in 2020 (\$55,000), a fine for failure to obtain a CO<sub>2</sub> permit at Rotterdam for the period of 2016-2019 (\$12,000) and a permit deviation at El Paso (\$100).

Typically, when our operations have received a NOV from a regulatory agency, the citations have involved brief and minor exceedances of permit conditions or other record-keeping violations.

We are committed to constantly improving our environmental performance across our operations. For example, to address the ongoing dust occurrences at Sierrita, we formed a cross-functional team to capitalize on expertise across different areas, are testing new dust suppression products, and are using satellite imagery and drones to identify areas in need of dust suppression.

## ENVIRONMENTAL COMPLIANCE INDICATORS

	2016	2017	2018	2019	2020
Reportable spills or releases of hazardous or toxic chemicals <sup>1</sup>	33	25	17	33	19 <sup>2</sup>
NOVs related to permit exceedances, spills, or releases or other compliance matters <sup>3</sup>	5	5	10	5	7
# of Significant Environmental Events (as defined by the Risk Register)	-	-	1	-	-
Cumulative Environmental Penalties <sup>4</sup>	-	\$ 317,000	-	\$ 124,682	\$ 67,100

<sup>1</sup> Reportable spills excludes spills at PT-Fl associated with pipeline sabotage. Due to increased security efforts, the number of sabotage-related spills reported at PT-Fl decreased from 68 in 2018 to 16 in 2019 to 8 in 2020.

<sup>2</sup> 2020 reportable spills included four releases of 75 kg (or less) of NH<sub>3</sub> or SO<sub>2</sub> at our Rotterdam molybdenum plant associated with malfunctions of the catalytic oxidizer, down from 14 such events in 2019.

<sup>3</sup> NOV is Notice of Violation. As NOVs are rescinded based on the legal appeals process, prior year data may be updated.

<sup>4</sup> 2017 penalties paid were from NOVs at Cerro Verde in 2006 and 2008. 2019 penalties paid were from NOVs at Sierrita for dust events in 2018 (\$30,000) and a NOV at Cerro Verde in 2007 (\$94,682). In addition, we agreed to fund a \$200,000 Supplemental Environmental Project associated with the Sierrita dust events. The Cerro Verde fine was paid in 2019 from a regulatory inspection conducted in 2007 due to extended legal appeal process. 2020 penalties paid were principally from a Sierrita dust event (\$55,000) and the failure to obtain a CO<sub>2</sub> permit at Rotterdam (\$12,000).

Note: Excludes data from the Tenke Fungurume mine, which was sold in November 2016. As a result of methodology changes or corrections, prior year data may be updated. All financial figures are quoted in U.S. dollars, unless otherwise noted.



# Climate



## WHY IT MATTERS

Freeport recognizes climate change poses considerable near and long-term challenges for society and to our own operational and financial performance. Mining is energy-intensive and generates significant greenhouse gas (GHG) emissions that contribute to climate change. However, copper plays an essential role in the technologies needed to develop and deliver low carbon energy, including solar, wind and energy efficient technologies, which are critical to support the global energy transition to meet the Paris Agreement on climate change.

## OUR APPROACH

As one of the world's largest copper producers, Freeport understands its critical role in the low-carbon energy transition. We remain dedicated to supplying the global economy with responsibly produced copper and operating in a manner that manages and mitigates our GHG emissions and other climate-related risks.



In 2020, we published our inaugural climate report, established our first GHG emissions reduction target for the Americas and committed to aligning our climate strategy and related disclosures with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in the coming years. We also formalized our climate change strategy, which is founded on three pillars: Reduction, Resilience and Contribution.

- **Reduction:** We strive to manage, mitigate and reduce our GHG emissions where possible. As a first step, in 2020, we established our initial public target to reduce our GHG emissions in the Americas by 15% per ton of copper cathode by 2030 from our 2018 baseline.
- **Resilience:** We strive to enhance our resilience to both physical and transitional risks associated with climate change for our operations, our host communities and our stakeholders. This includes working proactively to analyze and prepare for extreme weather events, water stress and other climate change impacts.
- **Contribution:** We strive to be a positive contributor beyond our operational boundaries by responsibly producing copper and molybdenum for the energy transition. This includes collaborating with partners in our value chain, with the ultimate goal of meeting the goals of the Paris Agreement.

To learn more about our approach to climate, including our strategy, please read our inaugural 2019 Climate Report available on our [website](#). We also will be publishing our 2020 Climate Report later this year.



Responsibly produced copper is necessary for the technologies needed to develop and enable the energy transition.

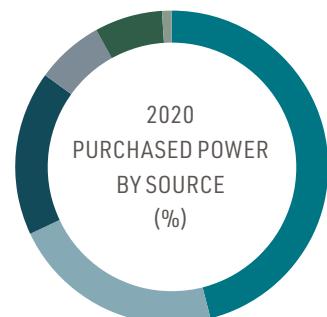
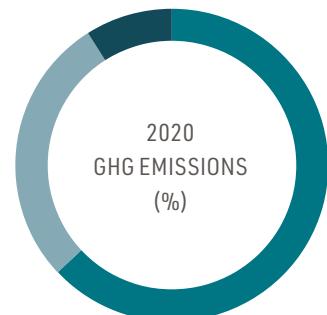
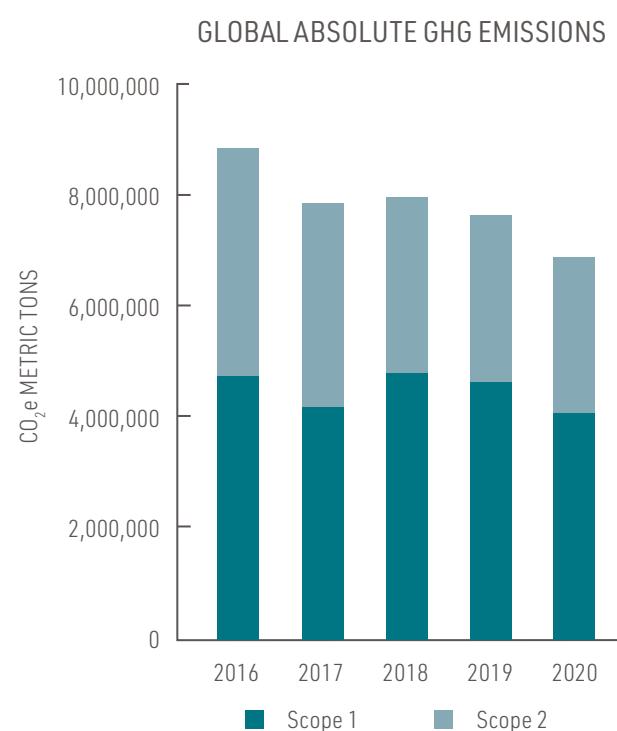
## PERFORMANCE

Our global annual absolute GHG emissions range between 7-9 million metric tons per year, with approximately 70% from our FMC operations (including FMC Mining and Downstream Processing) and 30% from PT-Fl in Indonesia. Our FMC emissions are dominated by Scope 2 emissions as a result of purchased electricity while PT-Fl's are dominated by Scope 1 emissions, resulting from coal used to generate reliable electricity for our remote operations in the eastern province of Papua. Our current Scope 3 emissions estimates are small in comparison to our Scope 1 and 2 emissions (less than 10% of total Scope 1 and 2 emissions), largely due to the minimal downstream processing required to transform copper cathode into various forms such as wire for electrical cables. In 2021, we are expanding our Scope 3 calculations to include additional categories in line with the WRI / WBCSD Greenhouse Gas Protocol, as a result our Scope 3 calculations may change. We plan to provide more detail in our upcoming 2020 Climate Report.

In 2020, our absolute Scope 1 and Scope 2 global emissions decreased by 8% from the prior year to 7.1 million metric tons, which was driven predominantly by reduced production and stripping at our Americas operations due to operational changes associated with our COVID-19 response, uncertain economic conditions and PT-Fl operations transition from open pit to underground during the year.

Our 2020 absolute Scope 1 and Scope 2 global emissions are 21% lower than in 2016 as a result of significant improvements in energy efficiency and grid decarbonization, as well as periods of reduced mining rates at PT-Fl.

FCX'S 2020  
ABSOLUTE GLOBAL  
GHG EMISSIONS ARE  
 **21%**  
**LOWER**  
THAN IN 2016



Source	Percentage
Natural Gas	46%
Hydro	22%
Coal, Other Fossil	18%
Nuclear	7%
Solar, Wind, Geothermal	7%
Other	<1%

## Reduction

In 2020, we advanced plans for achieving our 15% reduction target in the Americas. This included progressing evaluation work on our renewable energy opportunities in the Americas, which is focused on reducing Scope 2 emissions. We signed an agreement at our El Abra operations in Chile to source 100% of its energy consumption from renewables starting in 2021. We also continued assessing opportunities to reduce our Scope 1 emissions at our mines.

