

# OUR APPROACH

FCX is a leading responsible copper producer — supplying 9% of the world's mined copper. As global decarbonization accelerates, demand for copper is expected to increase. FCX is committed to meeting growing demand through our sustainability strategy — **Accelerate the Future, Responsibly**.

Our strategy is underpinned by the recognition that our products are key contributors to global progress, including the acceleration of decarbonization around the world. **Accelerate the Future, Responsibly** guides us to deliver on our company's business strategy of being **Foremost in Copper** by reinforcing our dedication to continuously advance the responsible production of our products. It also informs our stakeholders of what we stand for and is a framework that guides our decisions.

We seek not only to responsibly accelerate the future of copper and mining practices, but we also strive to enhance the future for all of our stakeholders, which is critical to delivering and maintaining shared value. We plan to continue to act on the critical social and environmental issues facing our business and our stakeholders with the aim of doing more good for our stakeholders and the planet — not just less harm.

**Accelerate the Future, Responsibly** aligns with our core values and supports our company culture, helping to cultivate an ethical and engaged workforce capable of innovating the future of mining and leading our company and industry into a more sustainable and responsible era of mining.

## OUR STRATEGY

Our sustainability strategy is designed to achieve enduring progress, and is comprised of four components: our beliefs, our sustainability pillars, our critical enablers and our values.

### OUR BELIEFS

The ideologies that shape our focus and drive action across our most important priorities:

- Increased global demand for copper should be met responsibly.** We can, and we must, manage our impacts and positively contribute within and beyond our operational boundaries as we work to meet the world's needs for our products.
- The challenges of tomorrow demand innovation.** The future of mining and responsible production require ingenuity and evolution across the value chain. We embrace this fully.
- Rising ESG expectations are an opportunity to create greater value.** We take seriously our commitments to our shareholders and other stakeholders and acknowledge the critical link between our sustainability performance and the trust and goodwill we earn from others. Our ESG commitments challenge us to continually improve and become a better and more productive company.

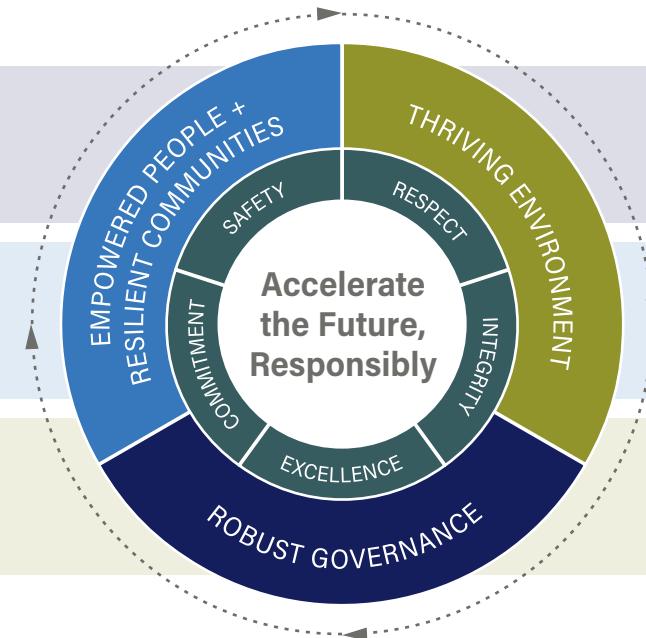
- Resilience and adaptability are essential characteristics and priorities for any organization striving to achieve enduring ESG progress.** Meeting the world's changing needs requires a collaborative culture, the capabilities to evolve, people empowered to innovate and challenge the status quo, and the financial strength necessary to chart new paths and weather any storm. Not only do we apply this internally, but we use the same lens in our work with external stakeholders, including communities and Indigenous Peoples.
- Transparency and accountability are crucial to building and maintaining trust.** Trust takes time. It also takes transparency, authenticity and a two-way dialogue. We are committed to openly engaging with and listening to our stakeholders. We are also committed to transparently sharing our progress and to being held accountable for our commitments.



## OUR SUSTAINABILITY PILLARS

Our sustainability strategy also seeks to create greater clarity on the outcomes we are working to achieve across our three sustainability pillars:

- Robust Governance:** Good governance relies upon dedicated leadership that integrates ESG into everyday operations and business decisions through effective internal structures and processes. We strive to embed a holistic ESG approach into decision-making by leveraging our internal culture and regulatory and technical systems and expertise.
- Empowered People & Resilient Communities:** People are at the core of our business. We are committed to supporting the health, safety and well-being of our people, which includes our workforce, our host communities and Indigenous neighbors. We seek to do this in a manner that increases resiliency and empowers people to thrive sustainably in the long term.
- Thriving Environments:** Mining impacts the natural environment. We work to conduct our operations with minimal adverse impacts on the environment, and we support the protection of ecosystems through responsible environmental stewardship. This commitment is embedded in our management systems and our approach to continuous improvement.



## OUR CRITICAL ENABLERS

We seek to deliver our sustainability strategy through four critical enablers:

- Healthy, Engaged Workforce:** Empower our people to deliver a sustainable and innovative mining future. We support our people to work safely, to acquire new skills, learn and embrace new technologies, and to provide opportunities for growth and development within an inclusive environment.
- Operational Excellence:** Set the standard for responsible copper and molybdenum production. Continuous improvement enables us to drive the innovation needed to embrace new approaches, ideas and technologies that will help us exceed future operational and ESG expectations while consistently delivering stakeholder value.
- Collaborative Partnerships:** Earn and maintain trust with communities and stakeholders. We proactively and collaboratively engage our host communities, including Indigenous Peoples, to define and build a common vision for creating shared value.
- Responsible Value Chains:** Responsibly deliver our products to the global economy. We seek to embed sustainability, integrity and compliance across our value chain — both upstream and downstream — to ensure copper and molybdenum are produced and used responsibly.

## OUR VALUES

Our culture is the bedrock of FCX's sustainability strategy, aligning our core company values to our work. 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.

- Safety**

We put safety first — for ourselves, our co-workers and our communities — by actively promoting safe practices and health and wellness. No job is so important and no schedule so urgent that time cannot be taken to plan and perform work in a safe manner.

- Respect**

We treat each other and our stakeholders with respect. We value the diversity, ideas, perspectives and experiences of our employees and our stakeholders.

- Integrity**

We are honest, transparent and responsible, and we do what we say we will do.

- Excellence**

We pursue excellence in our work by taking pride in what we do and always doing our best. We collaborate to create and implement innovative ideas and to develop solutions to issues and concerns.

- Commitment**

We are committed to contributing to the long-term sustainability of the environment and communities where we work. We hold ourselves accountable for our environmental and social performance.



Sierrita operation, Arizona.

## AMBITIONS AND PERFORMANCE TARGETS

In alignment with our sustainability strategy and informed by our materiality assessment and ongoing stakeholder engagement, we have identified our key focus areas and established clear ambitions and performance targets for each area, which are outlined in the tables below. Read more about our 2022 performance in each of these critical areas in the following sections of this report.

### ROBUST GOVERNANCE

FOCUS AREA	AMBITION	PERFORMANCE TARGET	2022 PERFORMANCE UPDATE	STATUS	MORE INFO
<b>Human Rights</b>	We are an enabling partner for the respect and promotion of human rights within our own operations and across our value chain	Incur zero gross human rights violations <sup>1</sup> at our operations by employees or contractors	PT-FI identified three instances of underage workers employed by subcontractors of our main contractor at the Manyar smelter project; two of the workers were assigned potentially hazardous work, which on that basis were classified as gross human rights violations; FCX and PT-FI take this situation seriously and strictly prohibit underage workers	<span style="color: red;">●</span>	<a href="#">Page 33</a>
		Complete Human Rights Impact Assessment (HRIA) at Arizona sites in 2022	Completed in 2022	<span style="color: green;">●</span>	<a href="#">Page 36</a>
		Complete HRIA at PT-FI in 2023	Progressed HRIA at PT-FI during 2022 and currently on schedule to be completed in 2023	<span style="color: green;">●</span>	<a href="#">Page 36</a>
		Complete HRIA at Cerro Verde, Colorado operations and Manyar smelter project in 2024	Planning stage initiated in 2022	<span style="color: green;">●</span>	<a href="#">Page 35</a>
<b>Responsible Supply Chains</b>	We work with our supply chain and business partners to manage and promote responsible and sustainable practices	Complete supplier sustainability prioritization in 2022	Completed draft prioritization framework	<span style="color: green;">●</span>	<a href="#">Pages 38-43</a>
		Refine sustainability supplier prioritization and complete engagement process for priority categories in 2023	Engaged with consultant to benchmark best practices; work will continue in 2023	<span style="color: yellow;">●</span>	<a href="#">Pages 38-43</a>
<b>Ethics &amp; Compliance</b>	N/A <sup>2</sup>	Comprehensive training on Principles of Business Conduct (PBC), including certification of management-level employees	In 2022, 100% of employees were trained, including a 100% certification rate of management-level employees	<span style="color: green;">●</span>	<a href="#">Pages 29-31</a>
		Train 90% of selected employees on anti-corruption laws, regulations and company policies and procedures	In 2022, 100% of the employees selected to participate in the online training completed the course	<span style="color: green;">●</span>	<a href="#">Pages 29-31</a>

● Achieved/On Track    ● Lagging    ● Missed

1. Gross human rights violation — There is no uniform definition under international law; however, FCX's ongoing data collection and review processes is guided by the United Nations Office of the High Commissioner report, "The Corporate Responsibility to Respect Human Rights — An Interpretive Guide," to identify such types of violations. In addition, FCX uses specific interpretation guidance for certain types of violations from various international organizations such as the International Labour Organization (ILO). Please see page 33.

2. Ambition statements were developed for the eight strategic focus areas determined in our materiality assessment and follow-on sustainability strategy update in 2021. Ambition statements were not developed for compliance obligations, which continue to be critically important to our business.

## EMPOWERED PEOPLE & RESILIENT COMMUNITIES

FOCUS AREA	AMBITION	PERFORMANCE TARGET	2022 PERFORMANCE UPDATE	STATUS	MORE INFO
<b>Health &amp; Safety</b>	We put safety first — for ourselves, for each other and for our communities — by championing a culture of health, safety and well-being wherever we do business	Incur zero workforce fatalities (employees + contractors)	For 2022, we regret to report one work-related fatality of a contractor at Morenci	<span style="color: red;">●</span>	<a href="#">Pages 46-50</a>
		2022 Target: 0.69 Total Recordable Incident Rate (TRIR) <sup>1</sup>	Our TRIR was 0.77 for 2022, which was higher than our 0.69 TRIR target for the year	<span style="color: red;">●</span>	<a href="#">Pages 46-50</a>
		2023 Target: 0.71 TRIR			
<b>Workforce</b>	Our culture is safety-focused, respectful and inclusive in order to empower our workforce to innovate, adapt and succeed	Increase the percentage of women employees, including representation in managerial roles, to 15%	At year-end, women represented 14.2% (compared to 13.4% as of year-end 2021) of our global employee population, 22.2% of our executive management team and 12.2% (compared to 12.1% as of year-end 2021) of other managerial roles	<span style="color: green;">●</span>	<a href="#">Page 62</a>
		Continue to assess and enhance equitable pay practices and integrate into annual compensation review	In 2022, we completed an updated analysis of our gender pay equity and living wage assessment, which showed a gender pay equity gap ratio of more than 0.995 to 1 (female employee to male employee) and that compensation meets living wage benchmarks	<span style="color: green;">●</span>	<a href="#">Page 63</a>
<b>Communities &amp; Indigenous Peoples</b>	We work in partnership with our host communities and Indigenous Peoples to earn and maintain their trust and to contribute to long-term shared value and resilience	2022 Target: \$171 million in community investments  2023 Target: \$203 million in community investments <sup>2</sup>	Invested \$177 million in community programs globally in 2022	<span style="color: green;">●</span>	<a href="#">Pages 76-77</a>

● Achieved/On Track

● Lagging

● Missed

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

2. Annual community investment target determined by 1% of the average of the previous 3 years' annual mining operations revenues.

## THRIVING ENVIRONMENTS

FOCUS AREA	AMBITION	PERFORMANCE TARGET	2022 PERFORMANCE UPDATE	STATUS	MORE INFO
<b>Climate</b>	We aspire to participate in — and positively contribute to — a 2050 net zero economy	Achieve GHG emissions reduction targets by 2030 (vs. 2018 baseline)	Continued to reduce GHG emissions intensity in the Americas (2.5% achieved versus 15% target for 2030) and PT-FI (26% achieved versus 30% target for 2030)	<span style="color: #588040;">●</span>	<a href="#">Pages 80-84</a>
		Develop GHG emissions reduction targets for primary molybdenum sites and Atlantic Copper smelter and refinery in 2022	Developed absolute GHG emissions reduction targets for primary molybdenum sites (35% target for 2030) and Atlantic Copper smelter and refinery (50% target for 2030)	<span style="color: #588040;">●</span>	<a href="#">Pages 80-84</a>
		Significantly advance Science Based Targets initiative (SBTi) process for 2030 targets in 2022	Signed SBTi letter of commitment; completed analysis of SBTi target criteria relating to our Scopes 1, 2 and 3 GHG emissions; conducted strategic review with external firm of potential sectoral decarbonization approach for copper	<span style="color: #FFC107;">●</span>	<a href="#">Pages 80-84</a>
<b>Water Stewardship</b>	As responsible water stewards, we focus on minimizing our impacts on shared resources, while supporting the long-term resilience of our operations, host communities and the environment	Conduct site-based review of water supply sources and use and improve water models to support target setting by end of 2023	Conducted a cross-functional water strategy development workshop; reviewed site-level water balance; prepared for a site-based pilot program in 2023 to evaluate water-related best practices; began evaluating emerging and existing technologies that could potentially support future target-setting, which is now expected to occur after 2023	<span style="color: #FFC107;">●</span>	<a href="#">Pages 85-91</a>
<b>Biodiversity &amp; Land Use</b>	We aim to avoid or minimize impacts from our operations on biodiversity, while contributing to the conservation of biodiversity beyond our boundaries	Formalize and disclose biodiversity management plans at Cerro Verde, El Abra, Morenci and PT-FI (Grasberg operations) by the end of 2023	Progressed the development of biodiversity management plans	<span style="color: #588040;">●</span>	<a href="#">Pages 92-97</a>
<b>Tailings Management</b>	We strive to continuously manage, enhance and innovate our tailings systems in a manner that minimizes impacts to stakeholders and the environment	Implement the Tailings Standard at tailings storage facilities (TSFs) with "extreme" or "very high" potential consequences by August 2023	In 2022, continued to advance conformance with the Tailings Standard at our Americas TSFs and are currently on track to meet the August 2023 timeline for applicable sites <sup>1</sup>	<span style="color: #588040;">●</span>	<a href="#">Pages 98-101</a>
		Implement the Tailings Standard at all other TSFs by August 2025	Progressing consequence classification review and Tailings Standard conformance across sites	<span style="color: #588040;">●</span>	<a href="#">Pages 98-101</a>
<b>Environmental Compliance</b>	N/A <sup>2</sup>	Incur zero significant environmental events (as identified by our risk register process) <sup>3</sup>	Incurred one significant environmental event at El Abra in March of 2022	<span style="color: #DC3545;">●</span>	<a href="#">Pages 110-111</a>
		Incur zero penalties in amounts exceeding \$100,000	Achieved in 2022	<span style="color: #588040;">●</span>	<a href="#">Pages 110-111</a>

● Achieved/On Track

● Lagging

● Missed

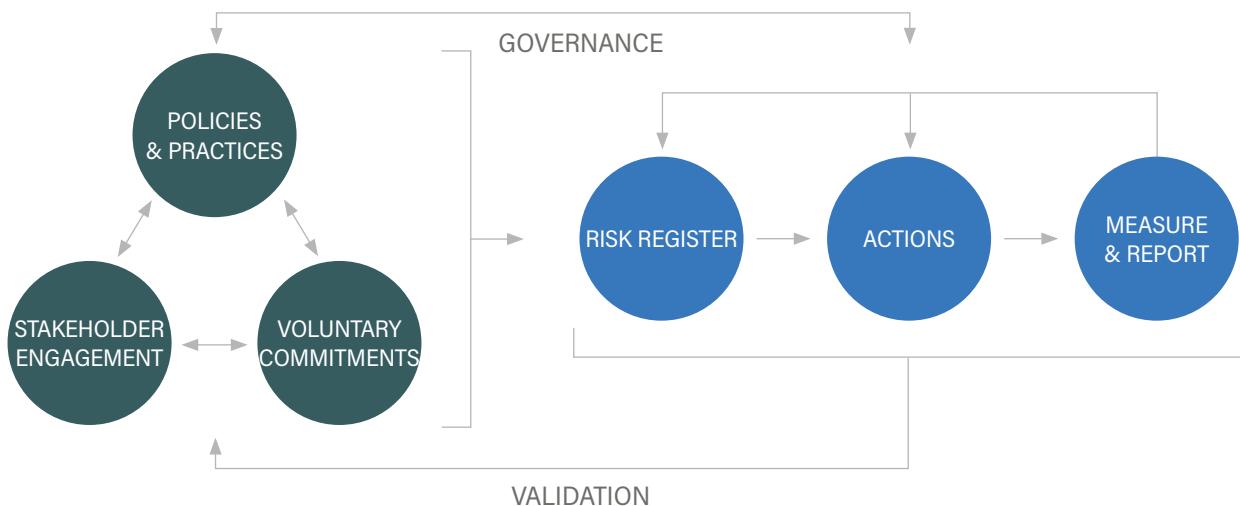
1. Our 2022 performance rating pertains to FCX's implementation progress on the Tailings Management in alignment with the ICMM compliant timelines. For our Copper Mark and ICMM performance expectation evaluations at each site, we rate ourselves as "Partially Meets" until the site has fully conformed to the Tailings Standard, when it will be rated as "Fully Meets".
2. Ambition statements were developed for the eight strategic focus areas determined in our materiality assessment and follow-on sustainability strategy update in 2021. Ambition statements were not developed for compliance obligations, which continue to be critically important to our business.
3. Our risk register assessment uses a likelihood and consequence matrix with a scale on each axis from 1 through 4, with 4 being the highest likelihood or consequence. Significant environmental events are defined as those with a rating of 3 or higher on the consequence scale.

## OUR STRATEGY IN ACTION: RESPONSIBLE PRODUCTION

Consistently executing our sustainability strategy means integrating sustainability into everything we do and enhancing our focus on responsible production. We are proud to play a leading role in setting the industry benchmark for responsible copper production by collaborating with stakeholders to innovate and drive change.

Defining and implementing responsible production at FCX is an iterative process with continuous improvement at its core. We aim to drive responsible production practices throughout our operations by identifying the commitments and the corresponding responsible production frameworks that we believe will move the industry forward and help to meaningfully advance our operations and supply chains. These commitments include our strategic focus areas and related ambitions and performance targets, as well as commitments such as the UNGPs, the VPs and the Task Force on Climate-related Financial Disclosures (TCFD), among others. Ongoing stakeholder engagement is fundamental to informing our policies and processes as well as the voluntary commitments to which we subscribe.

We then integrate these commitments, policies and practices into our risk register process, which drives our actions. Regular measurement and reporting support our understanding of our current performance, including any gaps, and the actions we need to take to improve. Third-party validation of the implementation of our commitments at our operating sites and at the corporate level provides validation of our actions. At the foundation of this iterative process is robust governance, which is critical to embedding responsible production across the business. The graphic below depicts this process.



Geologist at our Safford operation, Arizona.

## THE COPPER MARK

The Copper Mark is a comprehensive assurance framework that promotes responsible production practices. It is the first and only framework developed specifically for the copper industry. The Copper Mark was initiated by the ICA, of which FCX is a member, in conjunction with various stakeholders including financial institutions, commodities exchanges, NGOs, OEMs and copper fabricators. The Copper Mark is now a separate entity from ICA and governed by an independent board, which includes NGO participation and a multi-stakeholder advisory council. To achieve the Copper Mark, sites are committed to adhering to internationally recognized responsible operating practices and specifically to a detailed framework covering 32 issues across five ESG categories developed by the Responsible Minerals Initiative's Risk Readiness Assessment. The Copper Mark requires an independent external assurance process to assess conformance across the 32 issues at each site. Awarded sites are required to be revalidated by the Copper Mark every three years and communicate routinely with the organization on action plans to meet any "partially meets" criteria.

FCX has achieved the Copper Mark at all 12 of its copper producing sites globally, including most recently at PT-Fl in February 2023. In addition, following the extension of the Copper Mark framework to molybdenum producers in 2022, our two primary molybdenum mines and our four copper mines that produce by-product molybdenum were awarded the Molybdenum Mark.

FCX played a leading role in the development of the Copper Mark by actively participating in the organization's multi-stakeholder processes to further develop and work toward achieving its short- and long-term goals for growth. We continue to encourage our stakeholders, peers, customers and downstream users to join, collaborate and promote uptake of the Copper Mark validation process globally, with the ultimate goal of transparently demonstrating responsible production all the way to the end user. Learn more about the Copper Mark on our [website](#) and view our site-level assessment reports at [coppermark.org](http://coppermark.org).

## COPPER MARK CRITERIA CATEGORIES:

GOVERNANCE	LABOR RIGHTS	ENVIRONMENT	COMMUNITY	HUMAN RIGHTS
<sup>1</sup> Legal Compliance	<sup>5</sup> Child Labor	<sup>14</sup> Environmental Risk Management	<sup>23</sup> Community Health & Safety	<sup>26</sup> Human Rights
<sup>2</sup> Business Integrity	<sup>6</sup> Forced Labor	<sup>15</sup> Greenhouse Gas (GHG) Emissions	<sup>24</sup> Community Development	<sup>27</sup> Security & Human Rights
<sup>3</sup> Stakeholder Engagement	<sup>7</sup> Freedom of Association & Collective Bargaining	<sup>16</sup> Energy Consumption	<sup>25</sup> Artisanal & Small-scale Mining	<sup>28</sup> Indigenous Peoples' Rights
<sup>4</sup> Business Relationships	<sup>8</sup> Discrimination	<sup>17</sup> Freshwater Management & Conservation		<sup>29</sup> Land Acquisition & Resettlement
	<sup>9</sup> Gender Equality	<sup>18</sup> Waste Management		<sup>30</sup> Cultural Heritage
	<sup>10</sup> Working Hours	<sup>19</sup> Tailings Management		<sup>31</sup> Due Diligence in Mineral Supply Chains
	<sup>11</sup> Remuneration	<sup>20</sup> Pollution		<sup>32</sup> Transparency & Disclosure
	<sup>12</sup> Occupational Health	<sup>21</sup> Biodiversity & Protected Areas		
	<sup>13</sup> Employee Grievance Mechanism	<sup>22</sup> Mine Closure & Reclamation		

## COPPER MARK STATUS BY SITE

### AWARDED

Atlantic Copper smelter & refinery (*Spain*)  
 Bagdad mine (*AZ*)  
 Cerro Verde mine (*Peru*)  
 Chino mine (*NM*)  
 El Abra mine (*Chile*)  
 El Paso refinery & rod mill (*TX*)\*  
 Miami smelter, mine & rod mill (*AZ*)  
 Morenci mine (*AZ*)  
 PT-Fl mine (*Indonesia*)  
 Safford mine (*AZ*)  
 Sierrita mine (*AZ*)  
 Tyrone mine (*NM*)

## MOLYBDENUM MARK STATUS BY SITE

### AWARDED

Bagdad mine (*AZ*)\*\*  
 Cerro Verde mine (*Peru*)\*\*  
 Climax mine (*CO*)  
 Henderson mine (*CO*)  
 Morenci mine (*AZ*)\*\*  
 Sierrita mine (*AZ*)\*\*

## LETTER OF COMMITMENT

Fort Madison (*IA*)  
 Rotterdam (*Netherlands*)  
 Stowmarket (*United Kingdom*)

\*El Paso has been awarded the Nickel Mark in addition to the Copper Mark

\*\*Indicates sites that produce molybdenum as a by-product

Note: Status is as of April 20, 2023



## ICMM PERFORMANCE EXPECTATIONS



ICMM is an organization dedicated to a safe, fair and sustainable mining and metals industry. As a founding member, FCX has been a leader for over 20 years, and FCX's Chairman and CEO served as Chair of ICMM from 2008-2011 and 2020-2022. ICMM member companies are required to comply with its 39 performance expectations and its 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 39 performance expectations must be validated by a third-party at the site level with annual activities published, including how expectations will be met.

## RISK MANAGEMENT

We implement several processes to identify and assess ESG-related risks, including our sustainability risk register process, our Enterprise Risk Management (ERM) program and our global climate scenario analyses.

### Risk Register

We translate our responsible production commitments to everyday work through the use of our sustainability risk register process (risk register) which identifies, prioritizes, manages and tracks sustainability risks and actions at the corporate-and site-level. Defined in a global standard operating procedure, the process uses a risk assessment matrix to prioritize risks by both their likelihood and consequence, based on customized impact definitions by functional area to drive action. All risks require annual review, and detailed action plans are prepared for those rated as actionable.

Sites use the risk register to identify risks and opportunities in relation to their operation and stakeholders. The risk register prioritizes 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 impact. It also enables sites to identify and prioritize opportunities that could have positive consequences. Once the risks and opportunities are prioritized, action plans are developed. The risk register and these plans are the foundation of internal and external assurance processes at both the corporate level and operating sites.

The risks included in the risk register are mapped to our external commitments, including all 39 ICMM performance expectations and the Copper Mark's 32 ESG requirements. Our risk register assists our teams to identify and prioritize the most significant risks to our business and our stakeholders. We work cross-functionally to implement our various commitments, and our risk register enables site-level management teams to focus on priorities while promoting globally consistent implementation across our operations. In 2022, we developed and implemented a new digital solution to transform the risk register into a more effective tool, enabling sites to easily share identified risks and action plans while digitally connecting identified risks to other tools in the system, such as action plans, stakeholder maps and incidents.

### Enterprise Risk Management

Enterprise level risks are identified and assessed through our ERM program, designed to provide cross-functional executive insight across the business to identify and monitor risks, opportunities and emerging trends that can impact our strategic business objectives. Our ERM program provides the Board with information about the company's enterprise risk profile and allows the Board to assess and monitor the risks over the short, medium and long term, both within and outside our operational boundaries.

Our ERM management committee is comprised of senior leaders with responsibility across operations and core business functions, and with a breadth of knowledge, influence and experience covering the risks the company faces. The ERM management committee reports to our president and periodically provides reports on, among other things, business strategy, geopolitical trends, markets, people, innovation and cybersecurity risks, to the audit committee, the CRC and full Board.

The ERM management committee is responsible for providing input and oversight on the ERM program, which seeks to link our global operations and business functions to (1) identify enterprise risks and opportunities, (2) analyze and prioritize risks, (3) review risk control environments, including through internal audit, and determine additional management actions where warranted, and (4) monitor and report progress. Key ESG-related risks are included in the ERM program.

## INTEGRATING RESPONSIBLE PRODUCTION INTO GROWTH PROJECTS

As the world transitions to a lower-carbon economy, demand for copper is expected to increase. We seek to support this increased global demand, responsibly. We employ a variety of baselining and risk management tools to identify and evaluate the potential sustainability-related impacts of our operations. Together, these tools help us characterize the current social, economic and environmental conditions and provide a baseline against which we can measure our performance over time.

We perform **Environmental and Social Impact Assessments**, which identify potentially affected stakeholders and potential impacts from the outset of new projects. We are currently working to integrate human rights impacts into these assessments to be better informed about impacts to people from growth projects.

As part of the internal risk review process, the **Project Development Sustainability Review** considers sustainability issues during the evaluation, and implementation of, potential expansion and development projects. The Project Development Sustainability Review process enables us to identify, prioritize and proactively manage potential risks before a project begins and throughout its development. The process is applied during the early stages of mine expansion and project development, particularly during scoping, prefeasibility and feasibility stages so that risks may be adequately addressed early and continuously throughout. The process also supports preparation for future closure of operations.



During the year, we continued to progress construction of the Manyar smelter project near Surabaya, Indonesia.