On this page, we illustrate the absolute emissions and production intensity performance of our Americas copper operations (excluding our rod mills) and project what our performance would have been "Business as Usual" in the absence of innovation. On an absolute basis, we have reduced our total GHG emissions for the Americas business to approximately 4.6 million metric tons, which is 6% lower than 2019 total emissions and 24% lower than our Business as Usual projections. Performance against our 15% intensity target is shown with the dotted copper line. In 2020, our performance against our target deteriorated slightly due to reduced production and other reductions following operational changes to manage COVID-19 and economic uncertainty earlier in the year.

PT-FI accounts for approximately 30% of total Freeport emissions and approximately 50% of the company's total direct Scope 1 emissions. This is primarily related to its self-generation of coal-fired electricity. During 2020, PT-FI fully transitioned from open-pit operations to underground operations. As ramp-up of the underground operations reach full capacity, PT-FI's overall energy requirements are expected to increase due to ventilation needs and ore body characteristics that require more processing of ores. To support additional energy requirements, PT-FI is building a new dual-fuel (diesel and natural gas) 128MW power plant, which is expected to begin operating in late 2022. The plant will be commissioned using biodiesel, and the team is evaluating options for using liquefied natural gas (LNG) in the future.

In addition, PT-FI plans to evaluate other alternative energy options and implement a number of energy efficiency projects. This evaluation work will help contribute to establishing a PT-FI GHG emissions reduction target that is appropriate for our business needs and supports Paris Agreement commitments. We look forward to elaborating on this work in our forthcoming 2020 Climate Report.

In 2021, we also plan to begin the process of assessing our 2030 GHG emissions reduction target for the Americas through the Science Based Target initiative (SBTi) to evaluate whether it is in line with the Paris Agreement, limiting global warming to well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit warming to 1.5 degrees Celsius.

AMERICAS COPPER GHG EMISSIONS REDUCTION PERFORMANCE



CO<sub>2</sub>e = carbon dioxide equivalent.

## Resilience

Companies face two main categories of climate-related risks – physical and transitional. Physical risks are the potential impacts caused by extreme weather events, drought-induced fires and longer-term, sustained changes to precipitation and temperature patterns at our operations, in our host communities and across our value chain (both upstream and downstream). Transitional risks are financial and reputational risks that may result from the shift to a low-carbon economy, such as capital costs for fuel switching, carbon taxes, carbon emissions caps, renewable energy standards and shareholder resolutions. In addition, as a result of the transition, the company also may see significant opportunities for growth in the use of copper and molybdenum, given their downstream uses and resulting roles in the energy transition.

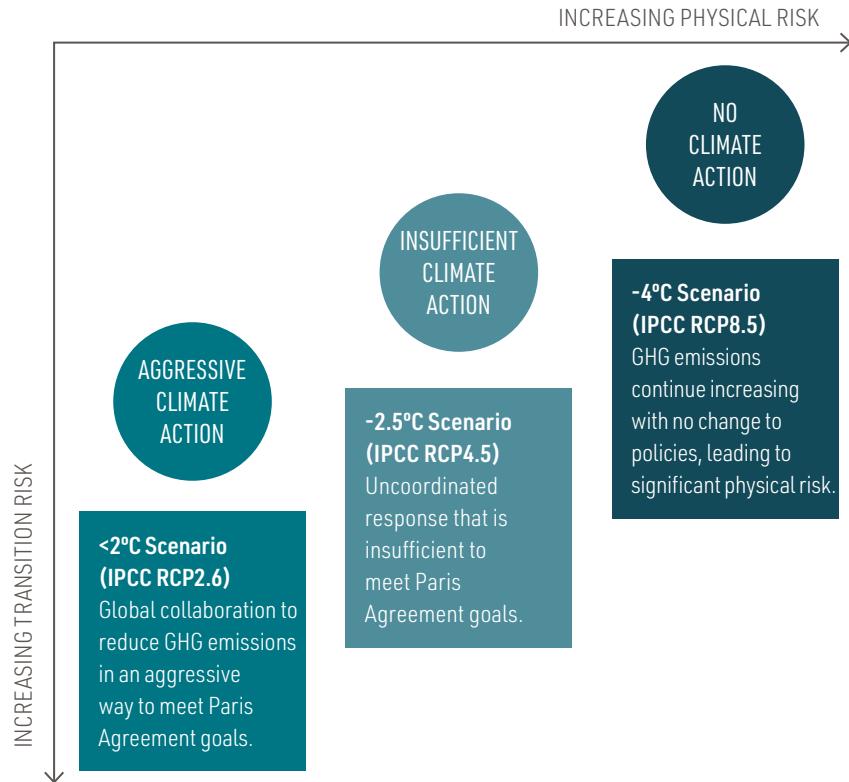
As part of our climate change strategy and commitment to TCFD conformance, in 2020, we initiated a comprehensive climate change scenario analysis with support from a third-party consultant to identify potential climate-related risks and opportunities across the business. We are evaluating the risks and opportunities across three different 2050 climate scenarios as shown in the adjacent graphic: No Climate Action (i.e., mostly unconstrained GHG emissions), Insufficient Climate Action (i.e., moderately constrained GHG emissions) and Aggressive Climate Action (i.e., action in line with the Paris Agreement goals of limiting global temperature rise well below 2 degrees Celsius by the end of this century). Each scenario is assessed against two timeframes (2030 and 2050) to understand how the risks and opportunities may evolve for the business.

## Contribution

In early 2021, we enhanced our climate team by hiring experts to support work on our life cycle assessments (LCA) in order to provide customers with carbon footprint data on our products. We now are updating our LCA models in concert with the International Copper Association's (ICA) initiative to update the global cathode average LCA.

In addition, we are participating in the ICA Decarbonization Roadmap project to develop a footprint methodology for copper and are working with the London Metals Exchange to include these data in their forthcoming Digital Passport platform. This platform will enable companies to attach data on environmental and social attributes of their products to their electronic contracts so that customers can use the information in their purchasing process.

## 2050 CLIMATE SCENARIOS





# Water Stewardship



## WHY IT MATTERS

Access to safe water is a fundamental human right. Water is essential to the well-being of our communities and the environment and is necessary for our mines, smelters, processing facilities and reclamation projects. Many of our operations are in arid environments where competition for water supply is significant. Although we typically have sufficient water for our Indonesia operations, the PT-FI Highlands area receives considerable rainfall that makes management of excess water supply the primary challenge. The unique circumstances at each of our operations reinforce the critical importance of managing the impacts of our activities on water availability and quality, optimizing our water utilization and respecting the rights of others.



## OUR APPROACH

Freeport believes effective water stewardship means maximizing our water use efficiency so that we can minimize our use of new freshwater. This includes shifting our water supplies to more sustainable sources, minimizing negative impacts from our operations on water quality and availability in a local catchment, and supporting the development of access to previously unknown, unavailable or undeveloped water resources.

In addition to focusing on our own water-related supply risks surrounding our operations, water stewardship also means we are focused on promoting long-term water security for all. We recognize the importance of working collaboratively with our stakeholders to secure access to water in a socially and environmentally responsible manner, and we are dedicated to improving our water programs over time.

## Policies & Programs

Globally, our objective is to identify, manage and mitigate both our current and future water-related risks to secure the necessary water resources vital to support our operations over the long term, while equitably supporting the rights and well-being of our local community partners and ecosystems.

Our global water management program goals are the following: (1) improve water use efficiency in our processes, (2) minimize use of freshwater at our operations, (3) reduce our water footprint by transitioning to renewable or recycled water sources, and (4) monitor our impact on the surrounding communities and environment by continually reviewing water supplies and future requirements.

We support, and are in the process of implementing, the [ICMM Water Position Statement](#), which outlines our commitment to public reporting and responsible water use, including strong and transparent water governance, effective water management and collaboration towards achieving responsible and sustainable water use. In 2020, we published our [2019 Water Report](#) to enhance transparency and accountability of our water management, which is available on our [website](#).

## UNDERSTANDING OUR WATER RISKS

Our global operations are in geographically and climatically diverse locations that range from arid deserts in Arizona, U.S., to extremely arid and high altitudes in the Atacama Desert in Calama, Chile, to one of the wettest places on earth in Papua, Indonesia. In many instances, we share a freshwater source or catchment with other users, such as local communities, municipalities and agricultural or industrial organizations.

The number of water risk regions with poor water quality or scarce supply is increasing globally. In some regions, water stress is increasing due to growing populations in communities where multiple new regional users are accessing limited freshwater sources. Climate change is expected to exacerbate these trends.

To effectively manage our water-related risks, we seek to understand the various and continually changing physical environments, hydrological systems and sociopolitical and regulatory contexts of each of our operations. The context and near-term water supply risks that exist near our operations are summarized in the table below. Risk factors include climate conditions, water sources, baseline water stress, excess water and access challenges.

This water risk assessment is an iterative process that we aim to update periodically. Over time, we plan to assess and, when appropriate, integrate additional critical risks to our water supply risk analysis – such as water quality, reputational risks and shared water resource management – and in due course, the potential longer-term impacts associated with climate change.

## WATER SUPPLY RISKS

OPERATION	CLIMATE CONDITIONS <sup>1</sup>	WATER SOURCES <sup>2</sup>	WATER SUPPLY RISKS		
			WATER STRESS <sup>3</sup>	EXCESS WATER	ACCESS CHALLENGES <sup>4</sup>
Bagdad (Arizona)	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third-party <sup>5</sup>	Low-Med		
Cerro Verde (Arequipa, Peru)	Arid; Desert	Groundwater, Surface water, Stormwater, Third-party <sup>5</sup>	High		X
Chino (New Mexico)	Arid; Semi-desert	Groundwater, Stormwater, Third-party <sup>5</sup>	Low-Med		
Climax (Colorado)	Snow; Fully humid	Groundwater, Surface water, Stormwater	Low-Med	X	
El Abra (Calama, Chile)	Arid; Desert	Groundwater, Stormwater	Extremely High		X
Henderson (Colorado)	Snow; Fully humid	Groundwater, Surface water, Stormwater	Med-High	X	
Miami (Arizona)	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third-party <sup>5</sup>	Med-High	X	X
Morenci (Arizona)	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third-party <sup>5</sup>	Med-High		X
PT-FI (Papua, Indonesia)	Tropical; Fully humid	Groundwater, Surface water, Stormwater	Low	X	
Safford (Arizona)	Arid; Semi-desert	Groundwater, Stormwater	Med-High		X
Sierrita (Arizona)	Arid; Semi-desert	Groundwater, Stormwater	Med-High		X
Tyrone (New Mexico)	Arid; Semi-desert	Groundwater, Surface water, Stormwater	Low-Med		

1 Climate conditions based on the Köppen-Geiger climate classification terminology.

2 Water sources can include groundwater, surface water, stormwater, sea water, or third-party sources (including effluent).

3 Baseline water stress ratings are defined by a combination of the World Resources Institute's (WRI) Aqueduct tool and its associated descriptors for baseline water stress, as well as our own qualitative assessments and local knowledge of the site-specific circumstances of withdrawal at each operation. For a more in-depth discussion, see our 2019 Water Report.

4 Access challenges can include legal challenges or potential changes in law or regulations that could impact our access to certain water supplies.

5 Third-party water sources are primarily sourced from wastewater effluent.

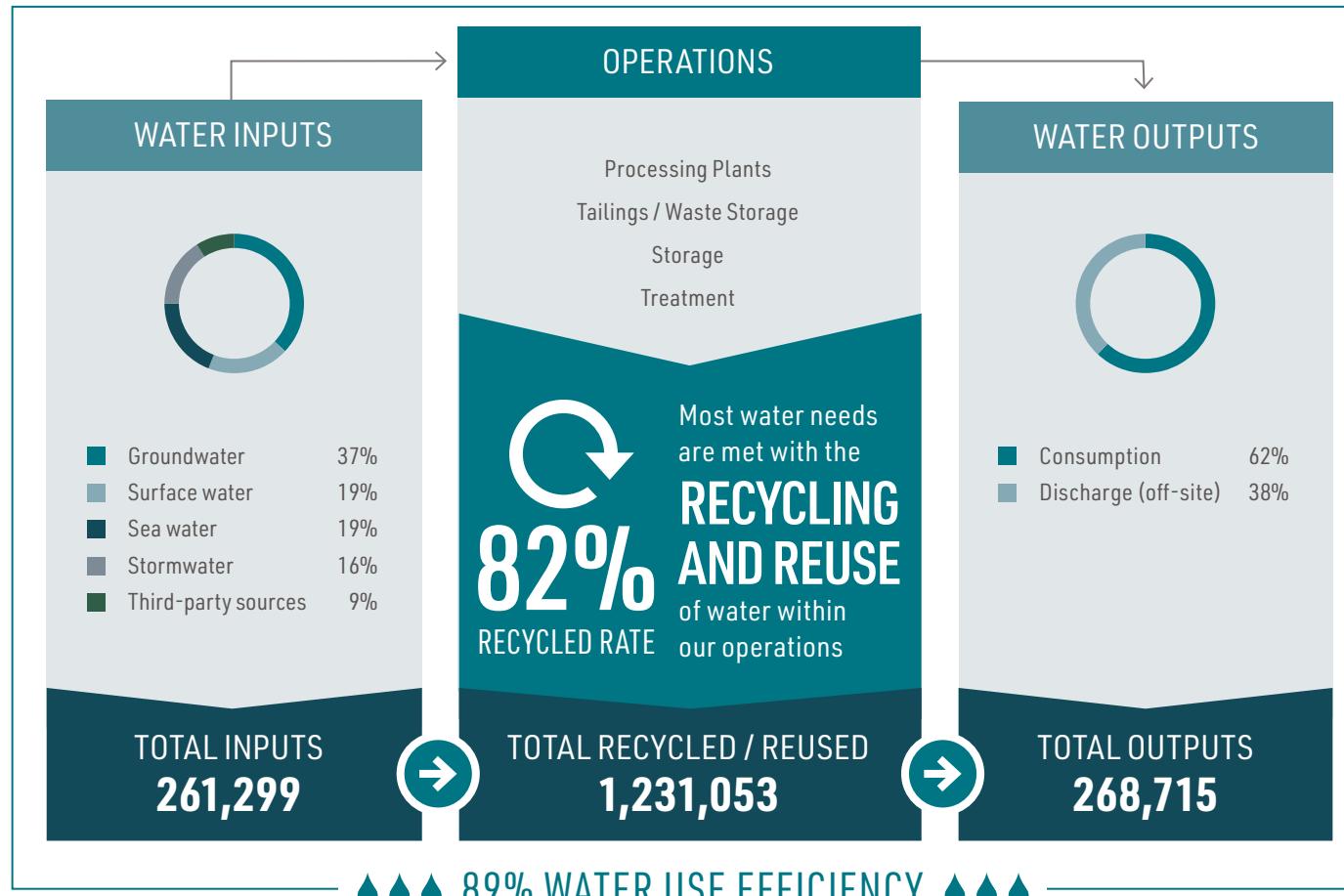
## PERFORMANCE

Our company-wide water balance demonstrates how much water we withdraw, consume and discharge. We obtain new water through permits, legal rights and leases for groundwater, including the dewatering of our mines, rainfall and surface water sources, such as lakes or rivers. At certain operations, water also is sourced from stormwater and third-party sources (predominantly effluent). New water withdrawn from these sources, together with reused and recycled water from our ore processing plants, water treatment plants and tailings facilities, make up the total water used across our global operations.

Each site maintains water balance analyses to assess their water use, consumption and discharge quantities. These analyses, which include the use of ground water and hydrologic models, are used to track performance and to understand our water balance and water availability.

With this information, we can identify opportunities to minimize water loss, such as evaporation, maximize recycle and reuse water, and maintain compliance with water quality standards. Taken together, these ongoing studies inform our efforts to reduce our overall water utilization – including requirements for new freshwater – where operational efficiencies and production requirements permit.

2020 WATER BALANCE (THOUSAND M<sup>3</sup>)



## Water Use Efficiency

We used less water in 2020 compared to prior years because of mill curtailments at Cerro Verde, Morenci and Chino in response to COVID-19 and global economic uncertainty. Our objective to maintain high rates of recycled or reused water remained unchanged, and our efficiency performance has exceeded 85% in recent years. In 2020, our operations used 1,492,352 thousand cubic meters of water, including new freshwater withdrawals of 261,299 thousand cubic meters. Of our total water use, 82% was from recycled or reused sources. By accounting for discharge quantities of 101,963 thousand cubic meters, our water use efficiency was 89% for 2020.