Since its inception in 2011, we have undertaken reviews and implemented actions for 38 projects. Key focus areas identified at different project stages have included: access to water, energy and materials, potential impacts to hydrology, air quality, biodiversity, human rights, community receptivity, economic impacts, and land acquisition and resettlement.

We applied this process during the design phase of our Manyar smelter project and precious metals refinery in Indonesia and are making regular updates during the construction phase. The project and corporate teams are working to address a number of actionable risks and opportunities, including risks to cultural heritage, climate change, water and human rights among others.

The process complements the risk register process and serves as a key input to the risk register once a project is operational, enhancing the integration of sustainability into decision-making across the company.

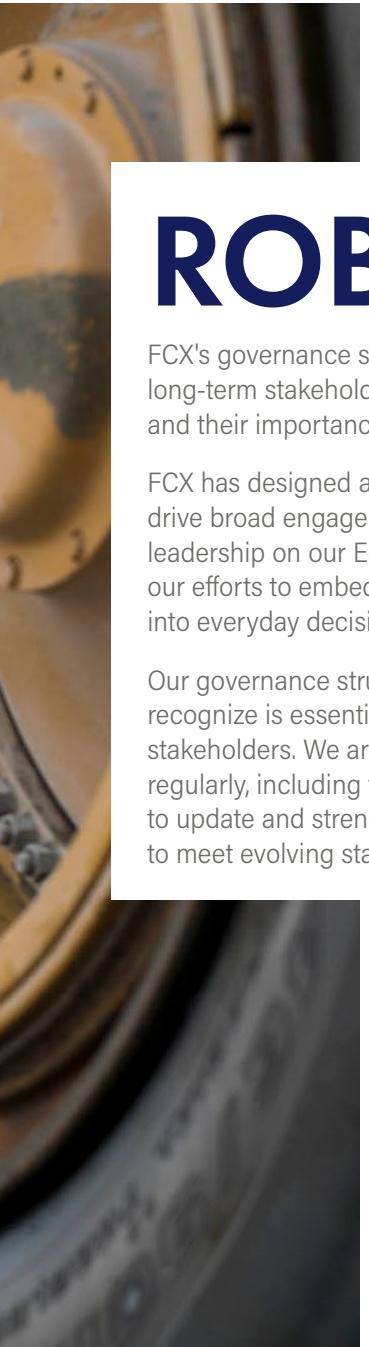
**As global decarbonization accelerates, demand for copper is expected to increase.**



In 2022, we committed to formal collaboration with Caterpillar's Early Learner program and Komatsu's GHG Alliance, both of which are focused on the development and advancement of zero-emissions mining trucks and supporting technologies and infrastructure. Heavy duty truck shop at our Sierrita operation, Arizona.



# ROBUST GOVERNANCE



FCX's governance structures are the foundation for delivering consistent, long-term stakeholder value, and they reflect our commitment to ESG matters and their importance to every aspect of our company.

FCX has designed and implemented rigorous policies and processes that drive broad engagement with and strong accountability from company leadership on our ESG commitments. These policies and processes support our efforts to embed sustainability into company practices and integrate ESG into everyday decision making.

Our governance structures support our focus on transparency, which we recognize is essential to building — and maintaining — enduring trust with stakeholders. We are committed to reporting on our ESG performance regularly, including through third-party assurance frameworks. We also seek to update and strengthen our governance structures so that we can continue to meet evolving stakeholder expectations.

Accountability on ESG extends to the highest levels of the company, including to our Chairman and CEO, with active oversight from our Board. Across our workforce, expectations are consistently expressed through purposeful leadership, clear policies and rigorous training.

These expectations embody the company's commitment to ethical and legal conduct in all business practices and activities. Operating ethically and acting with integrity go beyond complying with laws and regulations to recognizing that the decisions we make as a company have an impact on others. That is one of the reasons why FCX's commitments extend beyond the boundaries of our operations, to advance the respect and promotion of human rights, raise the standards for our industry and drive responsibility across our value chains.

Through our governance structures, we work to earn the respect, trust and confidence of our stakeholders by establishing and living up to the highest standards of responsible performance.

# GOVERNANCE

## WHY IT MATTERS

Effective governance aligns a company's purpose, policies and practices to inform robust decision making. Strong governance is essential to achieving ESG commitments and integrates ESG broadly across a company by instituting procedures that drive engagement and accountability at the highest levels.

## OUR APPROACH

Sustainability is embedded in FCX's values and business strategy. Governance and oversight of sustainability ultimately resides with the Board, with day-to-day oversight by the executive leadership and site-level management teams. Good governance requires focused and consistent leadership to ensure FCX's values and sustainability strategy are integrated into everyday operations and business decisions. We have the structure and processes in place to facilitate effective decision making and advance our stakeholders' long-term interests. Given the breadth and complexity of sustainability issues, our governance structure seeks to leverage our internal regulatory and technical expertise to identify sustainability-related risks and opportunities through the effective management and oversight of an interdisciplinary team.

## 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, including sustainability-related risks. In its risk oversight role, the Board reviews, evaluates and discusses with appropriate 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. As part of our governance practices, the Board has a lead independent director with clearly defined responsibilities, providing an effective balance between strong company leadership and appropriate safeguards and oversight by independent directors.

Certain areas of the Board's risk oversight are delegated to its four standing committees: Audit, Compensation, Corporate Responsibility, and Governance. Each of these committees 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 four standing Board committees, provide FCX's governance framework and reflect the Board's commitment to monitor the effectiveness of policy, decision making and performance at both the Board and management levels.

Throughout 2022, our Board continued to exercise its active oversight role, with continued focus on the company's health and safety performance, climate strategy and related progress, as well as other matters. The Board met six times in 2022 and also received regular communications throughout the year from our Chairman and CEO on various topics including key ESG-related matters.

## 2022 KEY ESG TOPICS

### Board Meetings

- Workforce health and safety
- ESG shareholder engagement feedback and ESG update
- Workforce inclusion and diversity update
- Annual adoption of UK Modern Slavery Act Statement

### Corporate Responsibility

#### Committee Meetings

- Workforce health and safety
- Climate strategy and performance update
- Human rights program, including progress on human rights impact assessments (HRIAs) and annual adoption of UK Modern Slavery Act Statement
- Tailings management, including progress implementing the Global Industry Standard on Tailings Management in the Americas
- Update on PT-Fl's human health assessment
- Water strategy and resilience update
- Social performance and charitable contributions
- Political spending review
- Responsible sourcing of minerals program update

### Compensation Committee Meetings

- Workforce health and safety
- Workforce recruitment, retention and development update

## BOARD OVERSIGHT OF ESG

The CRC, on behalf of the Board, oversees the company's environmental and social policies and implementation programs and related risks. The CRC reviews the effectiveness of the company's strategies, programs, and policy implementation with respect to health and safety, responsible production frameworks, climate, tailings management and stewardship, water stewardship, biodiversity and land management, waste management, human rights, stakeholder relations, social performance and Indigenous Peoples, responsible sourcing, and political activity and spending practices. During 2022, the CRC had four regularly scheduled meetings.

Additionally, each of the Audit, Governance and Compensation Committees oversee key ESG matters. The Audit Committee oversees our global compliance program and corporate compliance procedures and our information technology and cybersecurity processes and procedures. Additionally, tax matters are included within the audit committee's financial oversight responsibilities. The Governance Committee maintains our Corporate Governance Guidelines and oversees our corporate governance practices and procedures. The Compensation Committee oversees our human capital management policies, programs, practices and strategies, including those relating to workforce recruitment, retention and development, pay equity and inclusion and diversity.



**Effective governance aligns a company's purpose, policies and practices to inform robust decision making.**

## EXECUTIVE SUSTAINABILITY LEADERSHIP

Our Chairman and CEO has ultimate responsibility for the company's sustainability performance, with active oversight from the Board. Our cross-functional Sustainability Leadership Team (SLT) includes members of management tasked with defining the sustainability strategy and implementing our sustainability policies, systems and programs across the organization to achieve integrated decision making for responsible production and performance.

The SLT is sponsored by our Chief Administrative Officer and is led by our Chief Sustainability Officer, with active participation from other members of the SLT, including our five business unit presidents. SLT membership also includes senior leadership from functional groups including health and safety, security, supply chain, human resources, sales, legal, compliance, sustainability and finance.

In 2022, the SLT met nine times and members of the SLT regularly reported to executive leadership, including our Chairman and CEO and our president. In addition, members of the SLT regularly report to the relevant Board committees on key ESG matters and periodically report to the full Board.

Executive officers are held accountable for the company's ESG performance in part through the company's performance-based annual incentive program (AIP) via pre-determined ESG metrics aligned with our key ESG commitments and priorities. In 2022, ESG metrics collectively accounted for 25% of the AIP (15% safety and 10% sustainability), with the sustainability metric including the Copper Mark, climate, human rights, tailings management and workforce inclusion and diversity priorities.

**Our Chairman and CEO has responsibility for the company's sustainability performance, with active oversight from the Board.**



## BUSINESS CONDUCT & POLICIES

### WHY IT MATTERS

Integrating responsible practices across a company with global operations requires comprehensive and disciplined efforts. Codifying Principles of Business Conduct (PBC) and policies helps ensure that a workforce understands behavioral expectations and has the tools and resources necessary to comply with a company's stated principles and policies.

### OUR APPROACH

FCX is guided by its PBC, the cornerstone of our commitment to ethical business practices. It defines the expected behavior of all our employees and the Board and sets forth the global principles that our workforce must follow in all activities — from complying with laws, to avoiding conflicts of interest, to treating colleagues and stakeholders with dignity and 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.

Our PBC and Corporate Governance Guidelines, along with the charters of our 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 annual training on our PBC, including certification by management-level employees and induction training for all new employees. This process consists of in-person or computer-based training, requiring employees to certify both their understanding of, and compliance with, the PBC and to report any known or suspected instances of non-compliance. The training covers health & safety concepts, addressing harassment & discrimination, dealing with inappropriate behavior, preventing conflicts of interest and retaliation from co-workers, and reminds employees how to raise concerns via the Compliance Line. Managers and supervisors also are responsible for ensuring their direct reports understand these principles.



View more data in  
the Performance  
Data Section



Team member at El Paso rod and refining, Texas.

## POLICIES & PRACTICES

Our PBC, together with our global policies and practices, details our expected behaviors and commitments to our stakeholders. Descriptions of FCX's key policies are provided below, and complete policies are available in local languages on the Corporate Governance section of our [website](#).

### Anti-Corruption

Establishes FCX's zero tolerance policy for any form of corruption, private- or public-sector, and prohibits facilitation payments worldwide. Outlines procedures to comply with the FCPA and other relevant anti-corruption laws in all countries where we operate.

### Business Partner Code of Conduct

In 2022, we expanded our Supplier Code of Conduct to a Business Partner Code of Conduct. Based on our PBC, it outlines our expectations for our business partners and supports our commitment to only do business with business partners, including suppliers and contractors, who meet the standards we set for ethical business conduct.

### Environmental

Outlines our commitment to minimize the environmental impact of our operations, 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. The policy also outlines our duty to continuously improve the environmental performance of our operating sites through ISO 14001 management systems and our commitment to no mining and exploring in United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites.

### Human Rights

Outlines our commitment to respecting internationally recognized human rights standards, especially with respect to our workforce, host communities and Indigenous Peoples as well as cultural heritage. It also covers implementation of the United Nations Guiding Principles on Business and Human Rights. The Voluntary Principles on Security and Human Rights (VPs) 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. It applies to FCX 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; preventing bribery, fraud and corruption; and implementing the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Mineral Supply Chains in Conflict-Affected and High-Risk Areas.

### Safety & Health

Establishes our objective of zero workplace fatalities, 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 Free, Prior and Informed Consent (FPIC). Calls for collaboration with communities, including indigenous and vulnerable populations, to avoid, minimize, mitigate and remedy adverse impacts and pursue opportunities to maximize benefits.

### Tailings Management

Outlines our ongoing commitment to managing tailings responsibly, including protecting the health and safety of our workforce, host communities and the environment. The policy affirms our goal of zero fatalities, zero catastrophic failures and zero unplanned discharges from any of our tailings facilities globally and addresses the implementation of the Global Industry Standard on Tailings Management for our tailings storage facilities in the Americas.

## ANTI-CORRUPTION

FCX recognizes that any violation of the FCPA or other anti-corruption and anti-bribery laws of any 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.

FCX has zero tolerance for corruption of any kind. In addition to our employees, we hold our business partners to this same standard. We do not obtain any business advantage through bribery, improper payments, kickbacks, or any other illegal means. No employee or business partner may offer, pay, solicit, or accept bribes in any form, including facilitation payments.

Over a decade ago, FCX set out to modernize and grow our compliance function. The program today covers regulatory compliance in areas such as anti-corruption, international trade controls, conflicts of interest, discrimination and sexual harassment, forced labor and other subjects addressed in our PBC. Overall, the program is designed to identify potential problems before they occur.

The company has a comprehensive anti-corruption infrastructure, designed to detect, mitigate, and remediate violations of legal and regulatory requirements. Our Anti-Corruption Policy and internal guidelines require compliance with the FCPA and other applicable laws of the countries and jurisdictions where we operate. In addition to our mandatory annual PBC training, we provide annual anti-corruption training for specific groups of employees, based on their roles, using a risk-based approach. In 2022, 100% of selected employees completed the online training course.

Given 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 sourcing, and includes a number of sustainability-related questions. FCeX enhances our ability to identify, assess and mitigate these compliance risks. The survey is utilized for new vendors as our first line of due diligence in our responsible sourcing program. Learn more in the [Responsible Value Chains](#) section.



View more data in  
the [Performance  
Data Section](#)

We perform annual company-wide program and risk assessments with assistance from our internal audit firm, Deloitte, and specialized external legal counsel, who both contribute to the following year's assessment strategies. Business controls resulting from periodic fraud risk assessments are tested and reviewed annually at our corporate offices as well as at PT-Fl, Cerro Verde, El Abra and Atlantic Copper.

## COMPLIANCE LINE & WORKFORCE GRIEVANCE MECHANISMS

Our Compliance Line, along with our other reporting mechanisms, provides guidance and assistance to our workforce on 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 permits anonymous reporting. Our business partners are also encouraged to use the Compliance Line, as detailed in our Business Partner Code of Conduct. For information on community grievance mechanisms please refer to the [Communities & Indigenous Peoples](#) section.

Compliance Line reports are investigated and acknowledged to the reporting party, and, if substantiated, the appropriate disciplinary action is taken, up to and including termination of employment. In addition to reporting through the Compliance Line, we encourage our workforce to engage directly with human resources or compliance team members at the site level to address topics best understood by those with local knowledge. In 2022, we received 372 Compliance Line reports, many of which were human resource-related and a quarter of which were duplicative. Approximately 15% of reports received were substantiated.

In addition, for workplace-related grievances, our workforce can report information to the compliance department either via the phone, email or web portal. Reports are documented, reviewed and assigned for investigation, as appropriate. Our global human rights team is engaged for human rights-related complaints. Throughout the process, management is briefed on the nature of the complaints and investigative results. Employees dissatisfied with the outcome of reports may turn to third-party interviewers for assistance based on their jurisdiction and any collective labor agreements. For more information on reporting workforce grievances and our investigation process, please see the [grievance reporting website](#).



# 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 and members of other groups.

## OUR APPROACH

FCX is dedicated to the recognition, respect and promotion of human rights wherever we do business. Respect is a core value that guides how we do business at FCX. We are committed to respecting the rights of all people, including our employees, business partners, 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.

We also recognize that human rights are overarching and that they connect to every aspect of our business. As such, we aim to promote human rights through proactive engagement with host governments and communities and by educating stakeholders, including training our employees and contractors.

FCX respects internationally recognized human rights, including the rights under the International Bill of Human Rights, and is committed to implementing the UNGPs. We work toward continuous improvement in establishing greater institutional awareness and deeper understanding of what human rights are and how they impact every role within the company. We also are committed to complying with the UK Modern Slavery Act, aimed at minimizing the risk of slavery and human trafficking throughout our business and supply chain. Our most recent UK Modern Slavery Act Statement is available on our [website](#).

On a broader scale, we participate in multi-industry dialogues on respect for human rights – including BSR'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 working groups; and the VPs. These external initiatives, together with local and international-level stakeholder engagement, influence our human rights approach. Our work also continues to benefit from the support of third-party

human rights consulting firms, which provide advisory support on our UNGPs implementation and assist in implementation of HRIAs.

We do not condone any form of threats, intimidation or violence against those who peacefully promote and defend human rights and we expect the same from our business partners. We recognize the value of an active and open society supported by the rule of law and believe it is important that our stakeholders are able to express their opinions in a safe manner without fear of reprisal or persecution.

## POLICIES & PROGRAMS

- **Human Rights Policy** – This policy states our commitments to the International Bill of Human Rights, the UNGPs and the VPs. Our Human Rights Policy includes expectations for our suppliers and other stakeholders across our value chain.
- **Business Partner Code of Conduct** – Based on our PBC, our Business Partner Code of Conduct sets forth expectations for our business partners, including suppliers and contractors, in areas such as safety, human rights, anti-corruption, community and environment. We mandate human rights standards through our contracts with business partners.
- **Responsible Sourcing of Minerals Policy** – This policy commits our business to identifying and mitigating human rights violations in our supply chains of minerals and metals for our downstream processing facilities.
- **Human Rights Impact Assessments** – HRIAs are our primary method of conducting human rights due diligence at our active operations. HRIAs are conducted by third-party consultants, who gather direct input from internal and external rights holders.

At the Board level, the CRC provides oversight of our human rights program. At the management level, the SLT provides oversight, and the program is directed and managed by our corporate- and site-level sustainability teams. Our PBC and other core policies – including Anti-Corruption, Social Performance, Environmental, Health and Safety, and Inclusion and Diversity – support the application of our Human Rights Policy. These policies and supporting management systems, along with relevant external standards and initiatives, guide our management of human rights risks.

## PERFORMANCE

Our human rights team continues to collaborate across our operations on an ongoing basis. During 2022, our global human rights team continued to support our sites and supply chain processes with the aim of further embedding respect for human rights across our business. The team held regular meetings with high-risk sites to discuss and address complex issues, enabling our operations to adapt quickly and keep respect for human rights at the forefront. In 2022, we also expanded our Supplier Code of Conduct to a Business Partner Code of Conduct, in order to include our downstream partners, including customers and recipients of charitable giving.

Our cross-functional human rights working group meetings resumed in 2022 after being paused during the COVID-19 pandemic and will continue to meet on a regular basis moving forward. The working group is focused on driving our strategy globally and supporting our site-level implementation of the UNGPs and integration of human rights considerations across our business. Our significant ongoing work in 2022 focused on advancing our global human rights training program as well as our HRIAs, both of which are aimed at educating and improving internal and external stakeholder understanding of human rights. In addition, we are working to significantly improve the technology used for our risk register, stakeholder engagement and grievance management.



View more data in  
the Performance  
Data Section

Grasberg minerals  
district, Indonesia.



## ENHANCING HUMAN RIGHTS PRACTICES: MANYAR SMELTER PROJECT

In alignment with our commitment to integrate responsible production practices into our development projects, we seek to conduct regular reviews of our Engineering, Procurement and Construction (EPC) contractor and subcontractor performance at the Manyar smelter project and precious metals refinery that is currently under construction near Surabaya, Indonesia. In late 2022, during an internal review of subcontractor records for the project, potential instances of underage workers at the smelter project were identified. FCX and PT-FI strictly prohibit child labor as outlined in our Human Rights Policy. After investigation, three cases of individuals under the age of 18 (all three subcontractor employees were voluntarily employed and were 17 at the time) working on-site at the smelter project were confirmed, two of whom were involved in potentially hazardous work. Applying International Labour Organization guidelines, we have classified two of the three cases as gross human rights violations under our policies. The individuals were promptly dismissed from the project and provided compensation.

PT-FI and its EPC contractor performed a root cause analysis to help prevent reoccurrence. The EPC contractor has since implemented both corrective and preventative actions including an enhanced worker screening process through a centralized hiring tracking system and bi-weekly meetings with its subcontractors and representatives from PT-FI in order to communicate expectations and review challenges.

In addition, in collaboration with PT-FI's EPC contractor and its subcontractors, PT-FI has implemented a Human Rights Ambassador program onsite. PT-FI facilitates the program which includes ambassador representation and support from both the EPC contractor and its subcontractors. To date, there are 35 ambassadors working onsite helping to educate workers about their human rights and how to access available grievance mechanisms. The ambassadors are also a conduit to provide important feedback to PT-FI and the EPC contractor on potential issues. The ambassadors are trained by PT-FI's human rights team and are invited to monthly coordination meetings. In addition, PT-FI is developing a social and human rights monthly inspection process in conjunction with its monthly environmental audits to enable proactive identification and resolution of potential human rights issues.

FCX takes this incident seriously and PT-FI continues working closely with its EPC contractor and subcontractors to identify and prevent potential human rights risks that could result from the project.

## HUMAN RIGHTS TRAINING

Training is a core component of embedding respect for human rights across our business. Human rights considerations are currently included in our annual PBC training, which all employees undertake. In addition, in 2022, we began developing a new standalone global human rights training module designed to drive a consistent approach across the company and support greater awareness and understanding of human rights considerations, such as modern slavery, within the context of our operations. The new training module is expected to be completed, translated into relevant languages and rolled out across the company in 2023.

In Indonesia and Peru, where both human rights and security risks are higher, we also conduct targeted training on human rights and the VPs. Training at these sites is led by dedicated site-based human rights compliance officers.

In 2022, PT-FI conducted approximately 19,500 hours of training at its Grasberg operations on our Human Rights Policy and the VPs either directly by PT-FI's human rights office or indirectly through its Human Rights Ambassador program, which is designed to extend education and awareness of human rights to our contractors. Training included induction or refresher training for over 7,500 members of our workforce—3,700 of which were new employees—and training prior to deployment for approximately 1,600 police and military personnel. PT-FI's Human Rights Ambassador program also has been implemented at the Manyar smelter project in Gresik. In collaboration with PT-FI's human rights office, a team of human rights ambassadors employed by various contractors and subcontractors have received training to help provide culturally sensitive human rights induction training for the large workforce at the smelter project. In 2022, the project conducted approximately 9,800 hours of training.

In 2022, Cerro Verde had approximately 5,700 hours of training delivered either online or in-person for over 15,300 members of our workforce, and pre-deployment training for approximately 650 police personnel.

## VOLUNTARY PRINCIPLES ON SECURITY & HUMAN RIGHTS

The VPs serve as guidelines for our security and human rights programs, including for interactions with host government police, military personnel and private security contractors. We focus our implementation primarily 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. We maintain support agreements with host governments that detail the working relationships between the company and the public security personnel assigned to it. Dedicated human rights compliance officers lead training for security employees, security contractors and host government security. They also receive, document and follow up formally and informally on reported human rights incidents, grievances and allegations. Refer to our annual reports to the Voluntary Principles Plenary on our [website](#) for more information.

## PROMOTING HUMAN RIGHTS IN COMMUNITIES

PT-FI regularly conducts educational programs and activities in the community to help raise awareness and understanding of human rights. In 2022, PT-FI's human rights team launched a special campaign to inspire local youth about human rights and tolerance. The campaign reached youth groups at Maranatha Christian Church in Timika and children at Lembaga Pengembangan Anak Terlantar dan Putus Sekolah, a local NGO that supports homeless and disadvantaged children. The children participated in creative art activities and watched short videos to teach them about human rights, their own rights and their obligations towards others. More than 150 children actively participated in the campaign.

## DUE DILIGENCE

As we seek to further embed respect for human rights across our organizational activities, we have various due diligence processes that help us to identify and assess which human rights topics are most salient at the site-level so that we can manage and integrate these risks into our ongoing operational work. We use our risk register process to identify risks to people at our existing operations. We also have a risk identification process for our new or growth projects to address potential and actual impacts on rights holders. We implement and refine our approach to human rights through ongoing stakeholder engagement, grievance management and the findings from our HRIAs.

HRIAs, conducted by third-party consultants using methodologies aligned with the UNGPs, are our primary method for conducting human rights due diligence at our operations, including a sampling of our onsite contractors and local suppliers. These assessments involve direct input from a broad cross-section of internal and external rights holders, and they support continuous improvement of our management systems by testing their effectiveness in identifying and addressing potential, actual and perceived human rights risks and impacts. Findings from the HRIAs also help to inform our approach when pursuing potential expansion opportunities and updating corporate- and site-level practices. We also are integrating human rights into social baseline studies for our operations as well as the social baseline studies and impact assessments conducted for greenfield projects and brownfield expansions.

For a description of our general HRIA methodology, please visit the [Human Rights – Due Diligence](#) section of our website.

In addition to HRIAs, our responsible sourcing programs require human rights due diligence on suppliers of both goods and services, and minerals and metals for further processing. The development of these programs is informed by our HRIA findings. In 2022, we advanced our approach to assessing supplier human rights and other sustainability-related risks, which we discuss in more detail in our [Responsible Value Chains](#) section.

### HRIA in Chile

Following completion of the third-party El Abra HRIA in late 2021, El Abra developed action plans and integrated the HRIA findings into the site's risk register during 2022. The findings indicated that El Abra is a low impact operation, reflective of its remote location and supported by the site's effective management systems and strong governance, which help to prevent risks from manifesting.

Many of the potential human rights-related risks and impacts identified at El Abra were already well-managed by the site's existing management systems. Where the findings identified actual or potential gaps in a management system for a particular human rights-related risk, cross-functional teams developed action plans. Action plan examples include expanding community inclusive water monitoring, working with contractor companies to improve distribution of gender-specific personal protective equipment, extending semi-annual audits to local selected suppliers on a risk basis, and working with indigenous communities to develop initiatives aimed at improving access to and preservation of tangible and intangible cultural heritage in the region, among others. To learn more, please see the [2021 El Abra HRIA Summary](#).

## HUMAN RIGHTS IMPACT ASSESSMENT STATUS

YEAR CONDUCTED	2013	2017	2018	2021	2021-22	2022-23	2023-24
Site/Region	Corporate	Cerro Verde	New Mexico sites	El Abra	Arizona sites	PT-Fl—Grasberg	Cerro Verde <sup>1</sup> , Colorado sites, PT-Fl—Manyar smelter
Status	Complete	Complete	Complete	Complete	Complete	In Progress	Planned

1. The political and security situation in the region of Arequipa may impact the timing of the HRIA at Cerro Verde.

## HRIA in Arizona

In 2021, we engaged a third-party consultant, Verisk Maplecroft, to conduct a HRIA of our five active Arizona operations — Bagdad, Miami, Morenci, Safford and Sierrita. The consultant carried out direct engagement through structured face-to-face and remote interviews with over 420 stakeholders across all five of our sites. The HRIA was designed to specifically consider the unique stakeholder connections across our sites, including relations with neighboring federally recognized Native American Tribes.

The overall impact profile for our Arizona sites was relatively low, reflective of the U.S. regulatory environment, and supported by effective site-level management systems, audits and responsible production assurance processes (e.g., the Copper Mark), which help to prevent risks from manifesting. However, some potential and actual impacts were identified, including workforce health and safety, working conditions, community standards of living, and community health and safety. Where the findings identified actual or potential gaps in a management system associated with a particular human rights-related topic, cross-functional teams are developing action plans to further investigate, prevent and/or remedy human rights risks and impacts. In 2023, we intend

Electrowinning facility at our Morenci operation, Arizona.

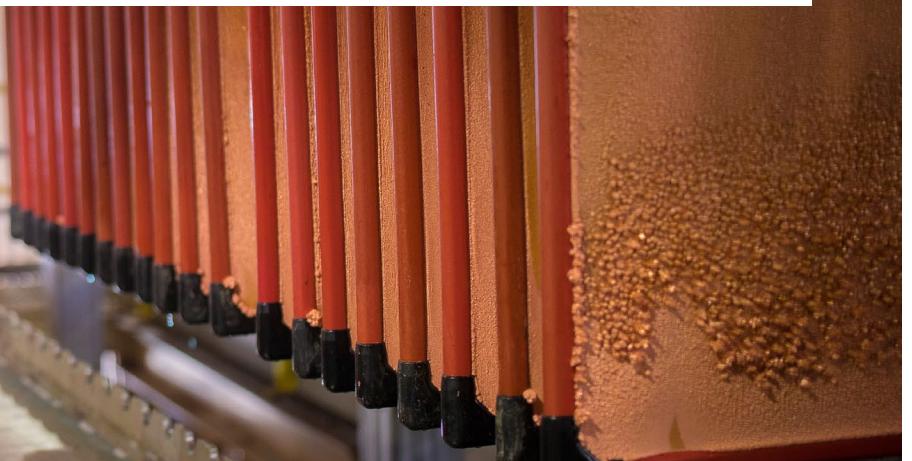


to leverage our existing engagement mechanisms to communicate with stakeholders on the key findings from the HRIA and plan to involve relevant stakeholders in the development of our action plans, where appropriate. We expect to publish a summary of the findings and recommendations on our website later in 2023.