»»» **89%**  
**WATER USE  
EFFICIENCY**  
IN 2020

## WATER PERFORMANCE

(THOUSAND CUBIC METERS)	2016	2017	2018	2019	2020
Total New Water Withdrawn <sup>1</sup>	302,464	275,037	310,620	302,564	261,299
Total Water Recycled / Reused	1,399,835	1,285,206	1,377,971	1,408,513	1,231,053
Total Utilized Water (Withdrawn + Recycled/Reused)	1,702,299	1,560,243	1,688,591	1,711,077	1,492,352
Water Recycle / Reuse Rate <sup>2</sup>	82%	82%	82%	82%	82%
Total Water Discharged <sup>3</sup>	N/A	N/A	106,183	95,885	101,963
Water Use Efficiency <sup>4</sup> (%)	N/A	N/A	87%	87%	89%

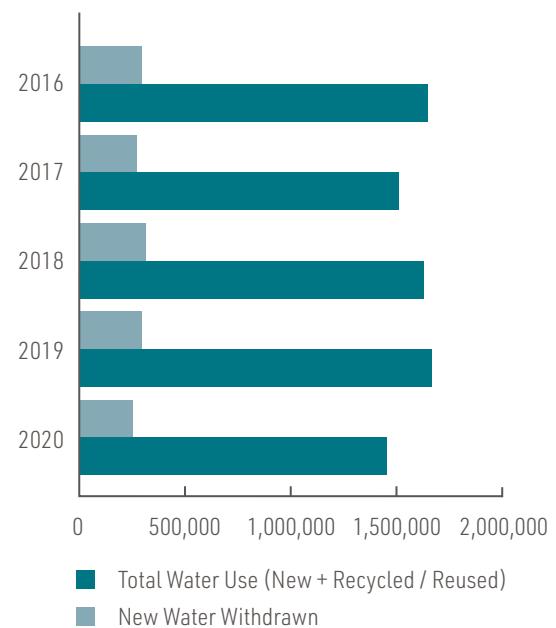
<sup>1</sup> New water withdrawal includes new water that is received or extracted by operation and used for the first time. New water withdrawals include high quality freshwater and lower quality water and are categorized by type: groundwater, surface water, stormwater, sea water or third-party water. Water withdrawals exclude water diverted away from operational areas without use.

<sup>2</sup> Water recycle / reuse rate = (total water recycled + reused) / total water utilized.

<sup>3</sup> Water discharged is water removed from an operation and returned to the environment or a third-party after meeting all required treatment and discharge standards. In 2018, we began calculating water discharged and water use efficiency rate.

<sup>4</sup> Water use efficiency rate = total water recycled + reused / (total water utilization – discharged water).

RECYCLED WATER VS. NEW WATER USE  
(THOUSAND CUBIC METERS)





### RESILIENCE & PREPARING FOR THE LONG TERM

Some of our operations are in challenging environments where enhancing resilience to the impacts of water risks is a critical part of our daily operations. This includes the health, safety and production risks of heavy rains, arid environments or heat-related occupational illness. To prepare our operations for potentially severe weather-related events in the future, we strive to take a holistic approach to risk management and preventive planning.

Company-wide processes to address risks, including climate, cover the full life cycle of our assets – from a pre-project sustainability review process to resiliency planning for reclamation and closure. Upon completion of our climate scenario analysis that is currently underway, we will seek to enhance these processes with any key findings. Each of our sites use water balance models with robust precipitation forecast mechanisms, including available information on historical weather patterns at the regional level that provide data on potential climate patterns.

### EL ABRA SUPPORTS WATER RESILIENCE FOR ASCOTÁN COMMUNITY

Some of our operations support access to water for local communities by providing drinking water and sanitation facilities. Access to these services is site specific but can include treated water, drilling boreholes, upgrading or building treatment plants and improving water-related infrastructure such as pipelines. Our El Abra operations in Chile has been supplying drinking water to a small indigenous community in Ascotán since 2009 (inauguration of the water plant pictured to the left). The site built a reverse osmosis plant at the Ascotán makeup water booster station to produce and supply potable drinking water for the community. The makeup water is pumped out of the Ascotán wells field (saline water from the aquifer). The Ascotán community is the plant's formal owner; however, El Abra continues to operate the plant, and the environmental team conducts routine chlorine monitoring to verify the drinking water fulfills the government water standards.

These models consider the effects of short-term extreme weather events as well as prolonged wet and dry seasons and provide the teams the ability to consider various scenarios in our risk reviews. As information in this area progresses and becomes more actionable, we have processes in place that will allow us to consider their effects and provide the teams the ability to adjust for specified climate scenarios.

We recognize that climate change can be a potential amplifier of existing water risks. As part of our climate strategy and commitment to TCFD reporting, in 2020, we initiated a comprehensive climate change scenario analysis with support from an external third-party consultant to identify potential climate-related risks and opportunities across the business, which includes water. We will be reporting on the scenario analysis and key recommendations to enhance resilience in our upcoming 2020 Climate Report.



# Biodiversity



## WHY IT MATTERS

Biodiversity is critical to maintaining resilient ecosystems, which provide people with valuable resources, like food and water, necessary to support a good quality of life. The impacts of climate change, such as prolonged droughts and wildfires, are having a significant impact on biodiversity globally. Freeport is committed to proactively managing the impacts of our mining operations on the environment, including its biodiversity.

## OUR APPROACH

Freeport seeks to avoid or minimize the adverse impacts of our operations on biodiversity and ecosystem services while promoting opportunities to contribute to the conservation and enhancement of biodiversity in the areas where we operate.

Our conservation initiatives aim to produce benefits for both biodiversity and people, build trust, and support our social license to operate. We seek to engage our employees, local communities and other interested stakeholders in this work. We foster diverse partnerships with global stakeholders across private, public, and civil sectors to achieve greater accountability and promote the long-term efficacy for our biodiversity projects. These collaborations often serve as the basis for our community outreach and STEM education opportunities to help build capacity for learners of all ages.

In 2020, we continued our efforts to implement the mitigation hierarchy – a framework that emphasizes best practices for managing biodiversity and ecosystem services through the avoidance, minimization, restoration and offsetting of impacts. During the year, we developed a global guidance for consistent and rigorous application of the mitigation hierarchy through which we aim to manage risks and potential impacts with the long-term ambition of "no net loss" for new mines and major expansion projects at existing mines.

We recognize the mitigation hierarchy is most effective when implemented during the earliest phases of project planning to help maximize opportunities for avoidance and minimization of impacts. In 2021, we are working to integrate the hierarchy into our existing project development process, and we are training our environmental and operational teams to support its routine use.

## Policies & Programs

In addition to our Environmental Policy, which states our commitment to contribute to the conservation of biodiversity, and our EMS, our framework for understanding the potential impacts of our operations on biodiversity, we implement the following:

### › **ICMM Position Statement on Mining and Protected Areas** –

We address the commitments in our operational practices, including committing to no mining nor exploring in UNESCO World Heritage Sites.

### › **Wildlife Habitat Council's Conservation Certification (WHC)** –

We participate in the certification program, which formally recognizes meaningful biodiversity conservation, environmental education and community outreach programs. Eighteen of our operating sites and facilities currently are certified through WHC, 14 of which are recognized with gold-tier certifications.

## MITIGATION HIERARCHY



## AMERICAS

We implement a variety of programs and strategies at our operations to proactively identify and mitigate biodiversity risks while promoting conservation opportunities. All of our North American sites implement Wildlife Protection Plans based on adaptive management principles to effectively address biodiversity risks resulting from operational and ecological changes at the sites. Several sites also implement risk-based Avian Protection Plans that focus specifically on minimizing potential risks to migratory birds.

In South America, our El Abra operations in Chile and Cerro Verde operations in Peru implement programs to protect and enhance biodiversity within the area of influence of their mining operations. In addition, the scope of the biodiversity program at El Abra includes the Ascotán salt flat area. These programs are designed to mitigate impacts to significant biodiversity resources.

### **Education & Biodiversity Outreach Programs**

In 2020, many of our typical in-person biodiversity and conservation education activities shifted to virtual activities. To commemorate Earth Day 50, Freeport and WHC promoted at-home activities, such as backyard invasive species removal and pollinator garden plantings. During International Bat Week, at our Sierrita, Bisbee, Safford and Morenci operations, we held small, socially distanced events to plant agaves, an important source of food for nectar-feeding bats.

Our Atlantic Copper operations in Huelva, Spain, sit along the banks of the Odiel River and are adjacent to the Marismas del Odiel Natural Park, a UNESCO Biosphere Reserve. In 2020, the site followed COVID-19 mitigation protocols and continued its School of Explorers project, where students stay five days in the park to learn about the importance of the preserve and biodiversity. More than 3,750 children have participated in the project since its inception in 2012.

## CERRO VERDE GUANACO CONSERVATION WORKSHOP

In November, Cerro Verde conducted a four-day virtual conservation event on the guanaco in collaboration with the International Union for Conservation of Nature (IUCN). Under Peruvian law, guanacos are considered a Critically Endangered species, and Cerro Verde implements a formal Biodiversity Action Plan to mitigate impacts to significant biodiversity resources.

Peruvian and international experts discussed research and conservation strategies on guanacos and evaluated Cerro Verde's own guanaco conservation program. The first three days were an in-depth review of the program with experts from IUCN and the biodiversity teams of Cerro Verde and El Abra. On the final day, IUCN experts, scientists from local research institutions, and local and national authorities shared research on the guanaco.

Over 200 participants attended and provided recommendations, such as using remote sensing for monitoring, to enhance Cerro Verde's Biodiversity Action Plan in addition to strategies for the broader scientific community and regional regulators. Participants concluded that guanacos' sustainability depends on identifying threats and establishing a legal framework to protect them. Participants commended Cerro Verde for its work and praised the event as an excellent example of responsible mining practices.



## PERFORMANCE

We conduct site-specific, multi-year biodiversity programs either voluntarily or for regulatory purposes. Due to COVID-19 restrictions in 2020, some of these programs were temporarily deferred. These programs are designed to address the most significant biodiversity issues at each site, including the following:

SITE / LOCATION	2020 BIODIVERSITY HIGHLIGHTS
Tyrone ( <i>New Mexico</i> ), Miami & Morenci ( <i>Arizona</i> )	Sites continued implementation of management plans developed in consultation with the U.S. Fish and Wildlife Service to support conservation of federally-listed species such as the spikedace and loach minnow fish and southwestern willow flycatcher birds. Various activities were deferred in 2020 due to COVID-19 restrictions, including wildlife surveys and a planned bighorn sheep capture with Arizona Game and Fish at Morenci.
Tyrone & Chino ( <i>New Mexico</i> ) Morenci & Tohono ( <i>Arizona</i> )	In accordance with their Avian Protection Plans, these sites continued to implement several measures to minimize risks to birds throughout the year.
Safford ( <i>Arizona</i> )	Employee volunteers at Safford constructed homes for burrowing owls at a new location directly adjacent to the company's Central Analytical Service Center on the San Simon River in collaboration with Wild At Heart, an Arizona birds of prey rescue and rehabilitation organization. Six owls were released into the new burrows. Monitoring is ongoing at this location as well as at a previous location in the area.
Henderson ( <i>Colorado</i> )	In 2020, Henderson continued long-term monitoring of the boreal toad population that occupies several ponds on the site. The 2020 monitoring results indicated the largest boreal toad population that Henderson has observed in several years.
Cerro Verde ( <i>Peru</i> )	Cerro Verde advanced conservation programs to protect endemic cacti and endangered species, including the guanaco and long-nosed bat, and continued monitoring aquatic and avian species in the Chili River.
El Abra ( <i>Chile</i> )	El Abra constructed and opened a greenhouse to help propagate two species of flora that grow under the extreme conditions of the Ascotán salt flat at 3,700 meters above sea level. The greenhouse employs local indigenous Ascotán community members and can house up to 15,000 adult plants. In 2021, conservation work will include aerial monitoring, soil studies and maintenance work in the nursery as well as acclimatization and transplant of the plants to their natural habitat.

## NEW GUINEA HIGHLAND WILD DOG IN THE PAPUAN HIGHLANDS

Recent research confirmed the genetic signature of a rare species of wild dog, the New Guinea Highland Wild Dog, which inhabit the surrounding area near our operations at PT-Fl. This rare species of wild dog, known as the "singing dog" for its distinctive and harmonizing howls, was once considered extinct.

PT-Fl has supported research by James K. McIntyre, founder and director of field research at the New Guinea Highland Wild Dog Foundation, and scientists from the University of Papua since 2016. Their research results revealed significant differences in the species' biological makeup and behavior when compared to other modern canine species. Highland Wild Dogs have particularly flexible joints and spines, allowing them to jump and climb like a cat or monkey. While their existence was first documented in 1897, Highland Wild Dogs likely arrived in Papua approximately 3,500 years ago.



## INDONESIA

PT-Fl's operations and support area encompass multiple ecosystems and host one of the richest and most biodiverse regions in the world. From the mangrove forests on the coasts, the land blends into a swamp forest, then into the Lowland rainforests, heath forests, montane forests, and finally, subalpine and alpine forests in the Highlands.

The PT-Fl area is adjacent to the Lorentz National Park, the largest protected area in Southeast Asia and the only protected area in the world that incorporates continuous intact tracts of ecosystems from alpine to tropical marine environments, including extensive Lowland wetlands. In 1999, Lorentz National Park was declared a World Heritage Site by the United Nations Educational, Scientific and Cultural Organization (UNESCO).

Conserving and protecting Papua's biodiversity and ecosystems is a high priority for both PT-Fl and Freeport. Since 1994, PT-Fl has collaborated with national and international scientists on comprehensive surveys of vegetation, mammals, birds, amphibians, reptiles, freshwater fish, aquatic insects and terrestrial insects. These surveys are conducted regularly to provide the latest information to better understand these ecosystems and potential mine-related impacts on biodiversity. Using the gathered information, we develop appropriate biodiversity conservation programs using principles of restoration ecology for rehabilitation and restoration of disturbed areas in the Grasberg minerals district.

Through PT-Fl's biodiversity programs, we recognize the important role biodiversity plays in sustainability and seek to establish strong partnerships with multiple stakeholder groups involved in conservation and natural resource management, including governments, NGOs, universities, and research organizations and citizens. PT-Fl supports management of local biodiversity for the region, including monitoring, restoration, reclamation and reforestation, and provides extensive biodiversity education, research and information opportunities.

## Biodiversity Education & Outreach Programs

Education and outreach are major focuses of PT-FI's biodiversity efforts, including construction of wildlife sanctuaries and the creation of the Natural Succession Discovery Park on a former tailings disposal area to serve as an outdoor education classroom. PT-FI has established wildlife areas and partners with local schools for education outreach and provides internships at its on-site nursery for high school and college students.

In 2020, before COVID-19 restrictions, over 1,000 schoolchildren visited the Natural Succession Discovery Park and 100 volunteers supported PT-FI planting mangroves in the estuary.

## Research & Monitoring

PT-FI conducts extensive research and monitoring in area ecosystems ranging from approximately 4,000 meters above sea level to coastal and marine areas. Routine flora and fauna monitoring is conducted through collaboration with consultants, research organizations and universities. Existing biodiversity research on Papua has been limited with most research and publications available focusing on Papua, New Guinea, which is to the east of Papua, Indonesia.

## Continued Re-Vegetation & Restoration

In coastal areas throughout the world, mangroves are decreasing due to erosion or to the conversion of the mangrove for agriculture. PT-FI actively works to create and establish new mangrove habitats in the new areas created by sediment at the Modified Ajkwa Deposition Area (ModADA) by cultivating seeds of mangrove trees for two to three years and then propagating them. In particular, the Ajkwa and Waii Islands in the Ajkwa Estuary in the Lowlands have seen accelerated mangrove colonization resulting from approximately 401 hectares of total mangrove planting through 2020.



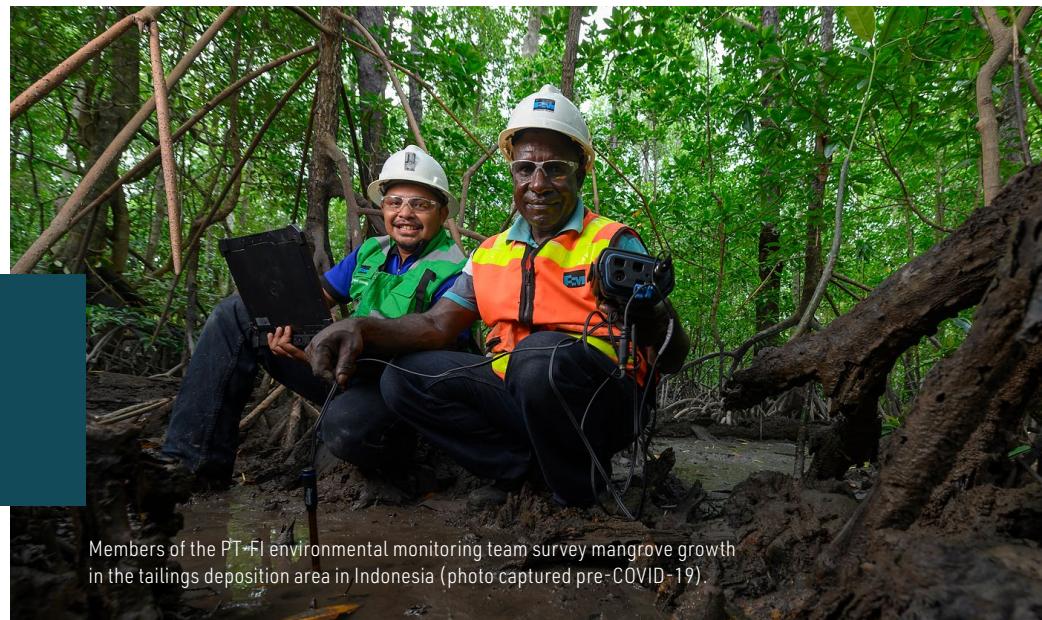
PT-FI's biodiversity program includes a significant focus on education and outreach.