## HRIA in Central Papua, Indonesia

In late 2021, we initiated planning for an HRIA at our Grasberg operations in Indonesia and hired a third-party consultant, Acorn International, to undertake the assessment. During 2022, we worked with the consultant to develop and plan a tailored approach, taking into consideration the unique and complex nature of the site. We are specifically focusing our due diligence on PT-FI's business processes and systems, with the aim of improving their ability to effectively identify and address human rights risks and impacts. In 2023, the consultant will conduct the stakeholder engagement phase of the assessment through internal and external stakeholder interviews. We currently expect to complete the assessment later in 2023 and publish a summary of the findings and recommendations on our website.

**In addition to HRAs, our responsible sourcing programs require human rights due diligence on suppliers of both goods and services, and minerals and metals.**



## ILLEGAL ARTISANAL MINING

At our Grasberg operations in Indonesia, illegal artisanal miners seek economic opportunity by panning for unrecovered gold from our milling operations in our controlled riverine tailings system. While artisanal mining within PT-FI's area of work is illegal under Indonesian law, on average, approximately 4,000 artisanal miners and additional women and children associated with the artisanal miners have established camps at various points within the Lowlands and Highlands. About 75% of artisanal miners in the Lowlands come from outside Central Papua and represent over 45 different ethnic groups, while artisanal miners in the Highlands are 99% ethnic Papuans. Many of the illegal artisanal miners do not have expertise operating in hazardous conditions, including the remote terrain and varied climatic conditions experienced at Grasberg. Additional safety challenges exist as PT-FI's ongoing levee maintenance and earthworks, which are needed to responsibly manage the controlled riverine system, occur alongside illegal artisanal miners.

To mitigate the potential social, security, safety, environmental and operational risks associated with illegal artisanal mining, in 2022, PT-FI developed an updated cross-functional management plan to help address the artisanal mining challenges. The aim of the plan is to reduce the number of illegal artisanal mining panners within PT-FI's operating area and artisanal mining-related disruptions to PT-FI's operations. PT-FI updated the cross-functional team members' responsibilities across various divisions including legal, occupational health and safety, operations, environment, community affairs, the project management office and the human rights compliance office. Continued efforts include educational campaigns, monitoring the environment for mercury use, strengthening check points, and increased unmanned aerial systems patrols and focus on joint patrols with third-party security personnel.

PT-FI's community liaison officers and third-party contractors seek to proactively and continuously engage the artisanal mining communities on operational changes in an effort to manage their expectations, encourage them to seek alternative livelihoods, and to minimize risks to the operations and to the artisanal miners and their families. PT-FI also seeks to inform the artisanal miners in advance of planned levee maintenance work and equipment movements to minimize safety risks. As part of PT-FI's ongoing engagement with the illegal artisanal mining community, PT-FI continued to carry out human rights education in 2022, with a focus on the rights of children (particularly on preventing child labor) living in the artisanal mining

camps in our area of work. The training is carried out through a partnership between PT-FI's human rights and community liaison officers and a third-party contractor involved in managing illegal artisanal mining activities.

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. To that end, PT-FI's artisanal mining management plan includes regional and national objectives to help build strategic partnerships for a multi-stakeholder artisanal mining strategy. For more information about our controlled riverine tailings system and the dangers associated with illegal artisanal mining, please refer to the [Tailings Management](#) section and the [Health and Safety](#) section.

## GRIEVANCE MECHANISMS & REMEDY

We maintain grievance mechanisms for employees, community members, members of our supply chain, and others to report potential human rights concerns. These mechanisms support our commitment to remedy by helping us address concerns early and remediate impacts directly. We work to promote awareness of these mechanisms through a variety of means, including through posters, company webpages, stakeholder engagement and training.

While we seek to avoid causing and contributing to adverse impacts on people and communities, we acknowledge they may occur. We are committed to providing for, and cooperating in, the remediation of adverse impacts related to our business as well as collaborating with value chain stakeholders to address impacts linked to our business relationships, where appropriate. Remedy can take a range of forms, including cessation of impact, apology, restoration of what was lost, cash or in-kind compensation, and/or rehabilitation. Remedy could also involve the identification of lessons learned and steps taken to prevent re-occurrence. Use of our internal and external grievance mechanisms does not preclude access to judicial or other non-judicial grievance mechanisms. In the event of accusations made through a state-based, non-judicial grievance mechanisms, we are committed to participating in related proceedings constructively, cooperatively and in good faith. To learn more, please refer to the [Business Conduct & Policies](#) section and the [Communities & Indigenous Peoples](#) section.



## RESPONSIBLE VALUE CHAINS

### WHY IT MATTERS

How a company sources goods and services can have a significant impact across all ESG matters. Globally, human rights and environmental issues in supply chains have been receiving increasing scrutiny from consumers, NGOs, regulators and stakeholders. As a result, users of minerals and metals, such as automotive and electronics original equipment manufacturers, have taken steps to improve due diligence in their own supply chains, which has led to more attention within the mining industry. This pressure heightens expectations and responsibility for robust due diligence by mineral and metal producers globally.

### OUR APPROACH

FCX is committed to sourcing, producing, and distributing metals and minerals responsibly across our entire value chain. Our commitment will take on greater importance in the years ahead, as we expect global demand for copper to increase, due in part to copper's key role in contributing to the technologies that will enable the energy transition. The EU and several of its member states have developed due diligence requirements in supply chains covering human rights risks and environmental issues. These may apply to companies with operations located within the EU and globally for products that are imported into the region. In preparation for these requirements, as well as increasing expectations from customers along the value chain, FCX continues to work diligently to advance its supply chain management models by incorporating ESG risks into its systems and tools for decision making and supplier management.

Supply chains globally continue to be impacted by production shortages and political instability, reinforcing the need for resilient, agile and transparent supply chain models. Despite these challenges, we are proud of our ability to manage our supply chain effectively and responsibly and we aim to ensure continuity of supplies necessary for our operations in a responsible way moving forward. Our responsible value chain program focuses on three key programs: (1) identifying and mitigating risks in our supply chains through our own responsible sourcing efforts for goods, services and minerals, (2) product stewardship to manage the in-use risks of our products and by-products, and (3) working to better understand the full life cycle impacts of our products along the value chain.

### SUPPORTING THE SAFETY OF OUR CONTRACTORS

FCX is dedicated to promoting a positive and supportive safety culture for our employees and contractors. We believe this is critical to the sustainability and success of our safety program. When it comes to safety, employees and contractors have access to the same tools and resources and are equally expected to take personal responsibility for their own safety and the safety of others.

To that end, our supply chain team has initiated a comprehensive evaluation of our contractor management program aimed at identifying opportunities for improvement and to ensure alignment with long-term strategic company objectives. As part of this evaluation, a contractor engagement team was established. This team includes individuals from supply chain, safety, operational improvement, operations and business units. The team requested feedback from onsite contractors and employees based in North America to gain their perspective on FCX's culture and how contractors are treated and supported by FCX. While the feedback received was predominately positive, we also received constructive feedback, such as to standardize safety requirements across all sites and regions, which we are reviewing for improvement opportunities. This work will continue throughout 2023.



El Abra operation, Chile.

## RESPONSIBLE SOURCING

As demands for transparency across the value chain increase, FCX has been building and strengthening its approach to responsible sourcing and working to extend this approach downstream to our immediate customers. To support this effort, in 2022, we extended our previous Supplier Code of Conduct to include our business partners, which includes our suppliers, contractors, customers and recipients of charitable giving. We began integrating what is now referred to as our Business Partner Code of Conduct into new and renewed contracts starting in 2022. Our Business Code of Conduct covers a range of ESG areas by aligning it with our Responsible Sourcing of Minerals, Social Performance and Human Rights policies.

Our Business Partner Code of Conduct and our compliance screening processes represent the foundation of our responsible sourcing program for all suppliers globally. This is a significant undertaking, as it covers more than 20,000 suppliers that provide a wide variety of goods and services – from small catering businesses in remote locations to large multinational corporations that produce heavy machinery or minerals and metals. We use a combination of tools to understand and monitor supplier risk and to encourage compliance with our Business Partner Code of Conduct. FCeX is the company's online due diligence platform that has been in place for many years. This survey-based software platform has enhanced our ability to identify, assess, and mitigate compliance risks in areas of anti-corruption, international trade and human rights. FCeX also provides data analytics and important metrics that help FCX audit supplier commitments and actions for minerals and metals sourcing.

**Our Business Partner Code of Conduct and our compliance screening processes represent the foundation of our responsible sourcing program for all suppliers globally.**

In recent years, we have improved our systems and processes related to due diligence, risk-monitoring and in-depth assessments to allow for quicker access to supplier data and information as well as streamlined risk identification. These include enhancing the responsible sourcing section in the FCeX survey, completing the global roll out of the FCeX tool, and implementing SAP Ariba Supplier Risk Management and Supplier Lifecycle and Performance onboarding tools, which enable us to more effectively identify and mitigate risks in these relationships. For example, in 2022, we finished integrating relevant Verisk Maplecroft country- and industry-level ESG risk indices into the SAP Ariba platform based on our potential supply chain risks and selected supplier metrics. Integration of onsite contractor safety data into the SAP Ariba platform will begin in 2023. With these screening tools in place, we are working to complete a risk-based decision making tool to identify higher risk suppliers where closer collaboration is warranted, for example through on-the-ground audits or partnerships.



## Responsible Sourcing of Minerals & Metals

FCX's Responsible Sourcing of Minerals Policy commits us to identifying and mitigating human rights violations in our supply chains of minerals and metals used in our downstream processing facilities. The policy also describes how we implement the OECD Guidance. Our policy and the implementation of OECD Guidance is a critical component to address the London Metals Exchange's (LME) requirements on responsible sourcing, necessary to maintain LME brand approval. This work is also a requirement of both the ICMM Mining Principles Framework and the Copper Mark.

Since the policy was established in late 2019, we have been implementing it across our copper mining, smelting, and refining operations and our molybdenum operations. In 2022, we began implementing it for our purchases of secondary copper materials. In addition to the responsible sourcing process outlined above, to implement this policy, we assess our incoming metal and mineral supply chains to identify potential "flags" associated with what the OECD Guidance defines as Annex II risks — such as bribery, corruption, human trafficking, and child or forced labor. We then undertake a risk-based due diligence process to help us better understand the potential impact (if any) from the identified risks. An internal committee then reviews these results and takes appropriate action, which can include working with a metal supplier to identify and implement an action plan or collaborating with a supplier to build the capacity needed to address risks. The action plan may also include relevant contract clauses which escalate based on risk.

In 2022, we continued implementation of the OECD Guidance's five-step framework across the business and also continued partnerships with key traders to improve risk identification and systems. Following publication of our 2021 OECD Step 5 Due Diligence Report, in which we provided a summary of our efforts in 2021 and early 2022, we continued business-to-business collaborations to evaluate risks and share best practices. We added people with responsible sourcing expertise to our team, improved internal process documentation, developed additional tools to support purchasing decisions, and refined our approach to several aspects of policy implementation.

## Meeting Responsible Sourcing Requirements

The LME is the primary international exchange for base metals. FCX currently has nine copper cathode brands registered with the LME, which allows us to use LME contracts for the sales of our products to customers. In late 2019, the LME announced its responsible sourcing requirements for all current and future LME-registered brands. These included the implementation of the OECD Guidance's five-step framework, as well as ISO certifications covering environmental and worker health and safety issues.

In early 2021, the Copper Mark and its partners published a base metals due diligence standard, which provides specific requirements for producers of copper, nickel, lead and cobalt to meet the OECD Guidance and provides clarity to the mining industry on how to comply with the LME's responsible sourcing requirements.

As a result, in 2022, we were able to begin the LME responsible sourcing compliance process well ahead of the LME's stated schedule due to our existing Copper Mark certifications. We plan to submit the remaining information in line with LME requirements later in 2023, which we believe will bring all nine of our registered brands into LME compliance.

Additionally, in July 2022, the Copper Mark published a chain of custody standard, which aims to connect parties from the mine to original equipment manufacturers of end use products such as automobiles and electronics. The chain of custody standard will enable the Copper Mark status to be identified throughout the entire value chain, ultimately supporting end-use, product-level "Copper Mark copper" claims and providing transparency along the value chain. In partnership with two of its customers, FCX began voluntarily piloting the standard in 2022 and will continue this work into 2023.

## OECD 5-STEP FRAMEWORK<sup>1</sup>



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

## LOCAL PROCUREMENT

FCX remains committed to supporting our local host communities and recognizes the critical role our host communities, and the businesses in these communities, play in our daily operations and our company's success. Globally, we seek to train and encourage buyers and contract administrators to provide opportunities to local suppliers when possible and in alignment with our business needs. We are active members of 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.

As the supply chain challenges from 2021 continued into 2022, we were able to continue addressing those challenges by being innovative and partnering with local vendors. For example, in New Mexico, we partnered with local contractors to provide shift coverage for our front-line employees in maintenance and operational roles so that they could attend training. Once COVID-19 restrictions eased, we reengaged local suppliers through formal presentations that explained how they could do business with FCX. For instance, in partnership with the Small Business Development Center at Eastern Arizona College, our Safford and Morenci operations conducted a "How to do Business with Freeport-McMoRan" event in late 2022.

Approximately 71% of our 2022 procurement spend on services at our Safford operation was with local suppliers.



We continue to prioritize greater transparency in our local procurement spending, with a focus on expanding opportunities for local suppliers, where feasible. We have implemented standard operating procedures and/or plans emphasizing local procurement at our North America, PT-Fl, Cerro Verde and El Abra operations. In 2022, we continued our engagement with the Mining Local Procurement Reporting Mechanism (LPRM), which is an initiative that seeks to develop, through disclosures, a set of common standards agreed by both host countries and mining companies for what constitutes local procurement. FCX has met the LPRM disclosure requirements which requires a disclosure of local procurement spend by site and additional information for existing and potential suppliers, which is available on the Suppliers page of our [website](#).



View more data in the Performance Data Section

**We continue to prioritize greater transparency in our local procurement spending, with a focus on expanding opportunities for local suppliers.**



## PRODUCT STEWARDSHIP

Product stewardship is critical to our business across the suite of minerals and metals we produce. It entails a variety of activities that provide our customers with valuable data and insights, enables our products to enter global markets and to be used safely by downstream users. Activities range from complying with chemicals management regulations related to transport and labeling, to working with members of our value chains and commodity associations to encourage the use of sound science when assessing the health, safety and environmental risks associated with our products.

FCX's Product Stewardship Forum meets several times per year and is comprised of members of our commercial, sustainability, quality, health and safety, and operations teams. The forum tracks, assesses and monitors work across a variety of issues related to product stewardship globally. In 2022, this included updates of our safety data sheets for our products entering the EU market required by recent revisions to those regulations, advancing work with our peers at both ICA and IMOa on the scientific profiles of both copper and molybdenum as they relate to human and environmental exposure and deploying results in regulatory environments to ensure continued market access for our products.

**FCX's Product Stewardship Forum meets several times per year and is comprised of members of our commercial, sustainability, quality, health and safety and operations teams.**

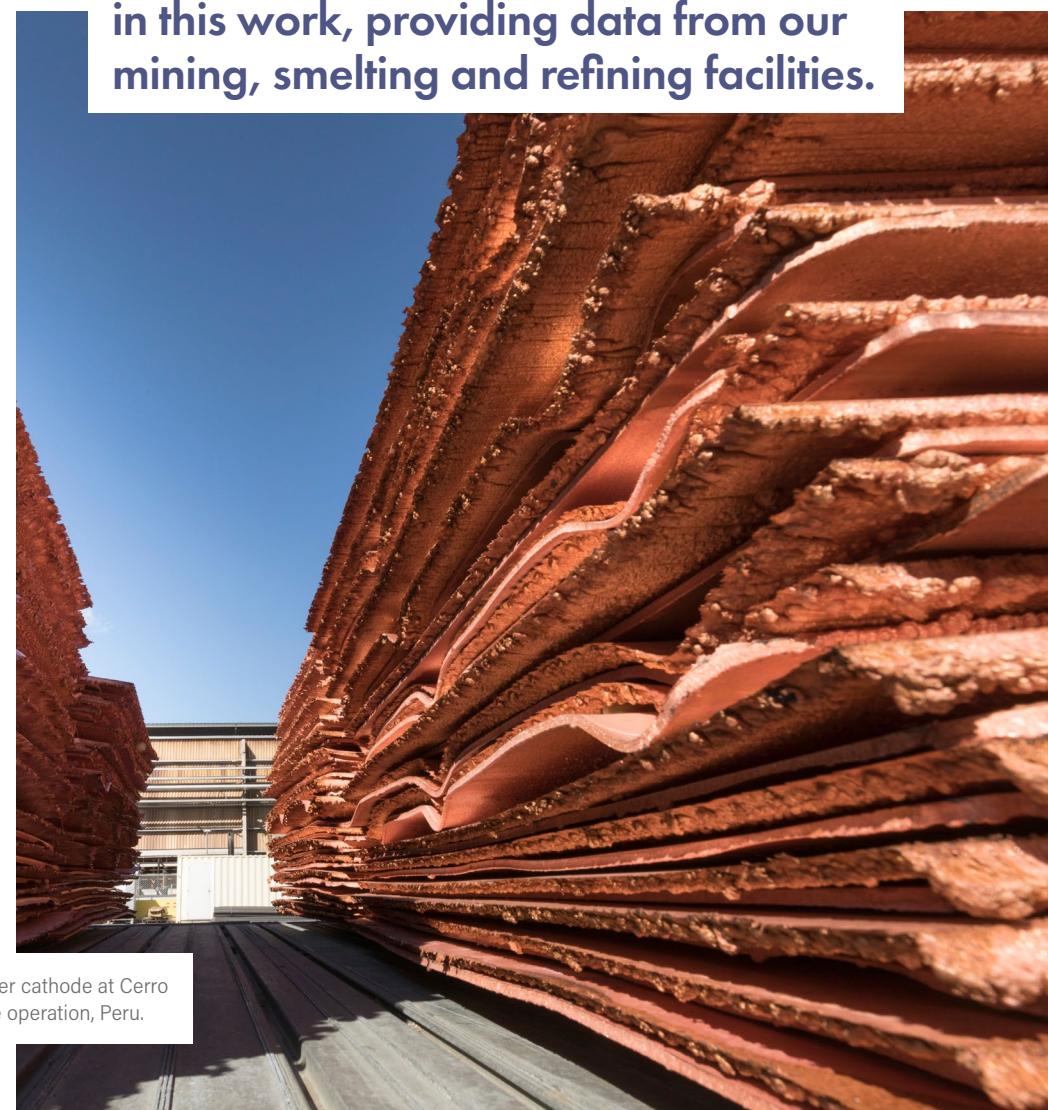
El Abra operation, Chile.

## UNDERSTANDING OUR PRODUCT FOOTPRINT

Life Cycle Assessments (LCAs) provide an overview of environmental impacts across a product's life cycle to enable producers to identify improvement opportunities and trade-offs. Globally, governments increasingly are using LCAs as impact assessments in Circular Economy frameworks and for carbon and water footprint comparisons. In 2022, ICA completed an update to its previous global LCA profile for copper concentrate and cathode. FCX played a key role in this work, providing data from our mining, smelting and refining facilities. In 2022, ICA also released guidance for producers to enable a more consistent calculation of the carbon footprint of copper production across the industry. This "best practice" guidance provides a harmonized and consistent approach to determining the carbon footprint of copper operations and the products they produce. The Copper Development Association (the partner organization to ICA in North America) also reinitiated a project to conduct an LCA of copper rod used for electrical applications. Work on this project will continue in 2023.

FCX is also critically focused on our own carbon footprint, and in particular, on reducing our Scope 1 and 2 GHG emissions. FCX now has four 2030 GHG emissions (Scope 1 and 2) reduction targets, which collectively cover nearly 100% of our global Scope 1 and 2 GHG emissions and are critical to reducing the carbon footprint of our products. In 2022, we also published a significant update to our Scope 3 GHG emissions inventory globally. We continue to refine and improve our Scope 3 GHG emissions inventory, and in conjunction with our LCA efforts, we believe this will enable us to eventually provide a more complete carbon footprint per ton of product to our customers for both copper and molybdenum and support our customers' efforts to meet demands of downstream users. For more information on our climate strategy, please see the [Climate](#) section.

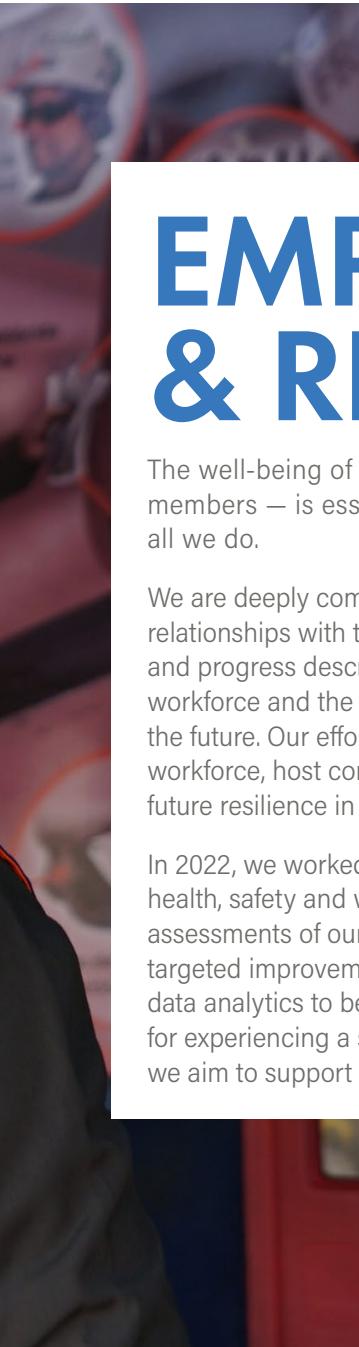
**In 2022, the ICA completed an update to its global Life Cycle Assessment profile for copper concentrate and cathode and FCX played a key role in this work, providing data from our mining, smelting and refining facilities.**



Copper cathode at Cerro Verde operation, Peru.

The well-being of people — whether our workforce, partners or stakeholders — is essential to the success of our business and at the core of all we do. Team member at our El Abra operation, Chile.





# EMPOWERED PEOPLE & RESILIENT COMMUNITIES

The well-being of people — whether our workforce, partners or community members — is essential to the success of our business and at the core of all we do.

We are deeply committed to engaging and building trusting, ongoing relationships with the people most impacted by our operations. The programs and progress described in this section reflect our focus on empowering our workforce and the people in our host communities to thrive today and into the future. Our efforts, which are focused on protecting and supporting our workforce, host communities and Indigenous Peoples, also aim to support future resilience in a changing world.

In 2022, we worked internally to fortify existing systems that protect the health, safety and well-being of our workforce, including through maturity assessments of our Fatal Risk Management program to drive meaningful, targeted improvements across our global operations. We are also utilizing data analytics to better identify which employee groups are at the highest risk for experiencing a safety incident. In addition to a traditional focus on safety, we aim to support our employees with expanded mental health care benefits.

In 2022, we participated in an ICMM Diversity, Equity and Inclusion (DEI) working group to review ICMM's performance expectations and consider broader industry efforts to enhance workforce culture. We will be working over the next two years to implement these DEI-related performance expectations across our business.

Externally, we are also focused on supporting the health and well-being of the people in the host communities where we operate, recognizing that our workforce and communities are often one in the same. In 2022, we continued to work in partnership to conduct an in-depth health study at PT-FI during the year. We also continue to support the communities where we operate by embracing the cultural heritage of our Indigenous neighbors and promoting respect for human rights wherever we do business. For example, our Building Trust approach has deepened our engagement with our Indigenous neighbors, and we launched a corporate training initiative focused on Native American cultural sensitivity and awareness. We believe this training will help enable our workforce to have more effective dialogue with our Indigenous neighbors by helping us understand their values.

## HEALTH, SAFETY & WELL-BEING

### WHY IT MATTERS

Mining by its nature is associated with hazardous work that must be carefully understood and managed. On a daily basis, our mining workforce engages in hazardous activities that could lead to a serious injury or even a fatality, such as drilling and blasting rock, operating heavy machinery, using chemicals, working with high-voltage electricity, working at heights or below surface and working with high-temperature materials. Outside the fence line, mining can also create potentially hazardous exposures for local community members. Globally, different regions face different health and well-being challenges, and understanding these challenges at a local level is critical to supporting a healthy workforce and community.

### OUR APPROACH

Safety is a core company value and is foundational to our sustainability approach. Our highest priority is the health, safety and well-being of our employees, contractors, suppliers and the communities where we operate. We believe that health and safety considerations are integral to, and fundamental for, our operational success and efficiency and ultimately to our ability to deliver long-term value to our stakeholders.

We strive to achieve zero workplace fatalities, high-risk incidents, injuries and occupational illnesses by creating a safe and healthy workplace. This includes 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 potential fatal events, high-risk incidents, and best practices throughout the company, and we engage with industry peers and professional organizations to learn and continuously improve our health and safety program.

We carefully monitor our workforce's potential exposures to hazardous dust, chemicals, noise and similar agents to better control occupational health risks. We partner with occupational medicine experts to implement comprehensive medical screening for employees who work with potentially hazardous substances.

Our Safe Production Matters strategy is focused on fatality prevention and continuous improvement through robust management systems, safe work behaviors and our safety culture, supported by leaders empowering our teams to work safely. We further seek to prevent fatalities and high-risk incidents by leveraging technology to support safe work practices in the field and leveraging analytics to support data-driven decisions made in combination with behavioral science principles.

Other focus areas include eliminating systemic root causes of incidents, especially those that could lead to recurrence, increasing verification of corrective actions over time, applying lessons across the company globally and reducing the occurrence of low-risk incidents. During the year, we continued our work to provide operational leaders with timely and transparent information to support and encourage quality safety discussions with employees in the field.

In addition to safety, we aim to work in partnership with our host communities to support their overall health and well-being by monitoring and addressing regional health challenges such as malaria, maternal health and lack of infrastructure among others. Where appropriate, we seek to collaborate with local public health officials to support community-relevant health education and program development activities.



Cerro Verde operation, Peru.



### 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 expectations and requirements for contractors working at our operations.
- **Occupational Health and Safety Management System** — Provides the framework for managing risks and compliance obligations and is certified in accordance with the ISO 45001 Health and Safety Management System, which requires third-party site-level verification of requirements.

Operational leadership teams own their safety performance and are supported by our vice president of health and safety and the corporate health and safety team, who develop and oversee our safety programs across the organization, supporting company-wide initiatives that recognize the values of our physical and psychological health and safety strategy, safety management systems and safety audit programs, and incident investigations. Executive management receives safety performance reports regularly, including reviews of high-risk, potential fatal and fatal incidents, and we present and discuss all fatal incident investigations with the CRC and the Board. The CRC provides input on the overall direction of FCX's health and safety programs and reviews safety statistics, trends and incident investigation reports. In the event of a fatality, executive management and the CRC are notified immediately.

**Our highest priority is the health, safety and well-being of our employees, contractors, suppliers and the communities where we operate.**

## FATAL RISK MANAGEMENT PROGRAM

Our culture of leading by example at all levels of the organization and our Safe Production Matters strategy underpin our Fatal Risk Management (FRM) program. The goal of our FRM program is to achieve zero workplace fatalities by strengthening preventative measures and raising awareness to these fatal risks. Fundamental to the FRM program is our effort to proactively identify potentially fatal risks in the field and apply the controls most critical for their avoidance. We continue to build on the program by identifying new potentially fatal risks common to some or all of our operations. For each identified risk, we communicate the necessary critical controls to address those risks across our operations.