## Progressive Reclamation & Restoration

The sub-alpine ecosystems at PT-FI in the Highlands have resulted in reclamation of almost 432 hectares of overburden stockpile areas with native plant species.

## Protection of Flora & Fauna

Flora and fauna from Papua often become the object of illegal trade. Countering illegal wildlife trade is a priority for Papua's natural resource agencies and part of PT-FI's commitment to biodiversity conservation. PT-FI cooperates with the Indonesia Animal Rescue Center, Papua Regional Police, Forest Protection and Nature Conservation, Forest Rangers, Forestry Department, Lorentz National Park Center, and Wasur National Park Center to repatriate protected animals to their habitats. In 2020, we supported and facilitated the translocation of Papuan endemic birds from North Sumatra back into Papua. This included three birds of paradise, 11 cockatoo, and one eclectus parrot. We also conducted repatriation of 23 Black capped lories, two rainbow lorikeet, two cockatoo to habitat in Kuala Kencana Forest and supported the repatriation of 40 pig-nosed turtles. To date, PT-FI has assisted in releasing back into their natural habitat more than 46,000 pig-nosed turtles, 162 black-capped lories, 21 dusky pademelons, seven yellow-crested cockatoos and six double-wattled cassowary.





# Tailings Stewardship



## WHY IT MATTERS

The health and safety of our workforce, host communities and the environment are fundamental to Freeport's extensive tailings management programs. Tailings are the finely ground natural rock particles or by-products that remain after the economically valuable minerals have been processed and extracted from the mined ore. Typically, our tailings comprise a slurry of finely ground natural rock particles, which are transported from processing facilities to management and storage facilities. We recognize a failure of tailings facilities and other impoundments at any of our mining operations could cause severe – and in some cases catastrophic – property and environmental damage as well as loss of life.



## OUR APPROACH

Freeport has comprehensive measures in place to ensure our facilities are designed, built, operated and monitored to minimize risk to employees, neighboring host communities and the environment. We have a strong commitment from our Board and executive management to provide the necessary financial and technical resources to maintain the safety of our facilities and the integrity of our tailings management systems, with a focus on continuous improvement.

Our tailings management and stewardship program, which involves qualified external engineers of record and periodic oversight by independent tailings review boards and stewardship teams, adheres to applicable regulations and various national and international guidelines. The program also conforms with the tailings governance framework on preventing catastrophic failure of our tailings storage facilities adopted in December 2016 by ICMM.

In 2020, as members of ICMM, we supported development of and committed to working towards implementation of the new Global Industry Standard on Tailings Management (the Tailings Standard). The Tailings Standard was developed through an independent, multi-stakeholder process co-convened by the United Nations Environment Programme, Principles for Responsible Investment and ICMM following the tragic 2019 tailings facility collapse at Brumadinho, Brazil. Through our membership in ICMM, Freeport played an active leadership role and provided constructive input in the development of the Tailings Standard.

Formally launched in August 2020, the Tailings Standard is the first global standard for tailings management that can be applied to existing and future tailings facilities. The Tailings Standard has been integrated into ICMM's existing member commitments, and ICMM members have agreed that all tailings facilities with 'Extreme' or 'Very high' potential consequence ratings need to demonstrate conformance with the Tailings Standard within three years (by August 2023), and all other tailings facilities within five years (by August 2025). Freeport currently is advancing internal plans to meet this commitment. Also in 2020, Freeport chaired a subgroup of the ICMM Tailings Working Group to develop a guide to identifying and recommending best practices for the practical implementation of the Tailings Standard.

## TAILINGS MANAGEMENT & STEWARDSHIP



### ENGINEERING & DESIGN



### MONITORING & TECHNOLOGY



### MULTI-TIERED OVERSIGHT



### LEARNING FROM PAST EXPERIENCES



COMMUNICATION & ACTION

## AMERICAS

Freeport affiliates in the Americas currently operate 17 active tailings storage facilities (TSFs) – 15 in the U.S. and two in Peru – and manage 56 inactive or reclaimed (closed) TSFs in the U.S.

Our objective is to have zero catastrophic structural failures of, and unplanned discharges from, any of our TSFs. Our programs consider the significant consequences that would result from a potential failure or unplanned discharge. To materially reduce the likelihood of failures and unplanned discharges, we employ substantial engineering expertise, technological monitoring (including remote sensing), and local and corporate management oversight to validate that these facilities are designed, built, operated and monitored to minimize risk to employees, neighboring host communities and the environment. These safeguards generally fall within four categories: (1) engineering and design, (2) rigorous adherence to construction and operational parameters through monitoring and use of technology, (3) multi-tiered oversight, and (4) adherence to practices grounded in continuous improvement and learning from past experiences, including industry failures and best practices. The safeguards are effectively implemented through the promotion of open and ongoing communication throughout the organization and a bias for action at all levels.



## Governance

In addition to CRC oversight, Freeport maintains multi-tiered oversight of the TSFs at its operational sites:

- › **Engineer of Record (EoR)** – External resource provides expert design and engineering analysis, technical support, inspection, review and guidance to achieve design intent.
- › **Tailings Stewardship Team (TST)** – Third-party engineer and internal expert team inspects all tailings facilities, reviews documents and monitoring data, identifies potential deficiencies and recommends corrective actions.
- › **Technical Review Boards (TRB)** – Third-party internationally known expert panels provide independent opinions and guidance on the physical integrity, safety and performance of our TSFs and management systems and has direct access to corporate senior leadership.
- › **Corporate Senior Leadership** – Participates in key decisions and provides resources to site management.
- › **Corporate Tailings and Water Team** – Provides technical resources, guidance and direction to site tailings team along with development and review of program initiatives.
- › **Site Tailings Management, Engineers and Operations** – Implements the program and regularly monitors, identifies and addresses potential risks.

For closed and inactive sites, we have a similar oversight structure that reports through the Vice President and Chief Sustainability Officer and includes the same roles for site-level engineers, EoRs, TSTs and TRB structures.

## FACILITIES BY DESIGN & STATUS

	UPSTREAM	CENTERLINE	DOWNSTREAM
Active	12	5	-
Inactive or closed	51	5	-

## Performance

In a typical year, our EoRs and site engineers conduct in-person inspections of our TSFs multiple times, our TSTs visit all active sites and select inactive or closed sites, and our TRBs visit select sites as part of their quadrennial review schedule. This ongoing review and inspection process results in recommended actions, which we track until implemented.

In 2020, COVID-19 restrictions and travel bans prevented on-site visits from EoRs and TST / TRB members for most of the year, forcing us to place greater emphasis on remote monitoring to supplement inspections of our facilities. While remote technologies do not replace the benefits of on-the-ground inspections, the innovative systems we have proactively implemented in recent years to enhance our stewardship program enabled our monitoring and inspections to continue without significant interruption.