Leadership across the organization is engaged in efforts to continually improve our FRM program. In 2022, we began conducting maturity assessments to understand the degree to which each site has implemented their programs. While we expect some necessary site-by-site differences based on specific operating conditions, the maturity assessments help us understand and act on opportunities to drive impactful, focused improvements on fatality prevention. For example, in 2022, we learned that some fatal risk categories were too broadly defined. In response, we introduced subcategories to provide further granularity and relevance.

We expect all employees and contractors to take ownership of their own safety, the safety of their co-workers and that of our host communities. Our frontline supervisors play a vital role in the success of FRM by discussing risks with their teams, raising awareness of the critical controls and helping employees to eliminate distractions and remain focused.

Leadership teams are responsible for setting safety expectations and promoting a culture where our workforce is empowered to work safely including using their stop-work authority in the event of a safety concern. We expect our workforce to stop work immediately if critical controls are missing or ineffective, or if work is not being performed safely.

We regularly verify critical controls to assess their proper use and effectiveness. This helps ensure that controls are in place to mitigate high-risk tasks. Critical control verifications also provide leading indicator data to strengthen our FRM program, as well as our overall health and safety management system. A critical control checklist is available on mobile devices to assist supervisors in real time in the field.

The checklist helps to identify and capture variances in our critical controls and provides real-time information to support faster action plans to address identified gaps. In 2022, we enhanced our digital capabilities by rolling out Enterprise Work Space (EWS), an evolution of our existing mobile platform that adds additional functionality, including offline capabilities and quicker access to our FRM questions and safety forms. Our updated FRM field books also include QR codes for our teams to scan using their mobile devices to quickly access policies and additional information on critical controls in the field.

To learn from any potentially fatal and/or fatal incidents — and importantly to help prevent reoccurrence — we conduct investigations that include a thorough root cause analysis using the TapRooT® system. The results are the basis for identifying, implementing and verifying corrective actions and working toward sustained improvement. Required follow-up includes a review of findings with senior management and site senior leadership who oversee and are responsible for implementing corrective actions. We also seek opportunities for company-wide education and improvements.

## RESPONDING TO POTENTIAL FATAL EVENTS

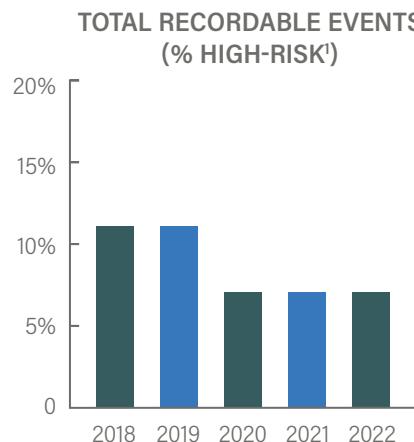
Potential fatal events are a subset of high-risk events where a fatal injury could have occurred, but fortunately no one was fatally injured. We believe these events present the most significant opportunities to learn and reduce the potential for future recurrence. Potential fatal events are internally identified based on three criteria: (1) whether there was a fatal risk/hazard, (2) whether individual(s) were exposed to the risk/hazard, and (3) whether there were missing or inadequate controls. In 2022, two potential fatal events occurred where the drivers of smaller vehicles either failed to radio haul trucks or relied on hand signals. Some of our haul trucks can be as tall as a two-story house – this massive size creates significant blind spots for the driver. As a result, advisories were distributed to all sites to remind drivers of the need for radio communication to avoid potentially fatal collisions. Additionally, we utilize left hand traffic which keeps the road edge visible to the driver and places drivers on opposite sides of the road.

## PERFORMANCE

Considerable effort has been devoted to identifying hazards in the workplace, with the goal of mitigating them before individuals are harmed and analyzing events that do occur to identify missing or inadequate controls for the future. Clearly and consistently classifying incidents helps us to better identify contributing factors and ultimately, achieve a greater level of prevention.

At the highest level, tracking of our company-wide Total Recordable Incident Rate (TRIR) indicator captures safety incidents that resulted in the occurrence of an injury (fatalities, lost-time incidents, restricted-duty incidents and medical treatments). In 2022, FCX employees and contractors worked 153 million hours and had 590 recordable injuries during the year, compared with 131 million hours and 455 recordable injuries in 2021. Our TRIR performance declined in 2022 to 0.77 per 200,000 hours worked, and therefore, we missed our 2022 target of 0.69. We are focused on improving our performance in 2023.

We further classify all events according to our risk register based on the severity of the consequence, the likelihood of each event's occurrence and the quality of the controls. In 2022, the percentage of high-risk events, which are defined as having the potential to result in permanent disability or fatality, remained flat at approximately 7%. A subset of high-risk events may also be classified as potential fatal events.



## HEALTH & SAFETY PERFORMANCE DATA<sup>2</sup>

	2018	2019	2020	2021	2022
<b>Total Recordable Events</b>	454	505	413	457	590
<b>% High-Risk<sup>1</sup></b>	11%	11%	7%	7%	7%
<b>Total Recordable Incident Rate (TRIR)<sup>3</sup></b>	0.70	0.71	0.69	0.70	0.77
<b>TRIR Annual Target</b>	0.70	0.73	0.70	0.69	0.69
<b>Number of Fatalities<sup>4</sup></b>	1	3	5	2	1

1. Our risk register defines "high-risk" events as incidents that have the potential to result in permanent disabilities or fatalities.

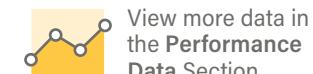
2. Health and safety performance data include employees (full-time and part-time employees on a full-time equivalent basis) and contractors and exclude performance of divested and closed assets, unless otherwise noted. Rates are calculated per 200,000 hours worked, except where indicated. Metrics within this table are calculated based on employee and contractor reporting of injuries, illness and near misses.

3. TRIR = ((Fatalities + Lost-time Incidents + Restricted-duty Incidents + Medical Treatments) x 200,000) / Total Hours Worked. TRIR is equivalent to MSHA All-Incidence Rate (AIR). 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 or for other stated reasons.

4. Two other fatalities occurred onsite in 2022; which, as of April 20, 2023, have not yet been classified by MSHA as independent medical episodes or work related. In FCX's 2022 Form 10-K published on February 15, 2023, FCX reported three onsite fatalities in 2022. The third fatality has since been classified as an independent medical episode.

The remaining 93% of incidents in 2022 were classified as low- or medium-risk incidents, which include incidents such as fractures, sprains and lacerations. While we seek to understand trends of all safety incidents to learn and take action as appropriate, we first focus our resources on high-risk events, and aim to appropriately manage the low- and medium-risk incidents. Through data analytics, we determined that in 2022, approximately 89% of all safety incidents involved employees with fewer than three years of experience; employees working under supervisors with fewer than three years of experience; and general laborers, trainees, and equipment and process operators. As a result, we are working to enhance our onboarding, training and retention efforts targeting these groups. We also continue to encourage leaders to be in the field, where they can interact with front-line employees and contractors. We have supported this from the top down by clearing calendars of non-essential meetings and emphasizing that field time comes first. Our focus in 2023 is to continue to advance safety education and training among these higher-risk groups.

We highly encourage the reporting of all incidents, even those that did not result in an injury or fatality, so learnings can be shared across the organization. In 2022, 897 near misses were reported.



## MIAMI ROD MILL ACHIEVES SAFETY MILESTONE

In 2022, the Miami Rod Mill celebrated four years since the site's last work-time injury. This is a particularly significant milestone because the site was averaging one recordable injury every 100 days in 2010. The mill credits its safety record to its people and the strong culture of long-tenured employees supporting new hires to learn their roles. Leaders at the mill also spend as much time as possible on the floor working with and listening to operators and technicians to build and sustain a culture of safety.



Miami operation, Arizona.

## Fatal Events

Regrettably, in 2022, one contractor at our Morenci site in Arizona was fatally injured after losing control of a vehicle after experiencing a brake failure. The vehicle operator was not wearing a seatbelt. Effective fatality prevention is paramount, and we are committed to learning from, and improving upon, our own experiences and those from across the industry to improve our fatality prevention programs.

In response to this incident, we implemented corrective actions, including reiterating our expectations for safe vehicle condition and operation, the use of seatbelts, pre-shift vehicle inspections and the avoidance of certain road types by certain vehicle types. We are also assessing our contractor management processes. The assessment findings are expected to result in recommendations to strengthen our management and interaction with contractors to help ensure that contractors are meeting our requirements. Senior leadership at our sites and at the corporate level are actively engaged in the corrective action process, including performing periodic verifications for long-term sustainability of corrective actions. Leadership continues to communicate about the lessons learned from these events, such as specific actions teams can take to help mitigate fatal risks and prevent reoccurrence of incidents.

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 are committed to working with our business partners to address and cooperate in providing remedy when our activities cause or contribute to adverse impacts.

## KNOWN COMMUNITY & INDIRECT FATALITIES

In an effort to develop a more holistic understanding of the health and safety impacts of our mining activities both within and beyond our boundaries and operational control, we began disclosing known community and indirect fatalities in 2020. Our ultimate goal is to positively contribute to the improved health and safety of the people in our host communities by supporting their efforts to avoid reoccurrence of these incidents.

There is no standard definition of known community and indirect fatalities. For purposes of our reporting, we have included non-occupational related fatalities (excluding illnesses and natural causes) 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 of goods and services), and fatalities associated with illegal artisanal mining.

During 2022, there were 11 known community and indirect fatalities, including four offsite transportation-related fatalities (two near our Arizona operations and two near the Manyar smelter project) and seven fatalities associated with illegal artisanal mining panners at PT-FI seeking unrecovered gold in our controlled riverine tailings system. Additionally, two other workforce fatalities occurred onsite at our Morenci operations in 2022, which, as of April 20, 2023, have not yet been classified by MSHA as independent medical episodes or work-related. More information on how we are working to help build a multi-stakeholder artisanal mining strategy can be found in the [Human Rights](#) section of this report.

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.

**Our updated crisis management guidelines are aligned with industry best practice and outline the expectations for our workforce.**

## CRISIS MANAGEMENT PLANNING

All FCX sites are required to have a crisis management plan in place to effectively respond and support the safety of all people who could potentially be impacted by a crisis event at or near one of our sites. The plan guides our operational approach to preparing for, responding to and recovering from potential emergencies or crises. Over the years, our sites have utilized these plans when emergencies and crises occur, such as recent wildfires near Bagdad and Miami in Arizona, enabling reduced impacts to the site and local community.

Our PT-FI operations in Indonesia have a mature and robust crisis management program and, for many years, PT-FI's emergency response team has conducted periodic tests of its crisis management plan and is often recognized nationally. Most recently, in February 2023, PT-FI's emergency response team responded to flooding and landslides which caused damage to infrastructure near the milling complex at our Grasberg operations.

Starting in 2021, we worked with a third-party consultant to incorporate the principles of the Tailings Standard into our existing crisis management guidelines and site-specific emergency response plans for the Americas. Our updated guidelines and site-specific emergency action plans are aligned with industry best practice and outline expectations for our workforce, including how they should engage with emergency responders and community members impacted by crisis events related to our operations. Each site is required to periodically test and drill their crisis management plans and sites with TSFs must conduct simulations of tailings emergency response plans based on the site's TSF consequence classification (based on credible failure modes). The simulations may include partnering with emergency response and preparedness organizations, local government leaders and engaging with host community members.

Starting in 2022 and continuing in 2023, our sites are working to update their site-specific plans in alignment with the updated crisis management guidelines, are performing internal tests of the updated plans and are engaging external stakeholders, where applicable. We plan to begin testing our emergency response plans in 2023 with relevant stakeholders and perform site-based tailings emergency response simulations beginning with our sites that have higher risk TSFs based on consequence classification. To learn more about the implementation of the Global Tailings Standard, please see the [Tailings Management](#) section.

## COMMUNITY HEALTH AND WELL-BEING

Positively contributing to community health and well-being in our host communities is an extension of our core value and approach to safety and aligns to our focus on supporting community resilience and economic opportunity. In many cases, our workforce and our host communities are one in the same. By supporting the fundamental health needs of our workforce and their families, we believe that we are also contributing to the safety of our workforce. Each of our host communities have different community health profiles in terms of maturity of the healthcare system and levels and types of background disease. We seek to understand these conditions and work in partnership with our host communities to address regional health problems. Where appropriate, and where significant community health risks exist, we may engage local public health officials and other partners to participate in health education campaigns, including campaigns around malaria, malnutrition and more recently, COVID-19. We rely on ongoing engagement with our communities to understand their needs, including those related to health and wellness.

In the U.S., several of our rural host communities have identified a lack of health care resources from primary care to behavioral health and imaging. In 2020, the Freeport-McMoRan Foundation and Climax Molybdenum Company made a \$500,000 commitment to help establish the Clear Creek County Health and Wellness Center in Idaho Springs, CO to bring easily accessible and locally available healthcare to the community and surrounding counties. This integrated facility houses Public Health and Human Services, which include primary medical care and mental and behavioral health services. In 2017, we helped to establish the School Based Health Center in Lake County School District (Colorado) and continued our support for this important service by helping to fund a full-time behavioral health counselor in 2022. Access to behavioral health services is essential to student success and well-being both in support of crisis intervention as well as early intervention before crisis occurs. In 2022, we also supported the Copper Queen Community Hospital in their efforts to improve women's health in southeast Cochise County, AZ by purchasing a new mammography unit for the Bisbee Campus. The new unit will enable the hospital to complete nearly 800 more screenings and diagnostic mammograms a year and will reduce wait times by weeks and, in some cases, months.



At our Cerro Verde operation in Peru, we supports programs focused on health and well-being for the benefit of community members in Arequipa.



In the Arequipa region of Peru, we supported health campaigns in 2022 to promote awareness about the importance of preventive health care with medical professionals specializing in pediatrics, dermatology, gastroenterology, traumatology, rheumatology and gynecology, among others. We also supported health fairs to inform the population about the importance of oral health, women's healthcare, healthy eating, physical exercise, hand washing and psychological well-being. Both projects were carried out in the five districts of the area of influence of Cerro Verde, benefiting more than 3,000 residents. We also worked with local school districts to develop the "Psychology: Support for the Family" Program with the aim of providing guidance, support and therapeutic resources to students, parents and teachers. This project reached more than 2,259 people in 2022.

In Chile, we conducted two health campaigns in late 2022 and early 2023 to educate the community on how to prevent respiratory illnesses. These campaigns were a result of our analysis following the El Abra HRIA completed in 2021. We also supported efforts during the year to reduce the amount of time patients wait to be seen by medical providers in the public healthcare system.

#### SUPPORTING EMPLOYEE WELL-BEING IN THE U.S.

In 2022, we made important investments to support our employees' overall health and wellness, which extend beyond their time on the job. Notably, for our employees in the U.S., we introduced an enhanced employee assistance program to provide more options for personalized care and life resources, including expanded mental health care benefits. The expanded offerings include eight free therapy sessions for every member of an employee's household, personalized care plans and ongoing support, coaching to set and reach goals, wellness exercises to relieve stress and improve sleep, along with experts to assist our employees in connecting to helpful resources for life events, such as legal and financial services and child and elder care. Our work to enhance employee mental health and well-being at all our sites continues globally.

## PT-FI'S COMMITMENT TO COMMUNITY HEALTH

PT-FI recognizes environmental and community health as an operational imperative and is dedicated to monitoring, managing and mitigating potential environmental and community health impacts from exposure to its tailings and other mine waste. To that end, PT-FI has been undertaking a multi-year human health assessment (HHA) with support from various third parties, including the Mimika local health authority (LHA). The HHA commenced with a comprehensive human health risk assessment and continued with broad-based community health surveys conducted by the LHA with PT-FI's assistance as outlined in more detail on the following pages.

### Monitoring our Impacts to Human Health

In addition to its ongoing comprehensive environmental monitoring and analysis program, PT-FI has previously conducted human health risk assessments to evaluate the potential health risks associated with possible exposure to tailings and other mining waste constituents around our Grasberg operations. Risk assessments are designed to identify potential exposure pathways that should be further evaluated with additional data collection and research. The risk assessments help ensure that PT-FI's management programs are effective and its monitoring efforts are robust, as well as identify areas for potential improvement.

Most recently, Gradient Corporation, a third-party environmental and risk sciences firm, with support from PT-FI, conducted a risk assessment in accordance with U.S. EPA guidelines for human health risk assessments. Gradient identified and assessed the key potential exposure pathways and metal concentrations in various environmental media taken from locations across the Highlands, Lowlands and estuary areas. No significant elevated human health risks were calculated from exposure to tailings system constituents across the exposure pathways examined, with the exception of a clam species, if frequently consumed in high amounts. All other plants, animals and fish in and around the tailings system remain safe for human consumption based on the consumption data and exposure pathways assessed in the risk assessment.

The findings identified a clam species collected from certain areas in the estuary accumulated elevated levels of lead from sediments due to historical stormwater run-off from the Wanagon overburden stockpile adjacent to the Grasberg open pit in the Highlands. The underlying overburden erosion and run-off are being managed and controlled, and PT-FI has not experienced similar erosion issues at the Wanagon overburden stockpile since 2018. To mitigate the possibility of erosion recurrence, PT-FI is continuing to cap the existing overburden stockpile

with limestone and constructing additional levees and drainage channels to move stormwater away from the overburden stockpile. PT-FI continues to actively monitor this matter. PT-FI will also continue to monitor for any potential impacts resulting from past erosion. As part of this effort, PT-FI has been working with the LHA to further investigate and collect additional data on potential impacts relating to human consumption of the identified clam species.

Community health outreach near our Grasberg minerals district, Indonesia.



## Learnings from Recent Community Health Surveys

Starting in late 2021 and continuing into 2022, the LHA undertook various regency-wide community health surveys to acquire the latest information on community health and to inform and devise an effective strategy for health development in alignment with the goals of the Mimika government's regional development plan. The surveys were wide-reaching and examined areas such as environmental health, access to health services, maternal health and nutrition and communicable diseases. The surveys also allowed for lead and other metal testing in the local population, including blood and urine sampling, and deeper analysis into the food supply through a market basket study. This testing confirmed the risk assessment calculations predicting no significant elevated human health risks from exposure to tailings system constituents across the pathways examined, except for a clam species. It also helped to inform the broader community health program.

The LHA, with assistance from PT-FI, worked with national medical experts at Udayana University supported by International SOS, and with experts from the University of Indonesia to collect and analyze the biometric data and environmental sampling from across the community.

The surveys were carried out in 12 villages selected based on their distance from PT-FI's mining operations, including the two Lowland villages identified through the human health risk assessment for potential lead exposures associated with human consumption of a clam species, if frequently consumed in high amounts, found in certain areas in the estuary. Of these 12 villages surveyed, six were close to or within PT-FI's area of operations and six were not. This approach provided the necessary geographic spread to measure potential impact from metals associated with PT-FI's operations and also provided key insights into non-mining related exposures.

The results of the surveys indicated no correlation between constituents in PT-FI's tailings management system and measured metals in blood. In addition, the initial survey results, which included intravenous blood testing, showed that the average of various metal levels were within the range found in similar studies of Indonesia and Southeast Asian populations. The results of the surveys did, however, identify critical public health interventions needed in the short-term in Mimika, specifically malaria prevention, clean water, maternal health, and nutrition. The LHA has stated that these interventions require strategic and sustained programs to meaningfully improve community health in the region.

## Partnering on Community Health

In response to the results of the health surveys, PT-FI and the LHA have agreed to collaborate on longer-term public health challenges, with the local government leading the efforts. The priority areas for this collaboration in Mimika include the following:

- **Malaria Control and Prevention Program:** malaria is a major health challenge in Mimika and efforts will support achieving the 2030 National Malaria Elimination goals.
- **Clean Water and Sanitation Facilities:** activities will focus on providing the needed infrastructure to ensure access to clean water and improved sanitation.
- **Maternal Health:** the program will focus on improving nutrition and health access for pregnant women.
- **Malnutrition Interventions:** the program will address stunting and improving nutrition among children.

Though not identified as a critical health priority by the LHA, PT-FI also plans to work with the LHA to identify and raise awareness of potential lead and other metal exposures and support in-village observations to further understand community health behaviors more broadly. PT-FI also plans to continue to educate communities on the potential behaviors and activities that can contribute to increased exposure to metals in their environment. Future blood testing and community health surveys may be used to assess the effectiveness of the LHA's priority programs and PT-FI's educational efforts regarding potential metal exposures.

We believe that PT-FI's cooperation with the LHA demonstrates the importance of public-private partnerships on critical areas such as community health. By using operational insights, PT-FI has been able to help inform greater public health efforts and support long-term health intervention programs that will benefit the region.

In addition to collaboration with the LHA, PT-FI continues to work closely with the local Mimika government to support the provision of health services in the region as it has done for many years. In coordination with the local authorities and non-governmental organizations, PT-FI and International SOS will continue to implement programs for health education, prevention, and the treatment of diseases within and around our operational area.



## WORKFORCE

### WHY IT MATTERS

An inclusive and diverse workforce with a broad range of experience, knowledge, background, culture and heritage drives innovation, enhances operational performance and improves relationships with stakeholders. Mining, by its cyclical nature, presents challenges to cultivating and maintaining a skilled, stable and diverse workforce. Commodity price fluctuations, geographically remote operations, shifting local demographics, and technological advances that are changing the way we work and compete for talent — from both inside and outside the industry — present challenges to hiring and retention.

### OUR APPROACH

FCX believes our people are the foundation of our success and a competitive advantage. Our ability to successfully recruit, retain, develop and advance talented employees is paramount. We focus on attracting and retaining talented people by offering quality employment with fair and equitable compensation and benefits, as well as with opportunities for professional development and advancement. We prioritize a highly engaged, agile workforce and, in addition to safety, we aim to support the overall health and well-being of our workforce by providing access to health and wellness resources, and offering opportunities for flexible work schedules, where practicable, among other efforts.

FCX operates in regions of varying ethnic, religious and cultural backgrounds, where we often are the largest employer in our host communities. As such, we are committed to fostering a company culture that is not only safety-focused, respectful, and inclusive, but also that is representative of the communities where we operate.

We seek to design our programs and initiatives with standardized processes and priorities while being adaptable to site specific or situational circumstances. Site-based employees implement customized programs to meet their site-specific needs. We believe each site's leadership team knows their site best and how to successfully apply our human capital management programs.

Our core policies — including our PBC, Human Rights Policy, Business Partner Code of Conduct, Inclusion and Diversity Policy and Social Performance Policy — together outline our company culture, our commitment to doing what is right, and the expectations we have of all employees and contractors. These global policies are publicly available on our [website](#) and translated into the local languages of the regions where we operate. We fully expect our workforce to understand and comply with our trainings, policies, procedures, local cultures and laws.

### PERFORMANCE

At the end of 2022, FCX's global workforce totaled approximately 25,600 employees and 48,900 contractors. Our overall workforce headcounts increased from the prior year, largely because more contractors worked at certain of our Arizona sites during the year. Beginning in 2021 and during 2022, we experienced an increasingly competitive labor market and labor shortages at our North America operations. As a result of this labor shortage, we hired more contract workers in 2022. The full-time employee turnover rate at our North America operations has averaged 14% in recent years compared to the 9% average turnover rate across the company. To learn more, see the [Recruiting, Retaining, Developing & Advancing our Workforce](#) section.



## 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. We are committed to prohibiting forced, compulsory and 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, sexual orientation, gender identity or expression, disability, age, veteran's status or any other characteristic protected by applicable law. Our global employee assistance programs provide support and a confidential reporting mechanism to employees who believe they have experienced harassment, bullying or discrimination in the workplace.

During 2022, we continued to maintain positive and collaborative relationships with unions representing our employees, working cooperatively with 12 unions in six locations worldwide. Approximately 30% of our global employee population is covered by collective labor agreements (CLAs). In 2022, we successfully completed union negotiations at El Abra on a new three-year CLA, at PT-Fl with all three unions on a new two-year CLA, and at Rotterdam for an extension of the current CLA through September 2023. The CLA between Atlantic Copper and its three unions expired in December 2022, but has been indefinitely extended and remains active by mutual agreement until the new agreement is negotiated.

Our North America workforce is not represented by unions. Our hourly employees in North America elect to work directly with company management using our Guiding Principles agreement outlining how we work together to achieve our collective goals within the values of the company. The Guiding Principles agreement is periodically updated with input from employees and includes an open-door policy and a problem-solving procedure that have been established to provide a fair and impartial resolution of concerns about employment. Our global workforce, including North America, is encouraged to report grievance-related information to their supervisor, local Human Resources representative, or our global compliance department as described in the [Business Conduct & Policies](#) section.

We recognize that prolonged strikes and other work stoppages can adversely affect our business, our workforce and regional stakeholders. As such, we seek to openly engage with our employees directly, and where applicable, our union leadership to negotiate and uphold labor agreements. In 2022, there were no strikes or lockouts at any of our operations.



View more data in  
the [Performance  
Data Section](#)

**GLOBAL WORKFORCE**  
(As of December 31, 2022)

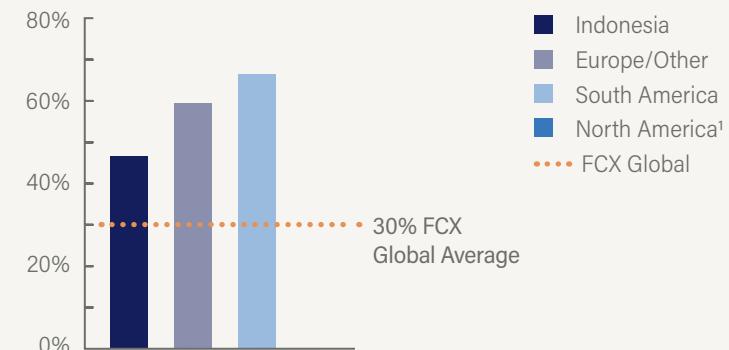


North America	48%
South America	25%
Indonesia	23%
Europe/Other	4%



Indonesia	48%
North America	34%
South America	13%
Europe/Other	5%

**EMPLOYEES UNDER COLLECTIVE  
LABOR AGREEMENTS IN 2022**



1. In North America, our hourly employees continue to elect to work directly with company management rather than through union representation using our Guiding Principles contract, which adds value to the workforce and the company.

## RECRUITING, RETAINING, DEVELOPING & ADVANCING OUR WORKFORCE

The labor market tightened and competition for people continued to increase in the U.S. and other markets where we operate during 2022. Attracting and retaining employees with the technical expertise required to achieve our strategic objectives and competing for skilled labor in the current environment are significant challenges.

We are working to respond to these developments by enhancing our focus on engagement and retention efforts globally, and by further evolving our people management resources (including our leadership competency model) to support our existing workforce now and into the future. We believe our front-line leaders are critical to employee development, advancement and retention efforts, and our priority is to ensure our employees, and especially our front-line leaders, are well-equipped and fully supported in order to lead their teams to safely and responsibly deliver on our strategy.

Our people management processes are intended to support our employees from onboarding through the entirety of the employee's career journey. In 2022, we updated our leadership competency model and in doing so, we challenged ourselves to look at leadership through a variety of lenses. The aim of this process was to focus and prioritize the core competencies needed for our leaders to be successful today and to consider and integrate the skills we believe will be required for successful leadership in the future. Our updated leadership competency model, which is now globally applicable and more holistically integrates inclusion and diversity priorities, focuses on core competencies across four categories: leading yourself, leading others, driving strategies and driving results.

## FCX LEADERSHIP COMPETENCY MODEL



To support our updated leadership competency model, in 2022, our talent management team collaborated globally across our sites to develop targeted learning and development goals. From this work, we plan to increase the catalog of leadership training available to our global employees across all leadership levels, which will be made available in local languages. For example, the underground team at PT-FI determined the skills and competencies their leaders need to successfully drive their key priorities, from which the talent management team is tailoring a specific leadership curriculum. Likewise, in early 2023, we implemented a new learning management system specifically designed to focus on the topics relevant to our employees and leadership at our North America operations.

We have a number of learning modules that are dedicated specifically to supporting and enhancing the leadership and management skills of our frontline supervisors, which we also are working to enhance. These include our "Welcome to Supervision" classes in North America and our "Coaching for Success" webinars available at our sites in North America and Indonesia. In 2023, we plan to expand the knowledge and skills covered in these courses, and we are working to offer these programs in the other regions where we operate. In 2022, we also continued to expand our "Leading with Purpose" series beyond our Americas sites into Europe. As of year-end 2022, we had reached approximately 450 leaders with our "Leading with Purpose" series, which uses adult learning theory to teach critical leadership skills and to challenge leaders to consider viewing leadership in new ways.

**Ongoing training and development of our employees is critical to helping ensure we have the right people with the necessary skills to safely and responsibly deliver on our business strategy.**

Employee engagement and feedback are core components of our talent management program. Surveys are conducted at various points in the employment journey. In 2022, we conducted brief engagement surveys for our employees at our North America sites, and our talent management team analyzed the engagement results to identify and determine actionable next steps. We also began to regularly request more specific feedback on company culture during other stages of the employee experience, including through onboarding and exit surveys. In 2023, we plan to collect data from employees in other areas of the company to better understand the employee experience.

Looking ahead, we expect our talent management processes and corresponding training and development programs will continue to mature and evolve in line with our commitment to continuous improvement. We recognize the ongoing training and development of our employees is critical to helping ensure we have the right people with the necessary skills to safely deliver on our business strategy — today and well into the future.

New trainees at the Manyar smelter project, Indonesia.



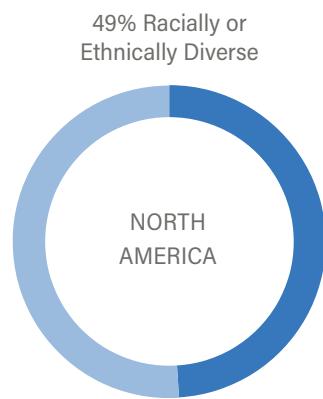
## INCLUSION & DIVERSITY

As a global organization operating in diverse parts of the world, we recognize the importance of inclusion and diversity as a company priority. FCX's [Inclusion and Diversity Policy](#) is applicable to our global workforce, and we have a cross-functional inclusion and diversity leadership team to help guide the global strategy and direction of our programs. Recognizing that inclusion and diversity differs across cultures, we have formalized regional teams and dedicated site leaders to help identify and address local challenges and opportunities unique to each site and culture. In 2022, as part of our updated leadership competency model, we also integrated several inclusion and diversity priorities into our core competencies including: valuing diversity, creating an inclusive culture, and supporting and enhancing psychological safety in the workplace. During 2022, we continued to train leaders across our global operations to help support them in fostering an inclusive and diverse environment.

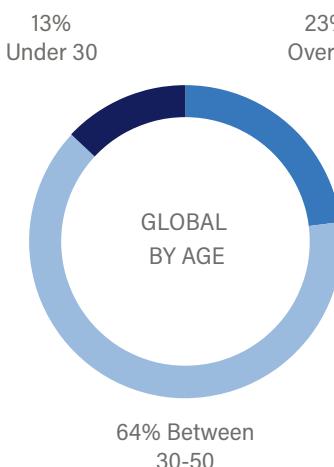
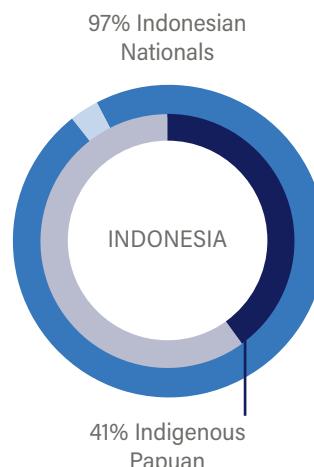
## INDUSTRY COLLABORATION ON DIVERSITY, EQUITY AND INCLUSION PRIORITIES

FCX participated in an ICMM Diversity, Equity and Inclusion (DEI) working group during 2022, to review ICMM's performance expectations as part of a broader industry effort on workforce culture. The working group identified a need to enhance industry actions to eliminate all forms of harassment and unfair discrimination from the workplace, take proactive steps to achieve gender equality and the open participation of all peoples, and reinforce the importance of psychological safety in an effort to achieve zero harm. Several efforts are underway to enable FCX to conform to these expectations within the two-year required time frame for implementation, including but not limited to: incorporating psychological safety through a focus on mental health and well-being, enhancing talent management and training to build capacity across our workforce, seeking feedback through employee surveys and grievance process, and deepening of our human rights efforts globally.

**GLOBAL EMPLOYEES** (as of December 31, 2022)



Note: Figures exclude contractors



View more data in  
the **Performance  
Data Section**



Bagdad operation, Arizona.

## STRENGTHENING DIVERSITY IN OUR WORKFORCE PIPELINE

FCX continues to advance efforts to strengthen inclusion and diversity in our workforce and people development pipeline. In 2022, we leveraged a new recruiting platform, which has the ability to source a larger, more diverse candidate pool. This platform allows us to connect with students and alumni at 180 colleges and universities dedicated to serving students from underrepresented groups. These colleges and universities have more than 10 million active students, including 5 million women, and 2.4 million Black or African American and Hispanic candidates. Further, in 2022, FCX engaged with a non-profit that assists in creating career pathways for ethnically diverse students as well as helps employers foster diverse and inclusive workplaces. FCX continues to leverage recruitment tools to attract veterans, including a digital tool on our [Careers](#) page that helps veterans find jobs at FCX that align with their skills and capabilities.

## Diversity & Local Hiring

FCX is committed to fostering a culture that is inclusive and representative of the communities where we operate. The vast majority of our employees are from the countries 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 global inclusion and diversity through increased awareness, understanding and perspectives. We believe varied workforce perspectives throughout our organization make us stronger.

We are often the largest employer in our local communities and hiring locally is a commitment we make to the host communities surrounding our operations and to our host countries. 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, 49% of our employee base has self-identified as racially or ethnically diverse, including 41% Hispanic representation and 4% Native Americans/Alaskan Natives. In Indonesia, 97% of our employee base is Indonesian, including 41% at PT-FI who are Indigenous Papuan.

We retain expatriate expertise for managerial and technical roles when we determine it is not available in local communities. Expatriates and inpatriates receive cultural training upon their arrival to a new location. On average, expatriates represent 1% of people employed at our operations globally.

As we move forward, we believe enhanced communication, collaboration, job opportunities and talent sharing across our sites will help us leverage the unique perspectives and local knowledge within our organization. We plan to seek ways to encourage and promote job opportunities for our Indigenous communities and other underrepresented minority groups across the organization, and we plan to focus on engaging with our contractors to encourage them to employ diverse and representative candidates.

## Gender Diversity

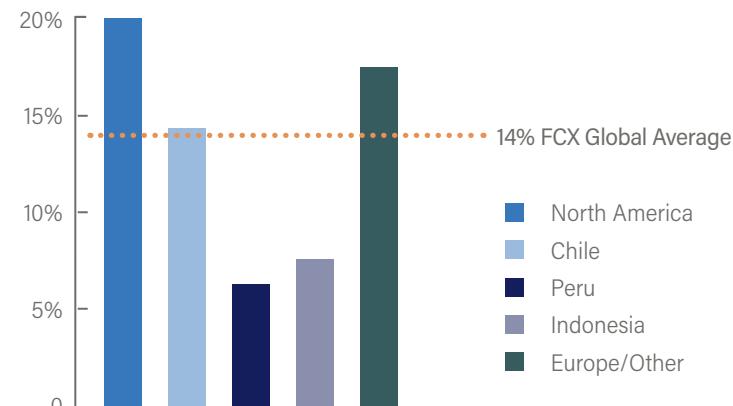
Gender diversity continues to be an important focus for FCX in recognition that progressing an inclusive workplace culture that extends beyond our operational boundaries and into our communities is a critical driver for recruiting, retaining, developing and advancing top female talent. We are proactively working to retain and attract women to work at FCX, and we have been working to promote an inclusive culture and to support well-being initiatives, including flexible work hours at some sites, increasing opportunities for remote work where feasible, and access to health and wellness resources.

Our gender representation goal in 2022 remained 15% women in our total global employee base. In 2022, we continued to make progress against this target. At year-end, women represented 14.2% of our global employees, up from 13.4% in 2021. The percentage of women in executive management roles increased slightly in 2022 versus 2021. At year-end 2022, women represented 36.4% of our Board, which subsequently increased to 41.7% women representation in February 2023 following the appointment of Kathleen L. Quirk.

Representation of women in our employee base ranges widely across our global operations — in North America, 20% of our employees are women, yet in Peru and Indonesia, only 6% and 8%, respectively, of our employees are women. FCX's global full-time employee turnover rate was 9%, with women leaving our workforce at a slightly higher rate than men. Women represented 23% of new global full-time hires during the year.

Part of our ongoing work moving forward is to better understand the specific regional contexts and drivers behind the lower numbers of women in certain regions and to find ways to support inclusivity through capacity building, resilience, skills, knowledge and career development opportunities — as well as finding additional ways to support our people outside the workplace. While inclusion and diversity issues take time to identify and resolve, we are focused on addressing these challenges, increasing overall employee engagement and satisfaction, and finding ways to retain, develop and advance our female employees.

2022 WOMEN EMPLOYED BY FCX LOCATION (%)



WOMEN IN LEADERSHIP POSITIONS (%)

	2018	2019	2020	2021	2022
Board of Directors <sup>1</sup>	33.3%	33.3%	33.3%	36.4%	36.4%
Executive Management	14.8%	13.8%	19.4%	21.2%	22.2%
Management <sup>2</sup>	11.9%	12.4%	12.4%	12.1%	12.2%
Non-Management <sup>2</sup>	12.8%	13.3%	12.7%	13.6%	14.4%
<b>Total Employees</b>	<b>12.7%</b>	<b>13.2%</b>	<b>12.6%</b>	<b>13.4%</b>	<b>14.2%</b>

1. Figures are as of year-end so may differ from those reported in our annual proxy statements which reflect director nominees as of the record date for our annual meeting of shareholders for the respective year. Following the appointment of Kathleen L. Quirk to FCX's Board of Directors in February 2023, we now have 41.7% women representation on our Board.

2. Amounts have been adjusted since prior year reporting following improvements to our data collection processes.

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

## FAIR & EQUAL REMUNERATION PRACTICES

We are committed to respecting the rights of our workforce, including paying fair and equal wages. Our approach to compensation and benefits is market-based, competitive and informed by annual benchmarking and analysis. 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 — often referred to as a living wage.

We are committed to providing equal pay for equal work regardless of gender, race, ethnicity or any other characteristic protected by applicable law. 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 legitimate business-related factors. To further our commitment to provide equal pay for equal work and to support our global inclusion and diversity efforts, in recent years we engaged a third-party compensation consultant, Mercer, to evaluate our gender pay equity practices across our global operations. Our initial review was conducted in 2021 and included a robust statistical analysis and detailed compensation reviews of our global employee base. In 2022, we worked with Mercer to conduct an updated analysis of base pay, which showed a gender pay equity gap ratio of more than 0.995 (female employee) to 1 (male employee). We also analyzed total compensation and concluded global female and male employees are in statistical parity regarding total compensation.

In addition to the gender pay equity analysis, Mercer has also conducted similar analyses over the last two years to review race and ethnicity pay equity across our U.S. operations. In the U.S., the 2022 race and ethnicity pay analysis showed a pay ratio of more than 0.995 (Hispanic employee) to 1 (white employee). There was no statistically significant pay gap for other non-white employee ethnicity group in U.S. as compared to White employees. We also analyzed total compensation and concluded all ethnicities in the U.S. are in statistical parity regarding total compensation.

Following the results of each pay analysis, we conducted internal reviews for the pay gaps identified, considered performance, distribution of jobs, experience, time in role and other legitimate business-related factors and, where appropriate, applied upward pay adjustments. These efforts have been successful in helping us to improve pay gaps between 2021 and 2022.

In 2022, we continued working with BSR, a global sustainability nonprofit, on a living wage assessment for both full-time and part-time employees. BSR provided expertise as well as living wage benchmark rates for each of FCX's locations globally, including operating sites, office locations, remediation and discontinued operations, and smaller processing locations. BSR's living wage benchmark rates exceed the minimum wages in all 42 locations. Compensation for all applicable employees was reviewed and meets BSR's living wage benchmarks for each respective location. In 2022, we completed a pilot living wage assessment of on-site contractors, with input and guidance from BSR, with a view to extending our living wage commitment to our on-site contractors in the future. We are working with BSR to evaluate next steps in 2023.

Moving forward, and in recognition of evolving pay landscapes, we plan to conduct evaluations of our pay equity practices and living wage assessments on a periodic basis and integrate key learnings into our compensation processes. We will seek to integrate the results into our annual compensation review process across our global operations.

**We are committed to providing equal pay for equal work regardless of gender, race, ethnicity or any other characteristic protected by applicable law.**



Farmers near our Cerro Verde operation in Peru practice sustainable agriculture and are supported by the company through a variety of business development and training programs.



## COMMUNITIES & INDIGENOUS PEOPLES

### WHY IT MATTERS

The relationship between a mining company and its neighboring communities is dynamic. Mining is an inherently cyclical business with production levels fluctuating over time. While copper and molybdenum mines typically have long lives, mining resources ultimately are finite. Increasing automation, technical innovation and shifts in the global economy are changing mining processes and labor requirements. Furthermore, many Indigenous Peoples have historically occupied or have ancestral connections to lands on or near mining operations. In recent years, some Native American tribes have become more vocal in their objections to mining companies as they seek to protect the environmental and cultural resources associated with their current and ancestral lands. Mining companies must work collaboratively with host communities, including Indigenous Peoples, to build and maintain trust and to support them in developing the necessary skills and capabilities to adapt, navigate transitions and succeed over the long term. This ongoing collaboration is critical to maintaining a social license to operate.

### OUR APPROACH

FCX strives to work in partnership with our host communities and Indigenous Peoples to earn and maintain their trust and deliver shared value. We not only seek to avoid, minimize and mitigate adverse impacts from our operations, but we also aim to provide long-lasting benefits to our neighbors. We work in partnership with our host communities — which in many cases includes Indigenous Peoples — to help increase resilience and well-being at the individual and community levels to help people thrive over the life of our mines and beyond.

Proactive, ongoing engagements and constructive dialogue are foundational to our approach. This is how we understand actual, potential and perceived impacts on our host communities, build trust, and mutually identify the most relevant social investments and development priorities to address our impacts and support enhanced resilience. We also work actively through engagement and capacity-building activities to support host communities in maximizing the social and economic benefits of our operations.

While we tailor our programs to site-specific dynamics of the operation and host communities, our overarching objectives in partnership with local stakeholders remain consistent: (1) working to build enduring trust, (2) avoid, minimize or mitigate adverse impacts from our operations, (3) maximize the positive benefits, and (4) support our communities in building the resilience necessary to thrive and adapt during and beyond the life of our mines.

**We work in partnership with our host communities and Indigenous Peoples to earn and maintain their trust and to contribute to long-term shared value and resilience.**

## Policies & Programs

- **Social Performance Policy** – This policy outlines our commitment to engage and collaborate with local communities in an effort to avoid, minimize, mitigate and remedy adverse impacts while maximizing opportunities to deliver value from our presence. It also includes our commitment to work towards achieving the Free, Prior and Informed Consent (FPIC) of affected Indigenous communities.
- **Social Performance Management System (SPMS)** – This system operationalizes our policy commitments and documents and institutionalizes the actions, behaviors and expectations for how we interact with our communities, including Indigenous Peoples, across our global business. The SPMS applies to active and discontinued operations and new projects alike with the goal of driving robust and consistent social performance and critical internal coordination, communications and accountability.
- **Social Performance Plans** – Each operating mine site and new project maintains a social performance plan that articulates site-specific activities that address the requirements of the SPMS within the local context, including risk and impact assessment and management, required ongoing consultation and engagement with affected stakeholders and development assistance for the communities near our operations, among other things.
- **Human Rights Policy** – States our commitments to the International Bill of Human Rights, the UNGPs and the VPs in addition to our zero tolerance for human rights abuses at our operations and throughout our value chain.

**We acknowledge and respect the Indigenous Peoples who have historically occupied areas on or near our operations or have ancestral connections to these lands.**

## STAKEHOLDER ENGAGEMENT

We regularly seek feedback and input on a range of topics from our host communities and other stakeholders affected by our operations or projects through our various engagement channels. The interests and concerns of our stakeholders can change over time; therefore, ongoing and proactive engagement to learn about changing needs and expectations is necessary. We engage with stakeholders through Community Partnership Panels in the U.S., community engagement dialogue in South America, and partnerships with the Indigenous Councils in Indonesia led by Community Liaison Officers. All three models focus on collaborative, proactive, transparent communications and dialogue, and all include local leaders and citizens who represent a broad range of stakeholder groups in each community. In addition, all of our operations frequently engage with stakeholders through situation- or topic-specific meetings, presentations, community affairs office hours, and other community outreach and engagement efforts. Through our collaborative engagements, we identify relevant community programs and projects, some of which are featured in this report. In 2022, we held approximately 5,500 formal community engagement meetings through our various models.

In 2022, we adopted a company-wide digital system to enhance the tracking and documentation of our informal and formal stakeholder engagements and reported community grievances. This system increases our visibility into potential operational risks by integrating our community stakeholder and grievance information in with our risk register, where risks are cataloged according to priority and then managed.

DreamCatcher graduates, Arizona.



## COMMUNITY GRIEVANCE MECHANISM

To support constructive engagement and resolution of potential issues and adverse impacts, we maintain a site-level grievance mechanism where community members, including Indigenous Peoples, can register their complaints. Our community grievance mechanism serves as an early warning system for FCX by tracking trends and patterns in grievance types so they can be addressed in their earliest stages, ideally prior to further escalation.

Our community grievance mechanism is available in local languages, with management protocols tailored to local culture, and serves as the system for documenting and tracking complaints or impacts as well as the type and timeliness of our responses. We socialize our grievance mechanism through a variety of means tailored to local customs and site-level engagement strategies, including verbally, by distributing flyers at community meetings and posting information on our [Freeport in my Community](#) website, among others.

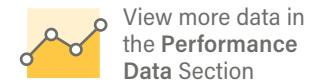
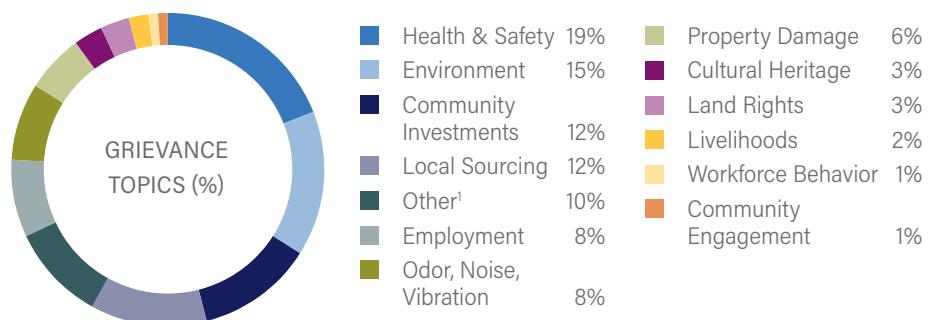
Grievances are typically received (either anonymously or with attribution) by community engagement team members through in-person engagements, in writing via physical drop boxes, or via local telephone hotlines. All grievances are routed to the site community grievance officer, who is expected to contact the complainant within two business days to confirm receipt. The community grievance officer works with relevant departments to investigate, and where appropriate, provide remedy. We aim to respond to grievances within 30 days of receipt.

Our recently adopted company-wide digital platform improves the community grievance escalation process by streamlining internal communication and provides for easier identification of trends across our sites. Community grievance officers can record entries in their local language on their mobile device from the field, and where applicable, recorded grievances are synced with environmental incidents and stakeholder profiles within the broader stakeholder management system.

During 2022, we implemented our updated community grievance management standard operating procedure across our sites, which had been updated to incorporate the effectiveness criteria outlined in the UNGPs and formalized a process for quarterly corporate team reviews. These reviews help drive consistency in grievance handling across sites as well as monitoring of trends and opportunities to share learnings across sites.

During 2022, our global operations recorded 161 community grievances, mostly regarding health and safety, environmental concerns, community benefits, and local sourcing.

For example, we have received numerous grievance reports about highway safety incidents involving individuals throwing rocks at vehicles on the primary roadway connecting our Morenci and Safford operations. In response, employees from our Safford operations engaged the San Carlos Apache Tribe's Chief of Police, Transportation Committee, and Law & Order Committee; and the Arizona Department of Transportation (ADOT) Southeast District Administrator to investigate the issue. The group determined that the majority of incidents occurred during summer and winter school breaks. Nearby school districts joined our stakeholder group and an action plan was created to thin overgrown vegetation and improve lighting along the highway and bridge crossings. It also included communicating with school resource officers and publicly posting about the incidents on social media. After school and summer science, technology, engineering and math (STEM) programming was created to keep students engaged throughout the year. In 2022, this STEM programming received a \$20,000 grant from FCX's Native American Partnership Fund. Stakeholder collaboration will continue into 2023 as ADOT seeks federal funding to develop a comprehensive safety action plan for this corridor.



1. Other includes obstruction of view, light disturbance, blight, housing and other grievances not listed above.

Note: A "community grievance" is any self-reported issue/concern (perceived or actual) that an affected member or group of the communities within our area of direct or indirect operational impact and other stakeholders wants FCX or its business partners to address and resolve.

## OUR APPROACH WITH INDIGENOUS PEOPLES

Indigenous Peoples often reside in areas that are home to rich biodiversity and to many of the most diverse peoples, languages and cultures. We acknowledge and respect the social, economic and cultural rights of the Indigenous Peoples who have historically occupied areas within or near our operations or have ancestral connections to these lands, and we also understand that Indigenous Peoples often have special connections to land, water and other natural resources that can be tied to their physical, spiritual, cultural and economic well-being.

We are steadfast in our commitment to acknowledge, respect and engage collaboratively with Indigenous Peoples. We strive to understand the values and cultural needs of each group of Indigenous Peoples, develop and maintain ongoing relationships, support effective, ongoing engagement and create opportunities for social benefit, shared value creation and long-term resilience. We do this by consistently applying our Building Trust approach, which aims to foster trust through ongoing engagement, transparency and creating shared value. We began this approach in North America and it is informing our global engagement strategies with Indigenous Peoples, which we discuss in more detail on the following page.

We also are committed to adhering to the ICMM Position Statement on Indigenous Peoples and Mining, and we are dedicated to pursuing FPIC for new projects and material expansions of existing projects where significant impacts are likely to occur.

Our stakeholder engagement program includes formal interactions with Indigenous Peoples in Central Papua, Indonesia; Native Americans in the U.S.; and the traditional communities of Alto El Loa in Chile. The adjacent table provides a listing of the Indigenous Peoples with whom we currently interact on either a routine or periodic basis. This list is neither exhaustive nor static. For example, there are other Native American Tribes in the Southwestern U.S. whom we interact with on a limited basis.

## INDIGENOUS GROUPS/COMMUNITIES' BY REGION/SITE

### **Southwestern U.S. (Arizona, Colorado, New Mexico)**

Ak Chin Indian Community	Salt River Pima-Maricopa Indian Community
Fort McDowell Yavapai Nation	San Carlos Apache Tribe
Fort Sill Apache Tribe <sup>2</sup>	Southern Ute Tribe
Gila River Indian Community	Tohono O'odham Nation
Hopi Tribe	Ute Mountain Ute Tribe
Hualapai Tribe	White Mountain Apache Tribe
Mescalero Apache Tribe	Yavapai-Apache Nation
Navajo Nation	Yavapai Prescott Indian Tribe
Pascua Yaqui Tribe	
Pueblo of Zuni	

### **El Abra (Chile)**

Ascotán	Cupo
Ayllu Ojos de San Pedro	Estación San Pedro
Ayquina	Lasana
Caspana	Ollagüe
Chiu Chiu	Taira
Conchi Viejo	Toconce
Coska	

### **PT-FI (Central Papua, Indonesia)**

Amungme	Mee
Damal	Moni
Dani	Nduga
Kamoro	

1. Listed in alphabetical order

2. While their tribal government is located in Oklahoma, some of our operations are located in part of the Fort Sill Apache Tribe's aboriginal homelands.

## BUILDING TRUST WITH INDIGENOUS PEOPLES

Over the last few years, we have focused on strengthening our work to build trust with Indigenous Peoples potentially or actually impacted by our operations. We know that trust is earned, and thus, the overarching, systemized approach seeks to facilitate trust through dialogue, ongoing relationships, transparency and creating shared value—as opposed to transactional engagements. Over time, deeper trust among FCX and Indigenous Peoples is expected to enable a clearer path to FPIC when new expansions or projects are undertaken that may have significant adverse impacts on Indigenous Peoples.

We began the Building Trust approach in North America in 2019 with a workshop facilitated by third-party experts in Indigenous Peoples relations. We wanted to better understand our current relationships with Native American Tribes and identify areas and key goals for improvement. Our internal Native American Affairs team, made up of professionals with diverse tribal heritage and experience, provided critical guidance and leadership through this effort, and continue to do so on an ongoing basis. The team's expertise, knowledge and perspective are invaluable to informing our practices.

This approach is driven by dedicated trust-building teams at our operations, placing the engagement strategy and execution in close proximity to our Indigenous neighbors. These cross-functional teams are responsible for understanding the values and cultural needs of each group of Indigenous Peoples, for developing and maintaining ongoing relationships, for identifying and supporting effective engagements on a regular basis and for creating opportunities for social benefit.

As Building Trust has matured across the organization, so too has its reach. More team members at FCX are interacting with our Indigenous neighbors, and our engagements have become more robust and have broadened beyond tribal leadership into Indigenous communities. This serves as evidence that sustained, intentional and culturally respectful engagement can build deeper trust and stronger relationships.



FCX Native American Scholarship recipient in Arizona. We seek to support our Indigenous neighbors through capacity building and educational opportunities.

## BUILDING TRUST IN ACTION

In 2022, FCX began working to acquire land from the Arizona State Land Department and Bureau of Land Management, which would be added to our Morenci and Safford operations. We voluntarily and proactively began outreach with the neighboring Indigenous communities ahead of the formal tribal consultation process. Initial conversations were challenging, given that we are seeking to privatize additional land. However, our proactive outreach demonstrates our respect for the tribes and their input. We also engaged Indigenous communities that have ancestral connections to the area. We believe this engagement has been welcomed by the 11 participating tribes, and many tribes indicated they were interested in additional engagement.

## LAND USE, RESETTLEMENT AND CUSTOMARY RIGHTS

Indigenous Peoples in Chile and Native Americans in the U.S. either currently or have historically occupied lands in proximity to our operations or have ancestral connections to these lands. Our Grasberg operations in Indonesia are located where Indigenous Peoples of Central Papua hold customary land rights. All land used by our Grasberg operations was legally and formally released by the customary landowners through the local government for use by the company when PT-FI signed its initial Contract of Work with the Government of Indonesia in 1967. Since then, PT-FI has been granted a special mining license from the Indonesia government and entered into several agreements related to customary land rights recognition with the Indonesia government and Indigenous Peoples.

In all cases, we seek to avoid involuntary displacement of people, whether physical or economic, and when unavoidable, we are committed to conducting community resettlement activities in alignment with international best practice. This requires careful planning and implementation, including information disclosure, consultation, and informed participation of the people affected in order to minimize impacts through appropriate mitigation measures. This commitment is reflected in our [Social Performance Policy](#) and [Human Rights Policy](#) available on our website. We have not had any involuntary resettlement activities since 2016 when FCX sold its interest in the Tenke Fungurume mine in the Democratic Republic of Congo.

**We acknowledge and respect the social, economic and cultural rights of the Indigenous Peoples who have historically occupied areas on or near our operations or have ancestral connections to these lands.**



Members of the Kamoro Indigenous community near our Grasberg operations in Papua, Indonesia.

## CULTURAL HERITAGE

Cultural heritage can be defined as Indigenous Peoples' or any other population's unique assets and resources, including, but not limited to tangible assets such as places, buildings, and artifacts, or intangible assets such as practices, customs, religious/spiritual sites and shrines. We recognize that respecting and supporting the cultural heritage of our host communities, including our Indigenous neighbors, is critical to our ongoing social license to operate. While cultural resources linked to the heritage and history of an area are associated with a wide variety of people and places, within the context of mining we recognize it is critically important for Indigenous Peoples.