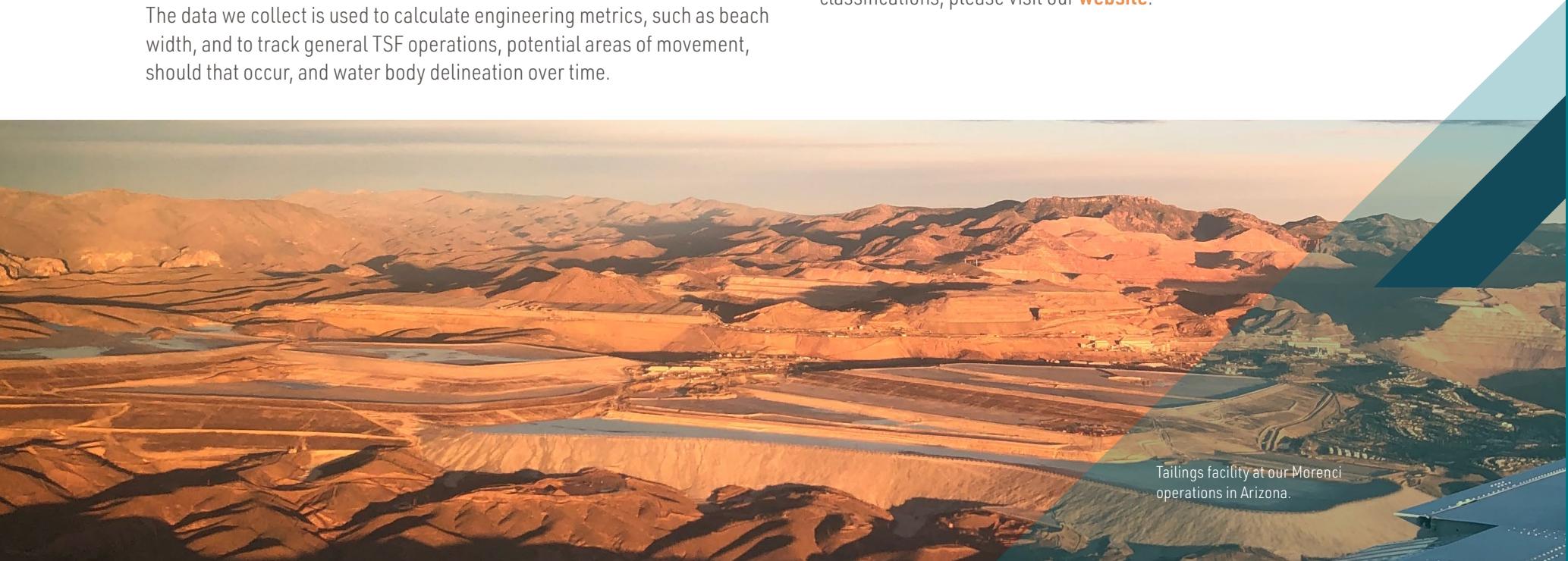
Some of our remote sensing technologies and platforms include various satellite systems and in-house Unmanned Aerial Systems. These data (generally optical and radar) combined with powerful geospatial software made it possible to quickly develop web-based and mobile computing applications, providing information and situational awareness to our engineers and operators despite reduced time in the field.

The data we collect is used to calculate engineering metrics, such as beach width, and to track general TSF operations, potential areas of movement, should that occur, and water body delineation over time.

Data also feeds our internal key performance indicators and Early Indicator Dashboard – the internal management tool we use to aggregate critical and key measures of our facilities and to track performance against third-party recommendations, key performance indicators and other metrics. In 2020, we migrated our Americas sites with operating TSFs to a new internal portal that we began developing in 2019. We migrated TSFs at our inactive and closed sites in the first quarter of 2021.

Increased use of remote technologies company-wide not only enhances situational awareness but also provides a frequently refreshed data set that our engineers and operators, both on-site and off-site, can use to make decisions daily. For example, sites use online imagery to monitor the location of their tailings ponds in relation to the outer slope of the embankment. Access to near-daily satellite imagery allows site-based engineers to safely monitor the location of these ponds and more efficiently plan their daily work. Remote sensing technology allows us to efficiently and accurately measure water on these large facilities.

For more information on our tailings management and stewardship program, including a detailed review of our tailings facilities and their consequence classifications, please visit our [website](#).



## INDONESIA

PT-FI operates a controlled riverine tailings management system implemented based on methods approved and permitted by the Government of Indonesia. Tailings are transported from the concentrating facility along with water and a small quantity of concentrating reagents. Reagents added as part of the concentrating process have been demonstrated to dissipate within a short distance of the concentrating facility.

The PT-FI tailings management system uses an unnavigable river to transport the tailings from the concentrator in the Highlands along with natural sediments to a large engineered and managed deposition area in the Lowlands, called the Modified Ajkwa Deposition Area or ModADA. The river is not used for potable water, agriculture, fishing or other domestic or commercial uses. Levees have been constructed on both the east and west sides of the ModADA to laterally contain the depositional footprint of the tailings and natural sediment within the designated area. Quantities of finer tailings and other sediments deposit in the estuary and the sea to the south.

Independent, environmental management expert audits have reaffirmed this system is the best site-specific management alternative given the topographical, seismic and geotechnical, geological, climatological, and environmental conditions of the area. It has been in service for more than 20 years and has performed safely and in line with initial design plans. A conventional style tailings dam in the Highlands would not be safe, stable, or effective.

## Governance

In addition to regular internal and external audits and assessments, PT-FI tailings management oversight includes the following:

- › **Freeport Corporate Senior Leadership** – Participates in key decisions and provides resources to site management.
- › **Freeport Corporate Tailings and Water Team** – Technical resource provides support and assists with guidance and direction for site tailings team and associated program initiatives.
- › **Site Tailings Management, Engineers and Operations** – Implements the program and regularly monitors, identifies and addresses potential risks associated with the ModADA and coastal zone areas.
- › **External Design Engineer** – External resource provides design, ongoing engineering support, periodic inspections and levee construction quality review.
- › **ModADA Management Board (MMB)** – Multi-disciplinary expert panel that provides oversight and recommendations to PT-FI leadership and engineering teams on priority activities including safety, risks associated with the ModADA and coastal zone, the structural integrity of the levees, geochemical stability of the deposited sediments, environmental considerations and stakeholder engagement.



PT-FI expects to spend approximately \$85 million annually to manage and monitor the controlled system in coming years.

## Performance

In 2020, PT-Fl initiated a new environmental impact analysis (AMDAL) in preparation for the proposed extension of the east and west levees to safely maintain the tailings within the ModADA deposition area. The public announcement and initial public consultations were safely completed in mid-2020 with the nearby Indigenous Amungme and Komoro villages in line with COVID-19 protocols. The consultations aimed to educate them about the AMDAL process and establish their community representatives for the AMDAL Review Committee, which will meet in 2021.

PT-Fl and Indonesia's Ministry of Environment and Forestry established a framework known as the Tailings Roadmap in December 2018 to support continuous improvement of PT-Fl's environmental practices. The framework includes the requirement for independent third parties to complete three studies focused on increasing tailings retention within the Lowlands, enhancing the protection of the coastal ecosystem and evaluating large-scale beneficial uses of tailings within Indonesia.

In 2020, the PT-Fl team continued supporting the required Roadmap studies including: 1) an evaluation of the scalability and economic viability of using tailings in transportation infrastructure, such as roads and bridges, and building infrastructure, such as prefabricated building walls, 2) a re-examination of the riverine tailings management options including the potential for a new cross-levee, and 3) a valuation of the current estuary ecosystem status. Due in part to delays related to COVID-19 restrictions, these studies were not completed in 2020 and are now expected to be finalized in 2021.

PT-Fl did meet its 2020 Tailings Roadmap commitment to increase tailings reuse by using more than one million metric tons of tailings as paste-fill in the Big Gossan Mine. PT-Fl also is encouraging third-party use of tailings for infrastructure, however, the transportation costs may be economically prohibitive.

During 2020, PT-Fl continued to advance work on a human health risk assessment to evaluate the potential impacts of tailings and mining waste in the Highlands, Lowlands and estuary areas. The ongoing study, conducted by third-party expert consultants with PT-Fl support, is assessing potential exposure pathways including surface waters, groundwaters, sediments and soils, dust and terrestrial and aquatic tissues. The study is expected to be completed in 2021 and we plan to provide a summary of the results.

## NATURALLY OCCURRING RE-VEGETATION OF TAILINGS DEPOSITION AREA

Freshly deposited tailings sediments

After 2-3 years:  
shrubs & ferns

After 10 years:  
young forest

After 20-30 years:  
mature forest



Water monitoring and sampling at Grasberg operations in Indonesia



### PT-FI ENVIRONMENTAL MONITORING PROGRAM

PT-FI maintains an extensive environmental management and monitoring program to assess the potential current and future environmental impacts from its controlled riverine tailings system. PT-FI expects to spend approximately \$85 million annually to manage and monitor the controlled system in coming years.

A multi-disciplinary, multi-department team routinely measures surface and groundwater quality, air quality, and biological, hydrological, sediment, and meteorological characteristics of the entire operations area. PT-FI collects around 15,000 samples for analysis annually (based on a five-year average), using the results to develop the scientific information needed to make informed management decisions with a focus on eliminating, minimizing or mitigating environmental impacts.