We acknowledge that the nature and location of our mining and processing activities means we have the potential to impact cultural heritage. We seek to avoid, minimize or mitigate negative impacts to cultural heritage through studies or surveys, planning and ongoing engagement with Indigenous Peoples and other impacted communities, including providing opportunities for stakeholders to identify any assets or resources that are culturally or traditionally significant and participating in decisions regarding their protection and management.

We are guided by a fundamental commitment to respect and appreciate the cultural heritage of people in the communities where we operate. This promise is connected to our overarching commitments — such as Human Rights — and it manifests in the choices we make when our operations can adversely impact the culture of our communities and neighbors.



In 2022, PT-FI supported two nearby villages of Indigenous Kamoro community with their right-of-passage ritual called Karapao.

## Americas

In 2022, we launched a Native American Cultural Awareness & Sensitivity Training series designed to help our teams understand and more deeply respect the heritage of Indigenous Peoples in North America. The training series is made available to our sites across the U.S. and to teams at our corporate offices. By the end of 2022, FCX leaders and teams, who have the potential to interface with Indigenous communities, received the training.

Our Sierrita operations have worked with the Tohono O'odham Nation to formalize a process for accessing company land for harvesting vegetation and have conducted four harvests of the fruits of culturally significant plants in the San Xavier District during the year. For Indigenous Peoples, harvesting is a centuries-old practice that connects to subsistence, health, religion and relationship with traditional environments.

In Peru, we continued aiding an annual Indigenous Peoples horse pilgrimage that passes through our Cerro Verde operations. We provide infrastructure and support to ensure people and their horses can safely cross our operations to arrive at a culturally significant religious site. We also partner with the Catholic Church to maintain ecclesiastic monuments in the community and with local authorities to preserve archeological artifacts in a Tambo Cultural (museum) in the Yarabamba District to help preserve Peru's rich culture.

## Indonesia

In Indonesia, we are supporting the Indigenous Kamoro in their tradition of wood carving. In cooperation with the Maramowe Weaiku Kamorowé Foundation, we are seeking to increase the number of young Kamoro carvers to promote their art and culture. Furthermore, we are helping the carvers create a marketplace for their art to increase awareness and income opportunities. Through 2022, PT-FI has supported 544 Kamoro carvers from 33 villages.

In 2022, two villages of the Kamoro tribe adjacent to PT-FI's operations conducted a rite-of-passage ritual called Karapao in which boys are initiated into manhood. The ritual includes an eight-month-long process of reinforcing the connection of the boys to land, rivers, kinship and ancestors. PT-FI supported the Kamoro villagers throughout the preparation and implementation of the ritual by preparing the ritual pad, and providing transport of goods, extended family members and guests. The ritual culminated in September 2022, and PT-FI's senior leadership was invited to attend.

## COMMUNITY RESILIENCE

We are committed to working with local communities and Indigenous Peoples in the areas where we operate to build resilience and well-being in order to help communities and people thrive over the life of our mines and beyond. Partnering with communities to increase resilience means supporting their ability to better anticipate, navigate and successfully adapt to unforeseeable events or conditions, such as impacts from climate change or changes in employment types and opportunities. This includes creating opportunities, activities and skills that increase community-level capacity to maximize the economic opportunities created by and beyond mining to increase long-term socioeconomic benefits.

We believe we can best support community and Indigenous Peoples' resilience by focusing our efforts in three main areas: **(1) education and skill-building, (2) economic opportunity, and (3) community-level leadership and capacity building.** Within each of these three areas is a fundamental commitment to enable the skills of individuals and communities necessary to achieve the overarching goal of resilience.



Community member near our Cerro Verde operation, Peru.

## COMMUNITY RESILIENCE FOCUS AREAS

1

EDUCATION &  
SKILL-BUILDING

2

ECONOMIC  
OPPORTUNITY

3

COMMUNITY-LEVEL  
LEADERSHIP &  
CAPACITY BUILDING

## 1

## Education & Skill-Building

By increasing the quality, availability and access to education and skills training for Indigenous Peoples and the local communities, we aim to improve socio-economic mobility, which in turn can help to build resilience over time. This includes providing opportunities for people to gain and adapt skills that allow them to secure employment in the mining industry, its value chain and beyond.

### Americas

- Through our engagement and dialogue with Native American Nation leaders, we understand that a certificate or degree is a high priority for tribal members. In partnership with Education Forward Arizona, our Native American Scholarship Program provides scholarships to attend trade schools, two-year community and tribal colleges, and four-year universities and includes a personal success advisor for each student, helping them to navigate and overcome the challenges of college life and academics. This extra support significantly increases completion rates for these students who are often first-generation college attendees and enables a smoother transition to career. In 2022, we expanded the program significantly by committing \$6 million to help 200 Native American students from 14 eligible Tribes graduate by 2026. Likewise, in 2022, also in partnership with Education Forward Arizona, we launched a new scholarship program to honor the Navajo Code Talkers, who during World War II used their native language to create an unbreakable code for radio and telephone communications. Specifically, we committed \$3 million in scholarships to help 100 Navajo students graduate with a higher-education credential by 2026.
- At El Abra, we created a School Fund, which has supported teachers and students in Alto El Loa for 12 years. In 2022, we extended the program into more communities in the Antofagasta Region, strengthening our commitment and widening the impact on the quality of education. Schools apply for funding in the following four categories: environment and/or heritage, innovation and/or technology, health and well-being, and school equipment and infrastructure improvement.

### Indonesia

- PT-FI provides funding and technical assistance to support various community development programs in areas such as health, education, economic development and local infrastructure. In 1996, PT-FI established a social investment fund with the aim of contributing to social and economic development in the Mimika Regency. Prior to 2019, the fund was mainly managed by the Amungme and Kamoro Community Development Organization, a community-led institution. In 2019, a new foundation, the Amungme and Kamoro Community Empowerment Foundation (Yayasan Pemberdayaan Masyarakat Amungme dan Kamoro, or YPMAK) was established, and in 2020, PT-FI appointed YPMAK to assist in distributing a significant portion of PT-FI's funding to support the development and empowerment of the local Indigenous Papuan people. Among the various programs, YPMAK supports a scholarship program for the local Indigenous Papuans, which aims to increase the number of Indigenous Papuans receiving education, who can then help support development in Papua and Indonesia. In 2022, the program had 1,222 active scholarship recipients and supported 1,530 students in the boarding school program.



# 2

## Economic Opportunity

By strengthening various local community support services and resources that are critical to enabling economic opportunity, we aim to contribute to overall community resilience and well-being. Our work includes supporting the development and growth of small businesses, promoting local sourcing opportunities, enhancing basic infrastructure such as affordable housing, aiding local food security, and supporting widespread access to health and wellness services.

### Americas

- In 2021 and 2022, the Freeport-McMoRan Foundation provided operating support to the Arizona Economic Recovery Center, which was launched to provide technical assistance and training in rural Arizona communities, including tribes and Indigenous Peoples to aid them in submitting higher quality competitive applications for federal, state and foundation grant funding. Through support from FCX and other partners, this program has assisted nearly 500 organizations in receiving 100 grant awards totaling \$30 million dollars.
- Since 2018, we have supported Kickstart Ajo, an initiative led by the International Sonoran Desert Alliance that aims to build a more resilient local economy by increasing access to capital and growth opportunities for the area's business community. Through multi-agency collaboration, the effort has mobilized an array of services and support, such as technical assistance, matched savings accounts, micro-grants and access to other capital to empower entrepreneurs in Ajo, Arizona (where FCX has discontinued operations). Eighty-four businesses have received support since the inception of the project.
- At Cerro Verde, we support the Center for Entrepreneurship and Business Development (EMPRENDE) to provide no-cost business management consulting to entrepreneurs in the site's direct influence area. EMPRENDE has provided more than 52,800 hours of consulting services to more than 3,900 entrepreneurs. Eighty-eight percent of participants have gone on to establish formal businesses, and 82% of EMPRENDE participants are women entrepreneurs.

### Indonesia

- In 2022, PT-FI provided \$1.5 million in support of nearly 200 local entrepreneurs. This support helped local micro-, small- and medium-business owners create new market opportunities, expand, and hire more local talent. This support helped spur the creation of more than 1,500 employment opportunities in the Mimika Regency.
- PT-FI and YPMAK promote projects under their Local Commodity/Agriculture Development Program to different stakeholders, and as of year-end 2022, approximately 1,000 people were employed through its projects relating to fishery, livestock breeding, farming, and food security. Long-standing projects, such as the fisheries project, which has been operating since 2002, and the animal husbandry project, which has been operating since 2011, have created alternative employment opportunities for local community members. Additionally, PT-FI and YPMAK support the agriculture and food security project, which aims to educate local communities on plant cultivation of sago, coffee and horticulture produce such as vegetables and fruits.



# 3

## Community-Level Leadership and Capacity Building

By investing in capacity building and leadership development, we aim to better enable community-level institutions and their leaders, including local governments and nonprofits, to develop, improve or retain knowledge and skills that can help them become more effective and empowered in stewarding the community's well-being and resilience over time. We view capacity building as a continuous effort to promote resilient and empowered citizens that can thrive during and beyond the life of our mines.

### Americas

- We partnered with Better City to work with local communities to develop Resilience Action Plans. This community-led process helps stakeholders identify, understand and pre-emptively mitigate potential risks specific to their local context with special attention on mine closures and climate change. The plans identify concrete strategies that the communities can deploy to combat possible scenarios that address challenges and opportunities. In 2022, Resilience Action Planning was conducted in Lake County, Colorado and Grant County, New Mexico. We expect to initiate this work at additional U.S. sites in 2023.
- We helped improve water availability for the district of La Joya near our Cerro Verde operations. The project included the installation of a cleaning system, new hydraulic cylinders and infrastructure lighting in the Socosani dam as well as improving the tunnel of the main canal used for irrigation which increased water access. As the climate changes, access to water has become increasingly challenging for this community and this effort supported both adaptation of and economic benefit for the district. These investments benefit the approximate 40,000 people in the district of La Joya and 2,500 farmers in the area who farm on 10,000 hectares of land.
- In 2022, we launched an Agricultural Fund for Rural Development near our El Abra operation to help promote agricultural and livestock development in the rural areas of the El Loa and Tocopilla provinces. In its first year, the fund supported 35 projects that helped area farmers modernize production processes, acquire and use new technologies, optimize crop yields, enhance infrastructure, and purchase new machinery to reduce the physical burdens on farmers in the region, a significant portion of which are older adults.

### Indonesia

- In 2022, we facilitated two trainings for Indigenous Peoples near our Grasberg operations to help enhance their leadership, infrastructure and financial management. Additionally, in collaboration with the Indigenous Councils and the local university, we entered into an agreement to monitor and evaluate PT-FI's social investment in the Kamoro and Amungme communities. We will begin training the Indigenous Councils on effective management of social investment funds later in 2023.

Cerro Verde operation supports local water infrastructure that benefits agriculture in the region.



## WOMEN'S EMPOWERMENT & DEVELOPMENT

Women's empowerment is a theme across our community engagement and investment work. We believe inclusive and diverse communities that enable full and equal participation of women are stronger, more stable and resilient over the long term. In addition to contributing to the UN SDGs, our empowerment initiatives seek to promote women's rights through policy advocacy, leadership in the public and private sectors, small business training, supply chain access programs and educational attainment.

The largest of our economic empowerment programs, DreamBuilder — a free, online entrepreneurship training program for women — has reached enrollment of more than 134,000 women across the world (primarily in the U.S., Chile and Peru where we operate). In Peru alone, over 30,000 women were enrolled as of year-end. Now in its eleventh year, the program seeks to equip women with the skills and confidence needed to become financially independent business owners. In 2022, graduates of the program applied their learnings to professional services, adult literacy, jewelry and sustainable children's games, among other small businesses.

FCX partners with WEConnect International and Vital Voices to support women's empowerment and leadership. As both a member of, and long-standing partner with, WEConnect International, FCX has helped enable women business owners compete for a greater share of private sector sourcing contracts, including identifying opportunities for women to participate in our own supply chain. FCX is also the sole investor in VVEngage, a partnership with Vital Voices to advance women's public leadership and the UN SDGs by conducting online and in-person training sessions with experts from the Vital Voices Global Network and professors from the Harvard Kennedy School of Government. The customized fellowship curriculum includes nine months of rigorous courses in topics such as leadership, strategic communications, strategy and governance and supports the fellows to acquire specific skills to achieve their goals related to the advancement of the SDGs in their communities. Since its launch, 114 female fellows from 60 countries around the world have benefitted from VVEngage.



DreamBuilder graduates near our El Abra operations in Chile.

**DreamBuilder has reached enrollment of more than  
134,000 women across the world.**

## ECONOMIC CONTRIBUTIONS

### WHY IT MATTERS

Mining operations can contribute to national, regional and local development through employment opportunities, voluntary investments in communities and through taxes, royalties and other financial obligations in jurisdictions where the operations are located. Transparent disclosure of our revenues and payments to host governments and investments in communities can promote better governance and accountability regarding the distribution of natural resource industry revenues.

### OUR APPROACH

As an important part of our commitment to responsible production, FCX aims to be a good corporate citizen in the host communities and countries in which we operate. We contribute to the wealth and prosperity of these countries, regions and communities by generating economic value that includes tax and royalty payments, which support essential government functions such as education and infrastructure, local hiring and procurement that supports many types of jobs in a community or region, and other direct and indirect community investments. However, it is also important to recognize that mining is an inherently cyclical business with production levels and profits fluctuating over the life of the mine, which can impact our economic and social investments and other sustainability programs.

### ECONOMIC CONTRIBUTIONS & CASH PAYMENTS TO GOVERNMENTS

In 2022, FCX's direct economic contributions totaled \$19.0 billion, which includes \$10.8 billion in payments to suppliers; \$2.6 billion in employee wages and benefits; \$2.3 billion in payments to providers of capital; \$3.2 billion in taxes, royalties and other payments to governments; and \$177 million in voluntary community investments. We also made investments of \$3.5 billion in capital expenditures.

Please refer to the key economic contributions and cash payments to governments tables in the [Performance Data](#) section of this report for more detailed financial information.

FCX's global tax strategy seeks to balance the economic considerations of our host governments and stakeholders with our business objectives. In jurisdictions where we conduct business, we advocate for the development and implementation of fair and predictable tax laws 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. We maintain significant mining operations in Indonesia and Peru, both of which have implemented EITI, and we actively support and participate in associated in-country processes as part of EITI. We also aim to support governments' ambitions to achieve contract transparency. 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 significant jurisdictions where we conduct business. Our support includes direct financial contributions as well as contributions through ICMM.

Management of our tax strategy is conducted within the corporate finance group under the direction of our Chief Financial Officer. Tax risks are identified and monitored by a global team of tax professionals, who assist 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 contribute to the wealth and prosperity of the countries, regions and communities where we operate by generating economic value.**

## COMMUNITY INVESTMENTS

We believe communities best understand their own needs and our ongoing engagements are designed to facilitate dialogue related to their needs and objectives as well as cultivate opportunities for partnership. We fund our social investment programs directly through each operation and their respective foundation or community trust fund. We encourage community-led processes that seek to empower stakeholders to help 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). Our investment target for 2023 is approximately \$200 million, and we invested \$177 million during 2022, which exceeded our target of \$171 million. Our revenue and corresponding community investments tend to vary year over year because of a variety of factors, including the cyclical nature of our business and community needs. Since community investment targets were first established in 2009, we have invested nearly \$2.3 billion dollars in community development initiatives.

**\$2.3  
BILLION  
CUMULATIVE  
INVESTMENT  
SINCE 2009**

**2022 TOTAL  
COMMUNITY  
INVESTMENT  
\$177  
MILLION**



View more data in  
the **Performance  
Data Section**

## CONTRIBUTING TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 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, we are proud to be a positive contributor to the world well beyond our operational boundaries. Being a responsible producer includes contributing to relevant SDGs within our host communities and countries and across our value chains, while simultaneously seeking to mitigate any potential impediments to their realization.

To some degree, FCX works toward all 17 SDGs through aspects of our day-to-day work at our various global sites, partnership initiatives and social investments. SDG 12 — Responsible Consumption and Production — is central to our strategy of being foremost in the global copper industry.

While we have been mapping our programs to all of the SDGs for many years, our goal is to advance this work by more deliberately identifying and focusing on those goals where we believe we can make the most meaningful contribution. We have identified the SDGs that we believe our global programs contribute to the most and have noted the relevant goals throughout this report.



Mangrove growth near our Grasberg minerals district, Indonesia.





# THRIVING ENVIRONMENTS

FCX recognizes that mining impacts the natural environment. We are committed to conducting our mining and processing operations in a manner that minimizes adverse impacts on the environment and supports protection of the natural environment and ecosystems through responsible environmental stewardship, strong management systems and continuous improvement.

Effective environmental protection and stewardship are key to ensuring the long-term viability of our business, including maintaining the necessary support from our host communities and governments.

Our workforce incorporates environmental awareness into daily activities and implements actions that advance environmental protection. This reaches the highest level of our executive management, and the Board's CRC provides oversight of management on the direction and effectiveness of our environmental practices, policies and programs.

Our Environmental Policy serves as the foundation for our protection of the natural environment in the regions where we live and work.

In addition to adhering to strict compliance with laws and regulations, and implementing risk management strategies based on verifiable data and sound science, we plan and conduct our operations in a manner that seeks to minimize adverse environmental effects, with a particular focus on climate, water, biodiversity and tailings and waste management. We review and account for the environmental impacts of our activities throughout the entire mining life cycle, including through mine closure.

In 2022, we continued to implement the Global Industry Standard on Tailings Management to ensure that we are focusing our efforts on our highest priority Tailings Storage Facilities. We also continued to advance our climate strategy with particular emphasis on enhancing our Scope 3 emissions data and the nexus between water and climate.

The following pages outline how we aim to protect the environment and the steps we are taking to minimize our environmental footprint.





## CLIMATE

### WHY IT MATTERS

Climate change poses considerable near- and long-term challenges for society. Mining is energy-intensive and generates significant GHG emissions, which contribute to climate change. However, the copper we produce plays an essential role in global decarbonization. It is a critical component in the technologies that will be deployed in a highly electrified and low-carbon economy, including solar and wind energy and electric vehicles. These technologies are critical to support the global energy transition needed to accelerate toward a 2050 net zero economy.

To learn more about our approach to climate, including our strategy, please read our latest [Climate Report](#) available on our website.

### OUR APPROACH

As one of the world's largest copper producers, we understand our critical role in the low-carbon energy transition. We are dedicated to supplying the global economy with responsibly produced copper which includes operating in a manner that manages and mitigates our GHG emissions and other climate-related risks and impacts. Our climate strategy is comprised of three pillars: **Reduction, Resilience and Contribution**.

#### CLIMATE STRATEGY

##### 1. REDUCTION

We strive to reduce, manage and mitigate our GHG emissions where possible. We have four 2030 GHG emissions reduction targets, covering nearly 100% of our Scope 1 and 2 GHG emissions, which help us to manage relevant, climate-related risks and support the decarbonization of our business globally. Our decarbonization initiatives can be described by four primary levers: decarbonizing electricity supply, electrification of equipment, energy and asset efficiency, and process innovation. We believe that these four levers are the foundation that will help us to further define our decarbonization roadmap to achieve our 2030 GHG emissions reduction targets and beyond.

##### 2. RESILIENCE

We strive to enhance our resilience to climate change risks (both physical and transitional risks) for our current and future operations, our host communities and our stakeholders. This includes working to analyze and prepare for extreme weather events, water stress and other potential climate change impacts while also supporting our host communities and responding to anticipated market and regulatory demands.

##### 3. CONTRIBUTION

We strive to be a positive contributor beyond our operational boundaries by responsibly producing the copper that will support the technologies needed to enable the energy transition. This includes collaborating with partners in our value chain, and industry associations, to identify climate-related solutions that will support the transition to a low-carbon economy and ultimately meet the goals of the Paris Agreement.

**FCX aspires to participate in, and positively contribute to, a 2050 net zero economy.**

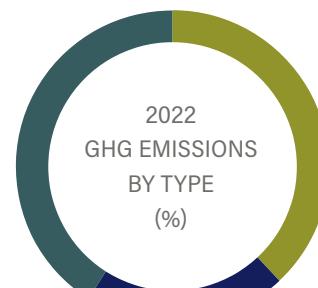
## PERFORMANCE

We are advancing important initiatives to reduce our GHG emissions, improve energy efficiency, evaluate and integrate the use of lower carbon and renewable energy and enhance our resilience to future climate-related risks.

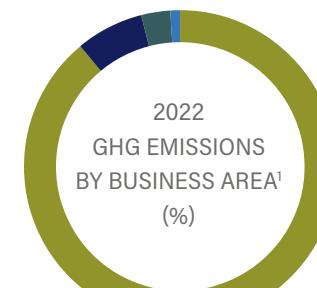
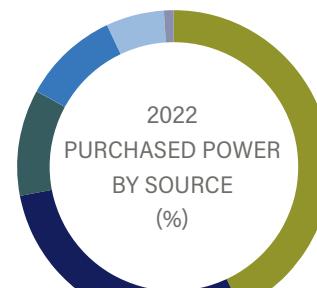
We continue to make meaningful progress in advancing efforts to decarbonize our electricity supply. In 2022, we conducted a preliminary scoping study to assess the viability of replacing PT-FI's coal-fired power plant with a gas-fired combined cycle facility fueled by liquified natural gas (LNG). The findings show LNG has the potential to be an especially durable, lower-carbon energy source for our remote and complex operations in Indonesia. While we recognize that LNG is not a renewable energy source, we are encouraged by the potential to achieve a meaningful reduction in emissions at PT-FI where solar and wind face challenges to becoming stable, single-energy solution to powering one of the world's largest copper and gold mining operations. We are proceeding with a comprehensive feasibility study and permit engineering, which we expect to complete by the end of 2023. Our preliminary studies indicate that a new power plant fueled by LNG could drive an approximate 60% reduction in PT-FI's Scope 1 GHG emissions intensity versus its 2018 baseline – double the reduction set out by PT-FI's current 2030 target.

We continue to advance our "Copper Skies" initiative, which is focused on increasing renewable energy power for our Americas operations. We are currently collaborating with new and existing energy partners to progress phase one of this program which aims to integrate up to 450MW of solar and wind sources into our power supply in Arizona and New Mexico. Our focus on responsibly transitioning our energy supply is part of our broader effort to further refine our decarbonization roadmap to achieve our goals — today and for the future. In 2022, we experienced slower-than-planned progress due to demand and changing dynamics in the renewables market and permitting process.

We cannot achieve our climate objectives alone. New technological solutions and innovations will continue to be required — many of which will be driven by industry and value chain collaboration. In 2022, we committed to formal collaboration with Caterpillar's Early Learner program and Komatsu's GHG Alliance, both of which are focused on the development and advancement of zero-emissions mining trucks and supporting technologies and infrastructure. At PT-FI, we incorporated autonomous and remote-operated equipment to reduce workforce exposure to ground failure, wet muck spills and air contaminants, and to support reduced emissions. We also are in the process of evaluating autonomous haulage solutions in the Americas.



 View more data in the [Performance Data Section](#)



1. Reflects Scope 1 and 2 emissions only.

## 1. REDUCTION

In 2022, our global absolute Scope 1 and 2 GHG emissions increased by 6.9% to approximately 7.7 million metric tons from approximately 7.2 million metric tons the prior year. GHG emissions increased due to higher production rates at PT-FI, Cerro Verde, Safford and El Abra, as well as the resumption of overburden removal, production and maintenance projects previously delayed due to COVID-19. Despite the GHG emissions increase in 2022, our absolute Scope 1 and 2 GHG emissions in 2022 were 6% lower than our 2018 baseline levels reflecting significant improvements in energy efficiency and grid decarbonization in recent years.

In 2022, our Americas Copper GHG emissions intensity increased by 1.3% compared to the prior year; however, its intensity remains a 2.5% improvement over the 2018 baseline year. The increase in 2022 was the result of several factors, including the resumption of production related activities deferred due to COVID-19 and several significant weather events in the winter months, which led to increased demand for natural gas and electricity, increasing emissions intensity at some sites. This also resulted in lower production due to impacts to our open pit mines that cannot be mitigated during or immediately after significant rainfall due to unsafe conditions.

In 2022, we continued to reduce PT-FI's GHG emissions intensity with a 5.2% improvement over 2021 and a 26% improvement since our 2018 baseline year largely driven by completion of the underground transition at the Grasberg minerals district. In the coming years, we expect this performance to vary due to changes in ore composition and related processing requirements, which can impact emissions intensity performance.

In 2022, Atlantic Copper completed a 78-day planned maintenance shutdown, which typically occur approximately every eight years. This led to a 21% reduction in its GHG emissions for the year compared to 2021 and a 49% reduction since the 2018 baseline. In 2023, GHG emissions are expected to increase to more normalized levels commensurate with production plans.

Our primary molybdenum sites saw a 19% increase in GHG emissions in 2022 compared to 2021; however, GHG emissions remain 11% below the 2018 baseline year. This increase was primarily due to a significant increase in production at our Climax mine (17%) and the related pit expansion to enable increased production rates in the future, all of which required additional material haulage and diesel use.



View more data in  
the Performance  
Data Section

### 2030 GHG EMISSIONS REDUCTION TARGET PERFORMANCE

	Baseline Year 2018	2019	2020	2021	2022	Target Year 2030
<b>Intensity Reduction Targets<sup>1</sup></b>						
Americas Copper <sup>2</sup> - 15% intensity reduction	3.72	3.70	3.81	3.59	3.63	3.17
PT-FI (Grasberg) <sup>3</sup> - 30% intensity reduction	4.76	7.73	5.40	3.71	3.52	3.34
<b>Absolute Reduction Targets<sup>4</sup></b>						
Atlantic Copper Smelter & Refinery - 50% absolute reduction	176,865	146,044	126,103	112,671	89,435	88,432
Primary Molybdenum Sites <sup>5</sup> - 35% absolute reduction	308,136	325,591	263,023	232,317	275,464	200,288

1. Intensity reduction targets (CO<sub>2</sub>e metric tons / metric ton copper) include total (Scope 1 and 2) emissions and do not include by-products in the denominator. Baseline and target are calculated and therefore may differ due to rounding.

2. Americas Copper (for target) includes Bagdad, Cerro Verde, Chino (including Cobre), El Abra, Morenci, Safford (including Lone Star), Sierrita and Tyrone mines as well as the Miami smelter and El Paso refinery. Our Americas copper intensity reduction target includes all payable copper, including payable copper in concentrate and cathode, but excludes rod and wire; GHG emissions associated with the production of by-product molybdenum are also included.

3. Our PT-FI intensity reduction target is based on payable copper produced in concentrate. PT-FI concentrate is currently smelted and refined by PT Smelting (PTS) and third-party smelters/refineries whose emissions are currently accounted for as our Scope 3 emissions and therefore not included in this target. Upon completion of the PTS expansion after which PT-FI will have majority ownership and the construction of the Manyar smelter in Gresik, GHG emissions for smelting and refining are expected to shift from Scope 3 to Scopes 1 and/or 2, and we will adjust our target and baseline in line with the GHG Protocol at such time.

4. Absolute targets include total (Scope 1 and 2) emissions.

5. Primary Molybdenum Sites include Climax and Henderson mines located in Colorado, U.S., and downstream molybdenum processing facilities located in the U.S., U.K. and the Netherlands (Fort Madison, Stowmarket and Rotterdam, respectively).

## 2. RESILIENCE

A core pillar of our climate strategy is focused on enhancing resilience – for our operations, our host communities and our stakeholders. This includes working to identify, analyze and prepare for an increase in extreme weather events, water stress and other potential climate change impacts. As part of this work, in 2021, we completed our first global climate change scenario analysis considering both physical risks and transition risks and opportunities across three different climate scenarios. In general, the results of the analysis demonstrate that physical risks are highest for FCX in the Current State scenario and lowest in the Aggressive Climate Action scenario. Conversely, transition risks are highest in the Aggressive Action scenario and lowest in the Current State Scenario. Following this analysis, in 2022, we conducted three follow-on third-party studies focused on enhancing our understanding of how the potential climate-related physical risks identified in our global study might materialize at a more localized level. From a transition risk perspective, our analysis indicated that FCX must continue to monitor evolving carbon and energy policies and prices and evaluate the potential implications for our business. In addition, we may face challenges from sulfur supply deficits and price volatility if demand for oil and gas sharply declines, and refineries and natural gas processing plants that produce sulfur are decommissioned. We are collaborating with one of our industry associations on a scenario-based market study to better understand this potential challenge in 2023.

## 3. CONTRIBUTION

As our customers focus on their own decarbonization efforts, we anticipate that there will be an increasing need for more detail around the carbon footprint of our products (Scopes 1, 2 and 3 emissions per ton of copper and molybdenum produced). Over the last few years, FCX has participated in two industry-led LCAs as well as the ICA's Global Copper Decarbonization Roadmap (GCDR) project. In addition, we are working with peers at ICMM to develop Scope 3 guidance for defining, reporting and target development. Together, this work is expected to enable more consistent, comparable and higher quality entity-based and carbon footprint datasets across the industry. Utilizing these datasets and guidance, we are continuing our work to develop carbon footprint datasets for each of our products to support our downstream customers and OEMs to better estimate their own emissions and decarbonization progress. Please refer to the [Responsible Value Chain](#) section of this report for additional information.

## ADVANCING OUR SCOPE 3 EMISSIONS INITIATIVES

Scope 3 emissions occur both upstream and downstream of our operations. Upstream emissions result from production of materials and fuels that we use in our processes such as lime, explosives, chemical reagents and diesel, as well as the emissions associated with copper concentrates we purchase for our Atlantic Copper smelter and refinery in Spain. Downstream emissions result from transport, further refining or transforming of our copper into useable products.

Generally, Scope 3 emissions for copper are low compared to various other metals because the downstream utilization of copper requires comparatively less energy, given the relatively minimal downstream processing required to transform copper cathode into various forms, such as wire for electrical cables. For some metals other than copper, Scope 3 emissions can be multiple times their combined Scope 1 and 2 emissions. For FCX, our estimated 2022 Scope 3 emissions represented approximately 41% of our total Scope 1, 2 and 3 emissions.

We recognize that there is increasing pressure on companies to better understand and reduce their Scope 3 emissions. Robust, high-quality data is imperative to both understand our current performance as well as to establish a credible reduction pathway that will contribute to meaningful climate action. Because Scope 3 emissions are generated by third parties (i.e., they are other companies' Scope 1, 2 and 3 emissions), they are more difficult to estimate. As a result, we have been working extensively over the last several years to improve our Scope 3 estimates. This includes improving the specificity in our estimates by using more accurate methods such as process-based Life Cycle Assessment (LCA) data and working to gather data directly from significant suppliers.

In addition to our net zero aspiration and 2030 GHG reduction targets that collectively cover nearly 100% of our Scope 1 and 2 GHG emissions, in January 2022, we committed to validating our 2030 targets against the Science Based Targets initiative (SBTi). SBTi requires a Scope 3 target if Scope 3 emissions exceed 40% of total emissions. Further, in 2021, we played a significant role in the development of and endorsed the ICMM Climate Change Statement, which commits member companies to, among other things, establish Scope 3 targets. To that end, we continue to participate in projects with both the ICA and ICMM to support the development of industry-specific guidance that can help drive a consistent approach for member companies to estimate and improve their Scope 3 emissions inventories and enable meaningful target setting.



At our Safford operation in Arizona, our team is applying covers to our leach stockpiles to increase heat retention which has been found to enhance recoveries.

### PROCESS INNOVATION: LEACH TO THE LAST DROP PROGRAM

Conventional leaching requires less energy than smelting by using chemicals to remove copper from ore. When applied to oxidized copper ores, conventional leaching typically recovers between 35% and 85% of contained copper. Recovery rates depend on a variety of factors, including mineralogy, particle size, acid levels, copper grade, and the length of the leaching process. Our team of experts designs each of our leaching processes by modeling these variables with the aim of optimizing recovery.

FCX currently has an estimated 38 billion pounds of copper in our active leach stockpiles that has not been accounted for in our traditional leaching approach, as it had previously been considered either uneconomic and/or unrecoverable. Because this copper is already contained within our stockpiles, it does not require additional mining. If successful, this could enable us to provide additional copper production with a lower carbon and water-intensity footprint. By the end of 2023, we are targeting a run rate of 200 million pounds of copper per annum.

To address this opportunity, we initiated a program — Leach to the Last Drop — which is focused on further optimizing our approach to leaching with the aim of enhancing recovery rates closer to 85%.

As part of this program, operations teams use advanced computational modeling and improved sensors to better understand how to optimize our current leaching approaches. We also are piloting a new approach aimed at leaching a type of ore called chalcopyrite, which has traditionally been considered unsuitable for the leaching process. If successful, this new approach could enable us to utilize existing stockpiles and could be applied more broadly across our global operations. It also has the potential to enable elimination of the milling and smelting steps in traditional chalcopyrite processing, which could reduce tailings produced and water and energy consumption.

We are continuing our work to apply covers to the leach stockpiles because heat retention has been found to enhance recoveries. Early indications show the potential to recover an additional 10% of copper from our stockpiles when heat is retained. Notably, covering our stockpiles may also reduce evaporation losses in the leaching process.

## WATER STEWARDSHIP

### WHY IT MATTERS

Access to safe water is a fundamental human right and is essential to the well-being of communities and the environment. It is also necessary for mines, smelters, processing facilities and reclamation projects. Effective management of water resources can reduce the impact of mining activities on water availability and quality while respecting the rights of others.

### OUR APPROACH

Water is essential to our work and vital to the long-term sustainability of the company and our host communities. We cannot operate without water and FCX understands the critical importance of managing the impacts of our activities on both water availability and quality along with respecting the rights of our host communities and Indigenous neighbors.

FCX's water stewardship program focuses on maximizing water use efficiency within our operations so that we can minimize our use of new freshwater taken from the natural environment. We are also focused on shifting our water supplies to more sustainable sources (recycled, reused, renewable and lower quality sources), minimizing negative impacts from our operations on water quality and availability in the local catchments, 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 our host communities in and around our operations. 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 continuously improving our water programs over time.

The global nature of our operations requires a site-specific approach to our water strategy. Our global operations are in geographically and climatically diverse locations that range from one of the driest places in the world in the Atacama Desert in Calama, Chile, to one of the wettest places on earth in Papua, Indonesia. These varied environments can lead to circumstances of significant competition for water, or conversely where considerable effort is required to manage excess water supply.

### 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) optimize water use efficiency in our processes, (2) minimize use of new freshwater at our operations, (3) reduce our water footprint by transitioning to renewable, recycled and/or lower quality water sources, (4) monitor our impact on the surrounding communities and environment by continually reviewing our water supplies and (5) evaluate new technologies and innovations for large-scale tailings management and leaching that can support reduction of future water 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.



**Access to safe water is a fundamental human right and is essential to the well-being of communities and the environment.**

## Understanding Our Water Supply Risks

Based on a combination of resources from the World Resources Institute (WRI), our own qualitative assessments and our local knowledge of site-specific circumstances, the number of water risk regions with poor water quality or scarce supply is increasing globally, and as a result, competition for water is expected to increase. In many instances, we share a freshwater source or catchment with other users, such as our local host communities, municipalities, and agricultural or industrial organizations.

To effectively manage our water supply-related risks in the near-term, we seek to understand the various and continually changing physical environments, hydrological systems, and sociopolitical and regulatory contexts of each of our operations.

### WATER SUPPLY RISKS

OPERATION	CLIMATE CONDITIONS <sup>1</sup>	WATER SOURCES <sup>2</sup>	WATER SUPPLY RISKS		
			WATER STRESS <sup>3</sup>	EXCESS WATER <sup>4</sup>	ACCESS CHALLENGES <sup>5</sup>
<b>Bagdad (Arizona)</b>	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third party <sup>6</sup>	Low-Med		
<b>Cerro Verde (Arequipa, Peru)</b>	Arid; Desert	Groundwater, Surface water, Stormwater, Third party <sup>6</sup>	High		X
<b>Chino (New Mexico)</b>	Arid; Semi-desert	Groundwater, Stormwater, Third party <sup>6</sup>	Low-Med		
<b>Climax (Colorado)</b>	Snow; Fully humid	Groundwater, Surface water, Stormwater	Low-Med		
<b>El Abra (Calama, Chile)</b>	Arid; Desert	Groundwater, Stormwater	Extremely High		X
<b>Henderson (Colorado)</b>	Snow; Fully humid	Groundwater, Surface water, Stormwater	Med-High	X	
<b>Miami (Arizona)</b>	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third party <sup>6</sup>	Med-High	X	X
<b>Morenci (Arizona)</b>	Arid; Semi-desert	Groundwater, Surface water, Stormwater, Third party <sup>6</sup>	Med-High		X
<b>PT-FI (Papua, Indonesia)</b>	Tropical; Fully humid	Groundwater, Surface water, Stormwater	Low	X	
<b>Safford (Arizona)</b>	Arid; Semi-desert	Groundwater, Stormwater	Med-High		X
<b>Sierrita (Arizona)</b>	Arid; Semi-desert	Groundwater, Stormwater	Med-High		X
<b>Tyrone (New Mexico)</b>	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 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. The WRI Aqueduct tool measures baseline water stress as the ratio of total water withdrawals (including domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses) to available renewable surface (including the impact of upstream consumptive water users and large dams on downstream water availability) and groundwater supplies. WRI classifications are as follows: low (<10%); low to medium (10-20%); medium to high (20-40%); high (40-80%); extremely high (>80%); arid and low water use; and no data.

4. Large-scale water treatment plants have abated excess water risk at sites which would otherwise be considered at-risk.

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

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

The conditions and near-term water supply risks that exist near our operations are summarized in the table below. Risk considerations include climate conditions, water sources, baseline water stress, excess water, litigation and access challenges.

Our water supply 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.

## THE COLORADO RIVER BASIN

Nearly 6 million acres of farmland, 20 tribal reservations and 40 million people<sup>1</sup> across seven U.S. states and Mexico depend, in whole or in part, on water from the Colorado River Basin. Significant growth, overallocation and declining climate conditions have resulted in water shortages and stress that impact Colorado River water users. Our Morenci and Sierrita mines in Arizona are currently our only sites that directly utilize water from the Colorado River through the Central Arizona Project (CAP) system, a 336-mile long system of aqueducts, tunnels, pumping stations and pipelines. Approximately 35% and 15% of the freshwater supply used at Morenci and Sierrita, respectively, comes from the CAP system. This consumption accounts for a small percentage of each site's total water use each year.

To support the resilience of our operations, as well as for nearby communities, we have made significant investments to store some of our allocated CAP water supply in underground aquifers in the Phoenix and Tucson areas. The stored water is regulated by the Arizona Department of Water Resources. For each acre-foot of water stored, FCX acquires a long-term storage credit (LTSC), which can be accessed at any time in the future. In times of water shortage, FCX has agreements in place to transfer its LTSCs to local communities, allowing them to access the stored water in exchange for their rights to other water sources, such as the Black River (a tributary to the Salt River). FCX currently holds sufficient LTSCs for Morenci, which we estimate will allow continued access to water for approximately 20 years.

FCX aims to continue to increase its operational water use efficiencies and is working to identify alternative water supplies, including municipal effluent and on-site water reuse opportunities to improve our water supply security into the future.

1. W.P. Carey School of Business, James, T., Evans, A., Madly, E., & Kelly, C. (2014 December 18). *The Economic Importance of the Colorado River to the Basin Region*. Arizona State University.

## WATER TARGET CONSIDERATIONS

While we had initially sought to establish a water-related target for our operations by the end of 2023, we are working to further evaluate emerging and existing technologies that could potentially support a meaningful improvement in our water consumption at our sites. Following this work, we believe we will be in a better position to establish a relevant water-related target in the future.

## Advancing Our Water Strategy

Just as we have defined our four decarbonization levers to achieve our GHG reduction objectives, FCX is seeking to identify best practices, scalable levers and technological innovations in order to maintain our high water use efficiency rates over the long-term. At the same time, FCX is also working to identify alternative water sources to reduce our reliance on freshwater, which we discuss in more detail on the following page.

We seek to review our water usage and consumption patterns regularly in order to understand our water balances, as discussed on page 89, and identify efficiency opportunities. Currently, a significant portion of our water consumption (the water that is lost in operational activities and cannot be recovered), is due to losses from evaporation and entrainment (or trapped water) at our tailings storage facilities (TSFs). Water loss due to consumption has a corresponding impact to our water use efficiency.

While our water use efficiency has averaged 88% over the last five years, we believe this will be challenging to maintain in the future using current processing and tailings technologies, which are tailored for each site for the life of mine. As our long-lived, large-scale mines continue to mature and produce more tailings, our TSFs will need to increase in height. As surface areas become larger on our TSFs, additional evaporation and entrainment will increase our water consumption, which may lead to a decrease in our water use efficiency.

Following a cross-functional water strategy workshop and an updated review of our site-level water usage and consumption data in 2022, we believe that the most material improvement opportunities related to our water consumption and corresponding water use efficiency over the longer-term will be driven by the deployment of new technologies and innovations pertaining to large scale tailings management (greater than 100,000 tons per day) as well as leaching of additional ore types rather than milling. We are conducting a variety of pilot programs across the company dedicated to evaluating both of these areas, including our Leach to the Last Drop program discussed on page 84.

In the near term, we will continue to focus on incremental efficiency opportunities within the confines of our current technologies and operating plans. Given the unique water challenges and operational constraints of each site, we recognize that specific improvement opportunities will need to be identified on a site-by-site, context-specific basis; however, in 2023, we plan to conduct a pilot at Cerro Verde to refine and operationalize tools designed to identify water balance gaps and assumptions, define risk scenarios, identify efficiency opportunities, and determine what tools are available and applicable across our sites.

## CERRO VERDE'S VIRTUOUS CIRCLE OF WATER

Cerro Verde has made significant investments in local water infrastructure that service the city of Arequipa, including constructing dams, potable water lines, a waste water treatment plant (WWTP) and main sewage collectors. Together, these projects are referred to as our "virtuous circle of water" program. This infrastructure supports both our water requirements for mining and processing and the local communities. Prior to the WWTP, the city of Arequipa discharged most of its raw sewage into the Chili River, leaving it contaminated by human waste. Today, the WWTP infrastructure intercepts and treats the sewage, thereby improving the local water quality, enhancing agricultural production and reducing the risk of waterborne illnesses. Half of the treated effluent also supplements existing water supplies to support Cerro Verde's concentrator expansion. The remaining half of treated effluent is discharged back into the Chili River. In 2022, Cerro Verde was recognized with the distinguished "Positive Climate Award" from Green Cross United Kingdom. The award, which was announced at the United Nations climate conference COP27 in Sharm el-Sheikh, Egypt, honored Cerro Verde for its leadership in advancing the energy transition and supporting communities and the environment. Specifically, Cerro Verde was recognized for its work on the Pillones Dam, the first successful public-private association in Peru. To date, our work to advance this initiative has helped enable 20% more renewable energy in Arequipa, contributed to a nearly four-fold increase in the area's gross domestic product and can increase agricultural area by 2,500 to 5,000 hectares depending on the type of irrigation systems used (conventional irrigation versus drip irrigation).



We conduct ongoing water monitoring near our Cerro Verde operation in Peru.

## Developing Alternative Water Sources

We are focused on diversifying our water sources — reducing our dependence on traditional freshwater sources and transitioning to nontraditional or alternative sources, such as municipal wastewater (effluent) or seawater. By using effluent or seawater to support our water requirements, we can help to reduce the strain on traditional, freshwater sources in our local catchments, which often are shared with our neighboring communities.

We currently use effluent to support our water supply requirements at several of our operations, including Morenci, Miami, and Bagdad in Arizona, at Chino in New Mexico and at Cerro Verde in Peru. We are exploring the potential for using effluent at our Sierrita mine in Arizona and are advancing plans to use seawater through desalination at El Abra and at our Manyar smelter in Indonesia.

Nearly 97% of the water on the planet is saltwater contained in oceans. With proper treatment, this water could serve as a vast water supply resource for our mining operations in areas constrained by freshwater access. For example, in Indonesia, a key climate-related risk identified through our global climate scenario analysis was the potential for future water stress in the area of the Manyar smelter project located near Surabaya. PT-FI initially planned to utilize a local water source to supply the Manyar smelter. However, we recognized through our analysis that our host communities may need to rely on this water source in the future for their needs. In order to address this issue, the project team evaluated alternative water supply options and is now building a new desalination plant as the primary water source, which is supported by the Manyar smelter's proximity to the ocean.

Similarly, in Chile, the El Abra mine is located in an arid region with extremely high water risk. Since our current extraction permit for Salar de Ascotán is expiring in 2029, we are advancing plans to permit a new water desalination plant to support our ongoing operating plans. In addition, there is a potential opportunity for a significant expansion at our El Abra mine in the future, and we believe the desalination plant would provide optionality to support such expansion if approved.

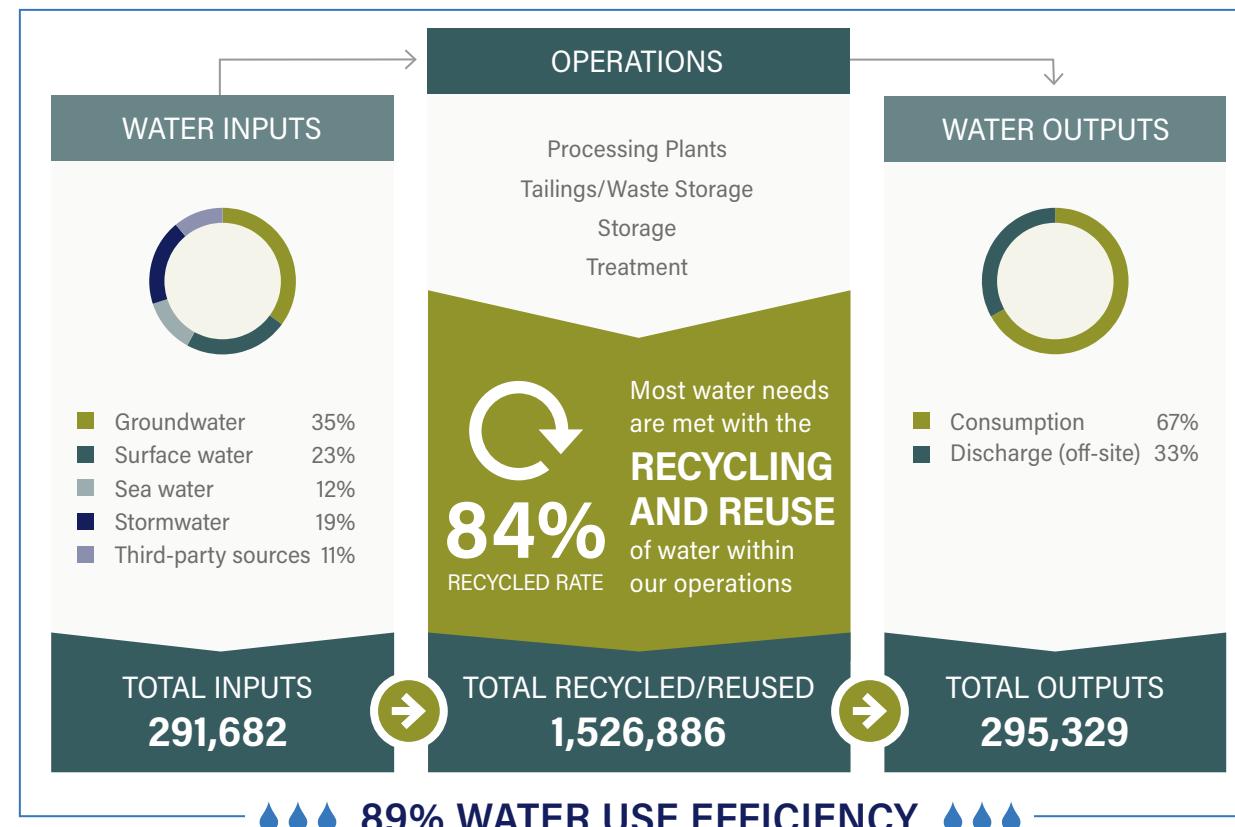
## PERFORMANCE

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, and from other sources including the dewatering of our mines, rainfall or stormwater and surface water sources, such as lakes or rivers. At certain operations, water also is sourced from 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 a water balance to quantify their water use, consumption, storage and discharge volumes. The water balance, coupled with the use of groundwater and hydrologic models, are used to track operational performance and to address challenges and opportunities related to water availability and water quality.

With this information, we can identify opportunities to minimize water loss, such as evaporation, optimize recycling and reuse, and maintain compliance with 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 allow.

### 2022 WATER BALANCE (THOUSAND M<sup>3</sup>)



## Water Use Efficiency

Our objective to maintain high rates of recycled or reused water remains unchanged. In 2022, our total water usage increased; however our new water withdrawal was relatively flat compared to the prior year. Our total water reused/recycled increased by about 15% in 2022 compared to 2021, largely due to higher production rates at Morenci, Cerro Verde and PT-FI. Our operations used a total of 1,818,568 thousand cubic meters of water, including new withdrawals of 291,682 thousand cubic meters. Of our total water use, 84% was from recycled or reused sources. By accounting for discharge quantities of 97,347 thousand cubic meters, our water use efficiency was 89% in 2022. In recognition of the fact that water considerations are unique to our different regions and sites, we have further enhanced our water data disclosures to provide greater visibility into our water consumption and performance at a regional level, available in the [Performance Data](#) section of this report.

We utilized  
**5X MORE**  
recycled water  
than new water  
in 2022.

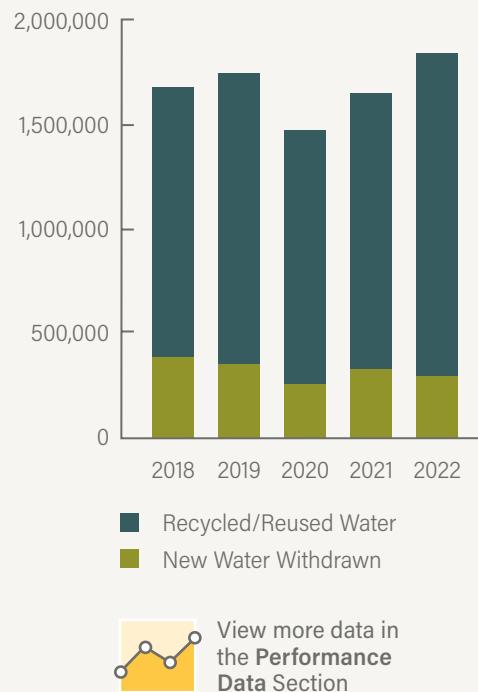


## WATER PERFORMANCE

(THOUSAND CUBIC METERS)	2018	2019	2020	2021	2022
Total New Water Withdrawn <sup>1</sup>	310,620	302,564	261,299	296,805	291,682
Total Water Recycled/Reused	1,377,971	1,408,513	1,231,053	1,325,184	1,526,886
Total Utilized Water (Withdrawn + Recycled/Reused)	1,688,591	1,711,077	1,492,352	1,621,989	1,818,568
<b>Water Recycle/Reuse Rate<sup>2</sup></b>	<b>82%</b>	<b>82%</b>	<b>82%</b>	<b>82%</b>	<b>84%</b>
Total Water Discharged <sup>3</sup>	106,183	95,885	101,963	106,127	97,347
Total Water Consumption	192,663	192,792	166,752	184,714	197,983
Change in Water Storage Volume	11,774	13,887	-7,416	5,965	-3,647
<b>Water Use Efficiency<sup>4</sup> (%)</b>	<b>87%</b>	<b>87%</b>	<b>89%</b>	<b>87%</b>	<b>89%</b>

1. 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.
2. Water recycle/reuse rate = (total water recycled + reused) / total water utilized.
3. 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.
4. Water use efficiency rate = total water recycled + reused / (total water utilization – discharged water).

## RECYCLED WATER VS. NEW WATER USE THOUSAND CUBIC METERS





Salar de Ascotán salt flats near our El Abra operation, Chile.

**Company-wide processes to address risks, including climate, seek to cover the full life cycle of our assets — from a pre-project sustainability review process to resiliency planning for reclamation and closure.**

## RESILIENCE AND PREPARING FOR THE LONG TERM

Some of our operations are situated in challenging environments where enhancing resilience to the impacts of water-related risks is already 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 impacts in the future, we aim to take a holistic approach to risk management and preventive planning.

Company-wide processes to address risks, including climate, seek to cover the full life cycle of our assets — from a pre-project sustainability review process to resiliency planning for reclamation and closure.

As noted in the [Climate section](#), as part of our effort to understand longer-term climate-related risks, in 2021, we completed our first global climate scenario analysis which considered potential physical risks across three different scenarios in 2030 and 2050. Several of the potential physical risks identified are water-related.

Following our global climate scenario analysis, in 2022 we conducted several additional third-party studies to better understand how potential climate-related impacts could materialize at a more localized level. Our regional climate model evaluation work not only updated climate metrics, but also provided a rich database that was used to perform detailed trend and statistical frequency analyses.

These detailed evaluations were conducted in partnership with Applied Weather Associates (AWA) — a specialist hydrometeorological consulting firm with detailed knowledge of extreme precipitation at our sites — to analyze the primary regional climate model outputs for our global operations. AWA used several different methods to test for trends and shifts in extreme storm events, including trend analysis on historical data collected from regional precipitation stations as well as model projections over different durations (e.g., one-day, three-day and annual). Upon completion of these analyses, the results were reviewed at the corporate and site-levels with cross-functional teams including members of our tailings, water management, and environmental groups. The aim of these reviews is to educate and provide a basis for decision making to site-level teams when they are faced with water management decisions. We have completed 12 detailed site-specific studies, including both operational and non-operational sites, and the process is underway for two more sites in 2023.

Subsequent to this work, we plan to perform sensitivity evaluations of our facilities using the detailed projection analysis. If a significant increase in precipitation magnitude is found in the one-day or three-day maximums, site teams will examine the potential effects of increased storm precipitation and consider the need for changes to the overall design of the facility or associated infrastructure. We have initially focused the sensitivity evaluations on our tailings facilities and plan to expand this work to cover other infrastructure in the future.



## BIODIVERSITY

### WHY IT MATTERS

Biodiversity is critical to maintaining resilient ecosystems, which provide people, flora and fauna with valuable resources like food, water and the habitats necessary to support life. The impacts of climate change, such as prolonged droughts, wildfires and sea level rise, are having a significant impact on biodiversity globally.

### OUR APPROACH

FCX understands that the nature of our mining and processing activities means we are responsible for management of our land and associated biodiversity. We are committed to proactively managing and mitigating the impacts of our operations on biodiversity, land and surrounding ecosystems, which includes effectively identifying and managing biodiversity-related risks.

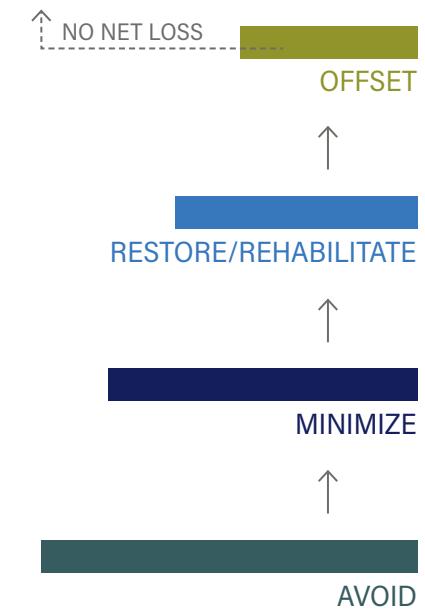
We focus on biodiversity and land management across the life cycle of our operations. Our sites and subject matter experts on our corporate team collaborate to evaluate each potential project area in order to identify and map key features related to biodiversity, cultural resources, water resources and various other environmental factors before the project can proceed. Biodiversity and conservation are also key components of our reclamation plans and activities at our sites.