To support this effort, PT-FI established the Timika Environmental Laboratory or TEL, which is located within our operational area in the Lowlands town of Timika. The lab is certified to ISO 17025 quality standards from the Indonesian National Accreditation Committee and serves as the main analytical lab for sample analyses used in our monitoring programs. TEL is registered with the Ministry of Environment and Forestry as a Referenced Environmental Laboratory.

Impacts of the tailings system, including increases in sedimentation, were predicted in numerous studies and are consistent with the design and operation. Monitoring programs continue to indicate, except for elevation changes, the environmental impacts of the tailings deposition will be reversible at the end of the mine's life. Large-scale demonstration reclamation projects show that several land use options will be possible after final closure of the deposition area.



A multi-disciplinary, multi-department team routinely measures surface and groundwater quality, air quality, and biological, hydrological, sediment, and meteorological characteristics of the entire operations area.



# Waste Management



## WHY IT MATTERS

In addition to mining and mineral processing wastes, such as tailings, waste rock, overburden and slag, our operations generate non-mining waste, which requires proper end-of-life management. Responsible management of all these materials is critical to complying with environmental regulations, maintaining community and environmental health, and social acceptance of our operations.

## OUR APPROACH

Freeport is committed to reducing our environmental impact, which includes the effective management of our mining and non-mining wastes alike. The volume of mining and processing wastes varies depending on site operating plans. These materials are typically managed in designated, engineered stockpiles or impoundments as discussed in more detail in the prior Tailings Stewardship section.

In addition to responsibly managing our mining and mineral processing waste, we continuously evaluate opportunities to reduce the quantity of non-mining waste generated. We implement robust practices to identify, categorize, store and manage non-mining wastes, and we strive to increase recycling and reuse of materials in our operations whenever possible. We evaluate our hazardous waste streams, and when possible, substitute materials with lower toxicity into our processes.

## Policies & Programs

In addition to Freeport's dedicated TSTs responsible for managing our mining and processing waste, we also have a dedicated global waste management team composed of subject matter experts from across the company. The team is responsible for advancing our technical expertise and developing leadership skills through multi-site collaboration. Our experts provide guidance to support global consistency in our waste management programs and the company's Environmental Policy. The program identifies best practices and opportunities for continuous improvement. We follow local and national regulations and seek to meet or exceed industry best practices for disposing responsibly.



Overburden stockpile at Morenci operations in Arizona.

## PERFORMANCE

In 2020, our mining and mineral processing wastes and our non-mining wastes were both down year over year, which was largely attributed to COVID-19 response and management, including revised operational plans at certain sites, deferred maintenance and the transition of certain staff to work from home arrangements.

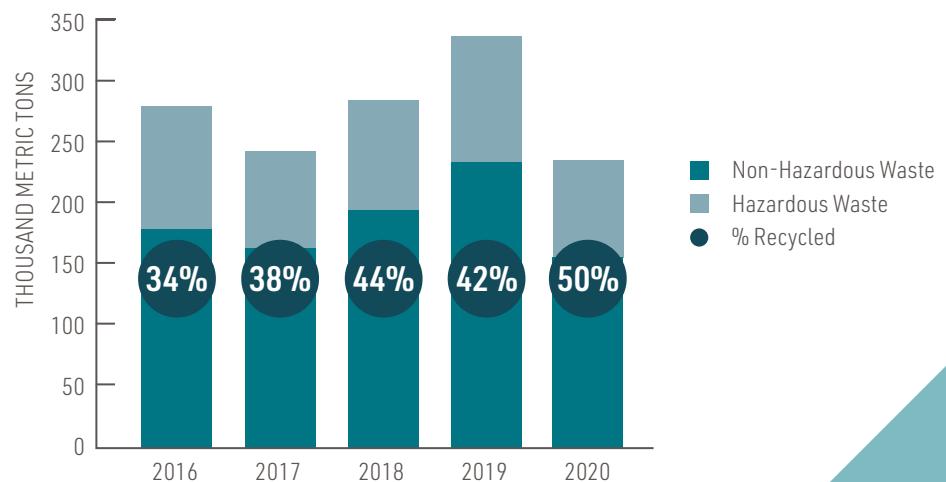
We generated 259 million metric tons of tailings, 349 million metric tons of waste rock and overburden and 629 thousand metric tons of slag in 2020.

In addition to tailings, waste rock, overburden and slag, our operations also generate non-mining waste. Our non-mining wastes fall into two categories: (1) non-hazardous, such as tires, scrap metal, obsolete equipment, HDPE pipe, domestic waste and wood waste, and (2) hazardous, such as coal ash, water treatment sludge, chemicals, solvents, batteries, and reagent packaging.

In 2020, we generated approximately 229,300 metric tons of non-mining wastes, of which 32% was hazardous and 68% was non-hazardous.

When possible, our materials are evaluated for other end-of-life uses in accordance with applicable regulations and are recycled at our own operations or into the global value chain. Through our continuous improvement efforts, we have identified and implemented numerous waste minimization or recycling efforts across our operations. For example, from 2017-2020 we reduced the generation of hazardous wastewater treatment sludge at our Atlantic Copper smelter in Spain through operational improvements and process optimization resulting in a 43% reduction in sludge generated per ton of sulfuric acid neutralized. Coal Ash, a hazardous waste generated at PT-Fl's power plant in Indonesia, is fully reutilized to make concrete for site construction projects. In 2020, at our Morenci operations in Arizona, we identified a new opportunity to eliminate a waste stream that was previously landfilled by installing a screen to separate and recover ore and scrap metal and in recent years at our Miami smelter we have recycled slag, which provides iron to optimize hydro metallurgical metal recovery processes from leach ore.

NON-MINING WASTE GENERATED & RECYCLED





# Mine Closure & Reclamation



## WHY IT MATTERS

Mining requires the development of infrastructure such as open-pit mines, roads and processing facilities that can alter the natural environment. Mining companies are responsible for managing these impacts, which include reclamation of the land for post-mining use. The purpose of reclamation is to return areas impacted by mining and processing activities to a healthy state with lands that support productive post-mining land use. Freeport understands that effectively reclaiming disturbed land and responsibly closing our mine sites is critical to maintaining the trust of our local communities, governments and other interested stakeholders.

## OUR APPROACH

Freeport's reclamation and mine closure planning processes are integral to our site planning and ongoing operations. We engage local communities, governments and other interested stakeholders early and often on these issues, and we seek to minimize land disturbances whenever possible.

At each of our operations, we have mine closure and reclamation plans with site-specific environmental measures designed to minimize long-term impacts, promote ecosystem re-establishment and protect the watersheds where we operate. To support future anticipated closure and reclamation costs, each operating mine site has asset retirement obligations that are estimated and accounted for in accordance with GAAP and are audited by an independent accounting firm.

Due to the geological nature of the deposits and large resource base, most of our mining operations are long-lived, so implementation of closure plans may not occur for years or decades in the future.

Our reclamation programs incorporate multiple aspects associated with environmental management and community well-being, such as water and air quality, erosion, wildlife and grazing habitats, and revegetation programs, working together to advance ecosystem reestablishment. Although our traditional post-mining land use has been focused on wildlife habitats, we increasingly are exploring opportunities for open spaces, wildlife habitats, grazing habitats, recreational and educational uses, renewable energy sites, and new industrial uses of our lands post-closure.

## EXCELLENCE IN RECLAMATION IN COLORADO

In recent years, our molybdenum operations in Colorado have been recognized multiple times by the Colorado Mining Association for their practices in reclamation and environmental stewardship. Henderson mine and mill received the award for 2020 Best of the Best in Environmental Stewardship and Climax mine received the 2020 Excellence in Reclamation award.

Over the last decade at our Henderson operations, we have worked with the local timber industry to treat nearby forests which were severely impacted by a Mountain Pine Beetle outbreak in the late 1990s and early 2000s. Now that the majority of impacted forests have been treated, during the summer of 2020, Henderson focused efforts on enhancing future forests through the first Timber Stand Improvement project. The benefits from these treatments will result in increased tree vigor and health, variable wildlife habitat and reduced potential for wildfire.

At our Climax mine, we embarked on a project to restore wetlands in Lake Irwin, an area heavily disturbed by previous mine-related activity. During Phase 1 of the restoration project, the team excavated a large amount of tailings and relocated material to one of Climax's active Tailings Storage Facilities, redirected water back into Lake Irwin, added subsoil and locally harvested topsoil, and transplanted wetland plants from the impacted area to the restored area. When the project is complete, 32 acres of constructed self-sustaining wetland will have been created, providing food, shelter and species-specific habitat to high elevation wetland dwelling flora and fauna.