In 2022, we fully adopted across all sites the mitigation hierarchy approach — a framework that emphasizes best practices for managing biodiversity and ecosystems through the avoidance, minimization, restoration and offsetting of impacts. Through consistent and rigorous application of the mitigation hierarchy, 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. Notably, in 2022, we also developed a mitigation hierarchy process beyond major expansion projects to include smaller projects and deployed site-specific trainings during the year.

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. We have integrated the hierarchy into our existing project development process and trained our environmental and operational teams to routinely apply it.

We also are committed to promoting opportunities to contribute to the conservation and enhancement of biodiversity both within and beyond our operational boundaries. Our conservation initiatives aim to produce benefits for both biodiversity and people, build trust and support our ability to operate. We seek to engage our employees, local communities and other interested stakeholders in conservation work. We foster diverse partnerships with global stakeholders across public and private sectors, as well as civil society, to achieve greater accountability and promote the long-term efficacy of our biodiversity projects. These collaborations often serve as the basis for our community outreach and education opportunities for learners of all ages — both of which are designed to help build capacity. Please see our biodiversity highlights table on page 95 for examples of these initiatives.

### MITIGATION HIERARCHY



## Policies & Programs

Our Environmental Policy states our commitment to contribute to the conservation of biodiversity, implement the mitigation hierarchy to assess risks and impacts to nature, and commit not to explore or mine at any United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites. The Environmental Management System (EMS) at each site is the framework for understanding the potential impacts of our operations on biodiversity. Our Environmental Policy and EMS are complemented by the following:

- Our operational practices are in alignment with the ICMM Position Statement on Mining and Protected Areas.
- We are committed to formalizing and publicly disclosing biodiversity management plans for Cerro Verde, El Abra, Morenci and PT-FI (Grasberg operations). We selected these four sites based on their physical footprint, local biodiversity resources and/or proximity to biodiversity resources. We aim to publish these plans by the end of 2023, which will summarize the key risks, programs and strategies regarding important biodiversity resources within and adjacent to the operation. Additionally, we plan to evaluate the Taskforce on Nature-related Financial Disclosures as a potential tool to identify, assess, respond and disclose our nature-related issues in the future.
- We participate in the Conservation Certification program of the WHC, which formally recognizes meaningful biodiversity conservation, environmental education and community outreach programs. Seventeen of our operating sites and facilities currently are certified through WHC, 15 of which are recognized with gold-tier certifications. In 2022, Tohono, Port Nickel, Copper Queen Branch, Fort Madison, Safford, Henderson, Tyrone and El Abra operation were recertified through WHC.

**We aim to avoid or minimize impacts from our operations on biodiversity, while contributing to the conservation of biodiversity beyond our boundaries.**



Community greenhouse near our Climax operation, Colorado.

## AMERICAS

We implement a variety of programs and strategies at our operations that seek to proactively identify and mitigate biodiversity risks while promoting conservation opportunities in collaboration with government agencies and other voluntary opportunities. All of our North American sites implement Wildlife Protection Plans. These plans are based on adaptive management principles to effectively address biodiversity risks resulting from operational and ecological changes at the sites. Several sites (Chino, NM; Morenci, AZ; Tyrone, NM; and Tohono, AZ) also implement risk-based Avian Protection Plans that focus specifically on minimizing potential risks to migratory birds.

In North America, we conduct regular biodiversity surveys, and that information is shared with regulators and other interested parties. In Arizona and New Mexico, we have mature monitoring programs, including for populations of endangered birds and fish on and adjacent to our sites that are contributing to the knowledge base on native species. In 2022, in consultation with the U.S. Fish and Wildlife Service, Bureau of Land Management, and U.S. Forest Service, we continued the development of an additional voluntary management plan for the threatened, yellow-billed cuckoo and its habitat along Eagle Creek at Morenci, and we continued to work collaboratively with relevant governmental agencies by sharing our knowledge of the area.

In South America, our El Abra operation in Chile and Cerro Verde operations in Peru have biodiversity management and action plans, which include programs focused on protecting and enhancing biodiversity within the area of influence of their mining operations and mitigating the impacts on biodiversity resources. We have regular communication with relevant Chilean and Peruvian authorities about biodiversity and also with our host communities and the Indigenous communities surrounding El Abra Salar de Ascotán's well field to develop collaborative agreements aligned with improving the ecosystem of a spring. In addition, the biodiversity program at El Abra includes the Salar de Ascotán's salt flat area.

### **Education & Biodiversity Initiatives**

We contribute to the conservation and enhancement of biodiversity both within and beyond our operational boundaries.

In Peru, the team at Cerro Verde brought educational activities to local school children in collaboration with the Peruvian Program of Bat Conservation to celebrate Bat Month, and the team has also developed educational videos to

help students identify and protect the long-snouted bat. At PERUMIN's 36th Annual Mining Convention in 2022, the team shared videos about long-snouted bats and Guanacos to conference attendees.

In Arizona, the company hosted "Beat Back Buffelgrass" events near its Sierrita operations in which community volunteers removed the noxious invasive species from West Desert Trails. Additionally, our Native American Affairs Team visited the Tohono O'odham Nation Health Care Services' pollinator and traditional food garden project along with Ajo Center for Sustainable Agriculture and the Watershed Management Group. The goal of the visit was to develop a collaborative plan for green infrastructure and pollinator-friendly plants for the garden. These groups also collaborated to develop an online workshop around rain gardens, traditional foods and cultural heritage.

The education and biodiversity initiatives described above are not inclusive of all of the educational opportunities we provide across our global operations. For more information on our educational initiatives, please see the below table and Indonesia Biodiversity Education & Outreach Programs described on page 96.

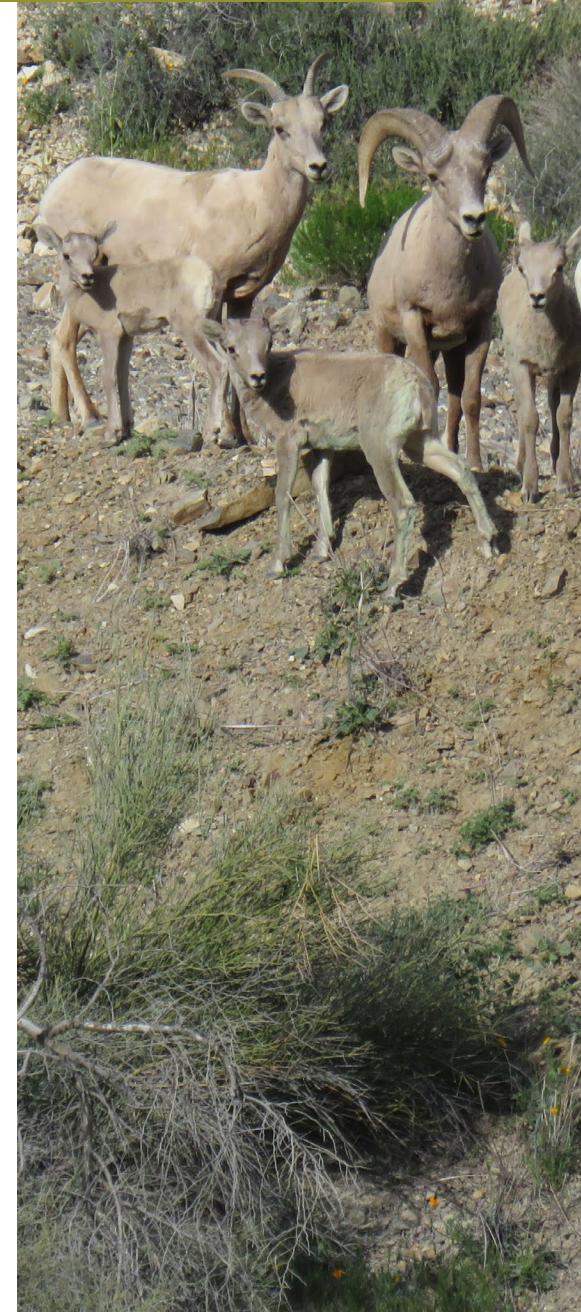
### **MORENCI RECEIVES AWARDS FOR ROCKY MOUNTAIN BIGHORN SHEEP CONSERVATION**

In 2022, our Morenci operation in Arizona were recognized for their Rocky Mountain Bighorn Sheep Conservation Program through two awards: the Mammals Award from WHC and the Sustainability, Preservation and Diversity in Environment Award from the Arizona Mining Association. Both awards recognize Morenci's excellence in bighorn sheep protection and conservation education initiatives. Morenci has successfully contributed to the protection of bighorn sheep by reducing vehicle collisions and other dangerous human-wildlife interactions. Through the site's long-standing collaboration with the Arizona Game & Fish Department, Morenci has been instrumental in capturing and translocating bighorn sheep from the mine and its vicinity to supplement small, existing populations and to reestablish populations in historically occupied habitats in Arizona.

## Americas Biodiversity Performance

We continue to conduct site-specific, multi-year biodiversity programs either voluntarily or for regulatory purposes. These programs are designed to address the most significant biodiversity issues at each site, including the following select highlights:

SITE/LOCATION	2022 BIODIVERSITY HIGHLIGHTS
<b>Ajo (Arizona)</b>	Ajo staff and partners from the Ajo Chamber of Commerce, the International Sonoran Desert Alliance, the State of Arizona's Watershed Management Group and members of the community co-designed and installed a native pollinator and wildflower garden at Triangle Park. FCX operations in Ajo have been discontinued.
<b>Safford (Arizona)</b>	Safford successfully planted more than 100 native trees, shrubs and grasses as part of a restoration planting in the Pima area in collaboration with the Gila Watershed Partnership.
<b>Sierrita (Arizona)</b>	Sierrita collaborated with conservation partners at Bat Conservation International and Borderlands Restoration Network to plant hundreds of native agaves on the West Desert Trails, an 1,800-acre area of company-owned property that is open to the public for recreation. These agaves support nectar-feeding bat species that migrate between Central Mexico and the southwestern U.S. Sierrita received the Desert Project Award from WHC for their restoration and habitat enhancement efforts.
<b>Tohono (Arizona)</b>	Tohono engaged partners at Bat Conservation International to conduct population monitoring of the California Leaf-Nosed Bat colony on-site. Ongoing surveys indicate that the population is robust and is thriving in their habitat.
<b>Cerro Verde (Peru)</b>	Cerro Verde's biodiversity program aims to advance species conservation and improve critical habitat for multiple plant and animal species. More than 30,000 plants from 20 different species are maintained in the site's greenhouse each year. During 2022, approximately 1,700 individual plants from seven succulent species were rescued from areas that we expect to disturb in the future and relocated them to other areas. These plants had a 90% survival rate.
<b>El Abra (Chile)</b>	El Abra supported a study of the Philippii Toad ( <i>Telmatobius philippii</i> ) with the aim of identifying ideal habitat for the placement of artificial structures to protect these endangered amphibians from the extreme environmental conditions that exist in the surroundings of the Salar de Ascotán.
<b>Tyrone (New Mexico)</b>	Tyrone staff co-developed a riparian education curriculum to teach high school students various methods for wildlife surveying and biological assessments and to increase awareness surrounding the Southwest Willow Flycatcher conservation and mitigation efforts.
<b>Henderson (Colorado)</b>	Henderson worked with WHC to develop pollinator lesson plans and activities, customized presentations, pre- and post- event evaluations and other educational materials for Henderson's Earth Day. Henderson staff engaged 120 K-6 students from a local elementary school to celebrate Earth Day and Global Volunteer Month.



We support Bighorn Sheep protection and conservation through education and protection initiatives at our Morenci operation, Arizona.

## INDONESIA

PT-FI'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 grasslands and forests in the Highlands.

The PT-FI 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 UNESCO.

Conserving and protecting Papua's biodiversity and ecosystems is a high priority for both PT-FI and FCX. Since 1994, PT-FI has collaborated with national and international scientists on comprehensive surveys of vegetation, mammals, birds, amphibians, reptiles, freshwater and estuarine fish, aquatic insects and terrestrial insects. These surveys help us better understand the ecosystems and potential mine-related impacts on biodiversity. Using information from the surveys, we develop appropriate biodiversity conservation programs using principles of restoration ecology for rehabilitation and reclamation of disturbed areas in the Grasberg minerals district. We seek to establish strong partnerships with multiple stakeholder groups involved in conservation and natural resource management, including governments, NGOs, universities, research organizations and citizens.

In 2022, PT-FI conducted a workshop to update its five-year (2023-2027) PT-FI Biodiversity Strategic Action Plan and incorporate requirements of the Indonesian Biodiversity Strategy and Action Plan. In addition to representatives from PT-FI, third-party participants included research organizations, universities, environmental consultants and government representatives. Together they evaluated PT-FI's current monitoring programs and reviewed compliance with the Government of Indonesia-approved Environmental Management Plan and Monitoring Plan documents. Through the workshop, it was affirmed that PT-FI is meeting its commitments. The workshop also produced a set of recommendations to strengthen PT-FI's biodiversity programs, which the team is reviewing for incorporation into future Biodiversity Strategic Action Plans. Additionally, as a part of PT-FI's 2021-2022 environmental audit, a review was undertaken to examine and to determine the extent to which PT-FI's environment-related activities have fully complied

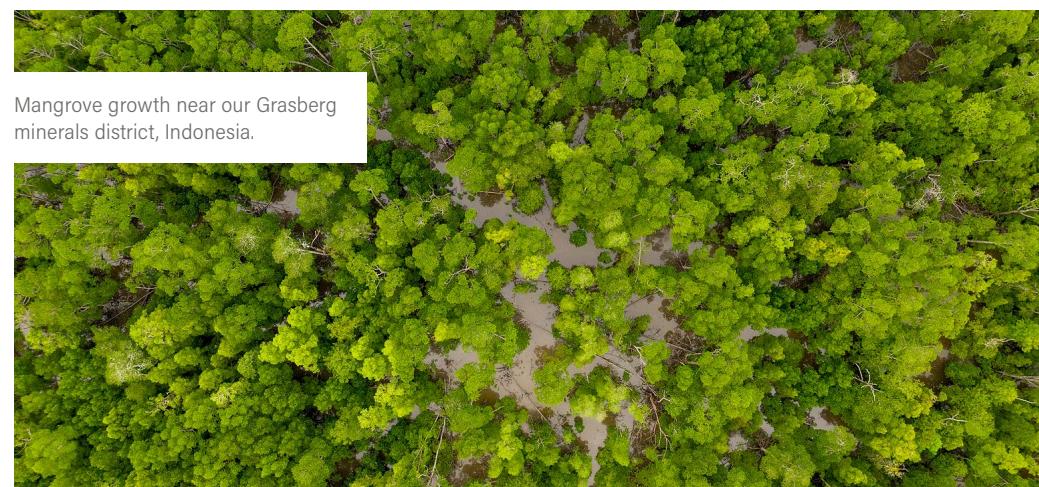
with its obligations of environmental management. The audit included a review of the Environmental Management Plan and Monitoring Plan documents as well as other regulatory plans. An executive summary of the audit, including the audit recommendations is available on our [website](#).

## 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 facilities, where we temporarily house animals who were victims of illegal trading and a butterfly sanctuary, where we hatch and emerge endemic butterflies. We also partner with local schools for education outreach and provides internships at an on-site nursery for high school and college students.

For example, PT-FI hosts an Environmental Prince and Princess program, which advances environmental knowledge and the development of soft skills for junior high school students. Last year's program garnered interest from nearly 200 students from 23 schools in the Mimika Regency, and this year's program had 360 student applicants from 18 schools.

Additionally, PT-FI invites schools to visit its operations, both in-person and virtually. During 2022, approximately 1,200 students visited in-person and approximately 300 additional students participated in virtual classes. PT-FI reached a total of 2,815 students and countless community members through its environmental events in 2022, including events on Earth Day, National Waste Awareness Day, Environmental Day, Ozone Day and National Flora and Fauna Day.



Mangrove growth near our Grasberg minerals district, Indonesia.

## 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. For information on environmental monitoring of our tailings management system at PT-FI, please see the [Tailings Management](#) section. Routine flora and fauna monitoring is conducted through collaboration with consultants, research organizations and universities. Existing biodiversity research on Central Papua has been limited, with most research and publications available focusing on Papua New Guinea, which is to the east of Central Papua, Indonesia.

Research on the New Guinea Highland Wild Dog, known as the "singing dog," continued in 2022 with two Indonesian universities conducting field research. The University of Gadjah Mada Yogyakarta is seeking to understand the species' roaming patterns, range and DNA similarities. They installed 23 cameras in the Grasberg operating area and identified 32 Highland Wild Dogs among eight different packs. The team collected samples from the dogs to analyze their DNA and installed GPS tracking collars on three dogs. Collaboration between Cenderawasih University and the New Guinea Highland Wild Dog Foundation based in the U.S. conducted research focused on feeding preferences, health conditions and behavior. Their work included collecting samples, understanding how Highland Wild Dogs react with humans and exploring social structure and behavior of Highland Wild Dogs near our operations, compared to dogs from other areas or captivity.

## Revegetation, Reclamation & Restoration

Since mining operations started, PT-FI has reclaimed more than 472 hectares of overburden stockpile areas, including more than 17 hectares in 2022, with native plant species in the Highlands of Central Papua. PT-FI established 463 monitoring plots, each of which is three meters by three meters, to monitor and assess growth of vegetation in the reclamation area.

In coastal areas throughout the world, mangroves are decreasing due to erosion or due to the conversion of the mangrove for agriculture. PT-FI is actively working to establish mangrove habitats in suitable areas created by sedimentation at the Modified Ajkwa Deposition Area (ModADA) and is also exploring opportunities to increase available mangrove habitat in open water along the coastline. In particular, the Ajkwa and Waii Islands in the Ajkwa Estuary in the Lowlands have seen accelerated mangrove colonization resulting from approximately 399 hectares of total mangrove planting since mining operations began, including 82 hectares in 2022.

In 2021, as agreed with Indonesia's Ministry of Environment and Forestry (MoEF), PT-FI agreed to a watershed rehabilitation project on approximately 4,232 hectares of forest area in the Jayapura Regency of Central Papua. PT-FI, in collaboration with local contractors, began planting native species in the forest area and will maintain the land until it will be handed over to the Environmental and Forestry Agency of Central Papua who will be responsible for long-term maintenance. The program officially commenced in November 2022 with a tree planting ceremony, and at the end of 2022, 168,718 seedlings had been planted covering an area of 153 hectares.

## Protection of Fauna

Fauna from Central Papua often become the object of illegal trade. Countering illegal wildlife trade is a priority for Central Papua's natural resource agencies and part of PT-FI's commitment to biodiversity conservation. For many years, PT-FI recovered injured birds and other animals from the illegal trade of endangered species with the aim of releasing them back into the wild. To date, PT-FI has assisted in releasing more than 51,173 Central Papua endemic wildlife, including 50,871 pig-nosed turtles, 79 other reptiles, 192 birds and 31 mammals.

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 animals seized from the illegal trade of endangered species to their appropriate habitats. In 2015, at Milepost 21 — a biodiversity conservation, land use, and research center established over a 100-hectare former tailings area — PT-FI established an animal transit enclosure which houses confiscated endemic Central Papuan wildlife at the request of Papua's Natural Resources Conservation Center (BBKSDA Papua). The project was designed in line with PT-FI efforts to build capacity and establish stronger collaboration with the local government, while PT-FI will continue to provide support, such as manpower and facilities, for the rehabilitation and release of animals. PT-FI continues to work with BBKSDA Papua and NGOs to explore certifying this facility with the Republic of Indonesia.



## TAILINGS MANAGEMENT

### WHY IT MATTERS

Effective tailings management is critical to mining safely, protecting people and the environment and to maintaining social license to operate. 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, tailings are transported from processing facilities to management and storage facilities. We recognize the potential failure of tailings facilities and other impoundments at any of our mining operations could cause severe or catastrophic damage that could result in loss of life, property or environmental damage.

### OUR APPROACH

The health and safety of our workforce, host communities and the protection of the environment are fundamental to our extensive tailings management program and approach. Our objective is to have zero fatalities, zero catastrophic failures and zero unplanned discharges from any of our tailings facilities.

FCX 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. These measures include substantial internal and external engineering expertise, technological monitoring (including remote sensing), local responsibility and corporate and independent third-party oversight. Our safeguards generally fall within four categories that include: (1) good engineering practices and safe designs, (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 action at all levels.

We remain focused on the safe execution of our tailings management systems by maintaining robust, multi-tiered governance of our tailings programs. Our Board and executive management are firmly committed to providing the necessary financial and technical resources to maintain the safety and integrity of our tailings management systems globally, with a focus on risk management and continuous improvement.

FCX's [Tailings Management Policy](#) outlines our continued commitment to managing our tailings responsibly and effectively across our sites globally. The policy also includes our commitment to implement the Global Industry Standard on Tailings Management (the Tailings Standard) at our tailings storage facilities that have not been deemed "safely closed."

### TAILINGS MANAGEMENT & STEWARDSHIP



ENGINEERING & DESIGN



MONITORING & TECHNOLOGY



MULTI-TIERED OVERSIGHT



LEARNING FROM PAST EXPERIENCES



COMMUNICATION & ACTION

## AMERICAS

FCX subsidiaries in the Americas currently operate 15 active tailings storage facilities (TSFs), including 13 in the U.S. and 2 in Peru. We also manage 48 TSFs in the U.S. that are inactive or closed and another nine TSFs that were deemed "safely closed" as of January 31, 2023, according to the definition in the Tailings Standard.

FCX invests significant time and resources to monitor its TSFs effectively. This includes a multi-tiered, continuous review and inspection process that results in recommended actions, which we track until implemented and resolved.

We regularly assess, evaluate, customize and adopt emerging technologies to identify opportunities in the way we monitor our tailings facilities. The increased use of remote technologies combined with the development of web-based and mobile computing applications provides us with timely data, which our engineers and operators, both on-site and off-site, use to make decisions.

### NUMBER OF TAILINGS IMPOUNDMENTS<sup>1</sup>

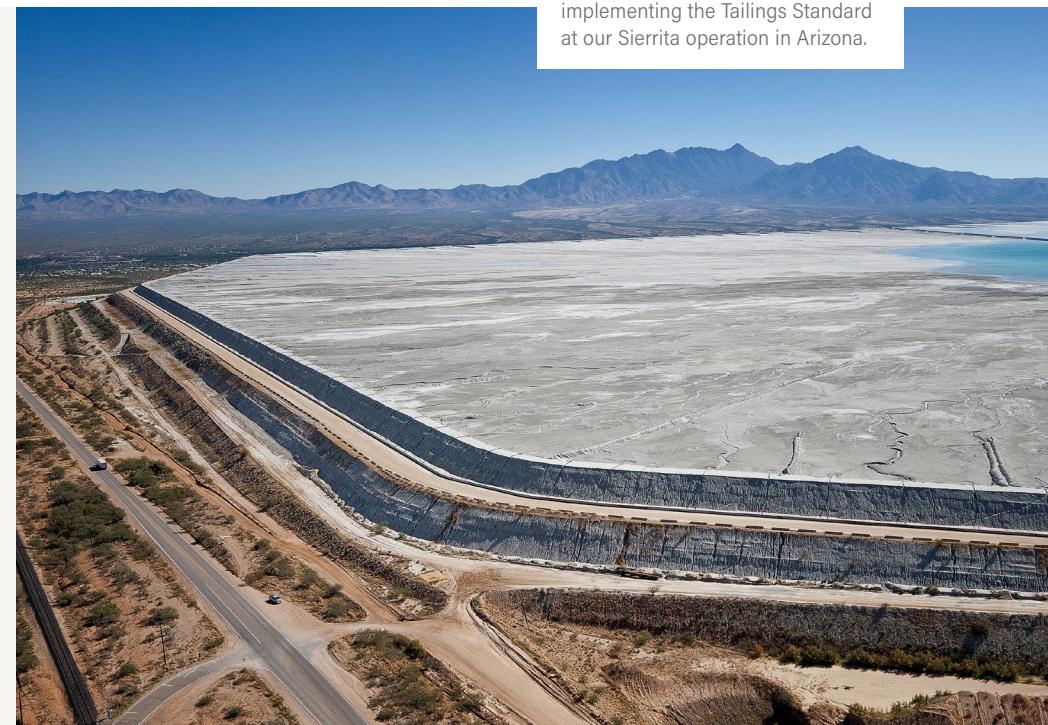
	2018	2019	2020	2021	2022
Active <sup>2</sup>	19	18	17	16	15
Inactive or Closed <sup>3</sup>	55	58	56	52	48
Safely Closed <sup>4</sup>	0	0	0	5	9
<b>Total Tailings Impoundments</b>	<b>74</b>	<b>76</b>	<b>73</b>	<b>73</b>	<b>72</b>

1. Tailings impoundment counts include non-operating sites and are reviewed at least annually and updated according to construction of new facilities, changes in operating conditions, closure, business transactions, and legal reviews. FCX provides a full disclosure of tailings facilities, location, status, construction type and hazard categorization available at [fcx.com/sustainability/environment/tailings-americas\\_documents](https://fcx.com/sustainability/environment/tailings-americas_documents).
2. In 2022, the status of one TSF at Morenci was changed to inactive.
3. In 2022, one TSF at Morenci was fully integrated into another TSF, and therefore, the total tailings impoundments count reduced.
4. "Safely closed" is defined by the Tailings Standard and requires confirmation by an external independent reviewer and an internal Accountable Executive. While many of our inactive/closed facilities have not yet gone through the specific review process to confirm the "safely closed" designation, we consistently apply our tailings management system to all facilities to support their safe management.

For example, our engineers use satellite imagery to monitor the location of tailings ponds in relation to the crests of the embankments. 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.

Our engineers and external Engineers of Record (EoRs) also obtain data from various sensors, such as piezometers, through online reporting systems that have capabilities to alert engineers and managers of any variances outside of expected instrument behavior. These data inform our Early Indicator Dashboard – an internal management tool we use to aggregate and communicate critical measures of our facilities and to track performance against third-party recommendations, key performance indicators and other metrics.

We are in the process of implementing the Tailings Standard at our Sierrita operation in Arizona.



## GOVERNANCE - AMERICAS

In addition to the CRC's oversight, FCX maintains multi-tiered oversight of TSFs at its active operations, which includes:

- **Corporate Senior Leadership** – Executive leadership that participates in major decisions related to the management program, including allocation of resources for TSF-related operations, initiatives and projects.
- **Accountable Executive (AE)** – Chief Operating Officer who reports directly to the CEO and is accountable for the safe management of tailings facilities and for minimizing the social and environmental consequences of any TSF failures.
- **Responsible Tailings Facility Engineer (RTFE)** – Internal engineers appointed by AEs and responsible for the integrity of assigned TSFs. Each RTFE provides technical expertise, manages risk and liaises with the external Engineer of Record. Corporate discipline experts provide regular support to RTFEs.
- **Site Tailings Management, Engineers and Operators** – Internal team that implements the management program and regularly monitors, identifies and addresses potential risks.
- **Engineer of Record (EoR)** – External engineer who provides expert design and engineering analysis, technical support, inspection, review and guidance to support an RTFE in achieving design intent of their assigned TSF.
- **Tailings Stewardship Team (TST)** – Third-party engineers and internal experts who inspect all tailings facilities, review documents and monitoring data, identify potential deficiencies and recommend corrective actions.
- **Independent Tailings Review Boards (ITRB)** – Third-party, internationally known expert panels who provide independent opinions and guidance on the physical integrity, safety and performance of TSFs and has access to corporate senior leadership.

For closed and inactive sites, we have a similar oversight structure that reports through our vice president and chief sustainability officer and includes the same roles for site-level engineers, EoRs, TSTs and ITRB (or senior independent technical reviewer) structures.

## TAILINGS STANDARD IMPLEMENTATION

In August 2020, the co-convenors of the Global Tailings Review, which included ICMM, published the Tailings Standard which is the first global standard for tailings management that can be applied to existing and future tailings storage facilities. The Tailings Standard includes 77 requirements across six key areas – design, construction, operation and monitoring of tailings facilities, management and governance, use of integrated multi-disciplinary knowledge, engaging with affected stakeholders, emergency response and long-term recovery, and public disclosure. As an ICMM member, FCX is committed to implementing the Tailings Standard by August 2023 for all TSFs with "extreme" or "very high" consequence classifications based on credible failure modes and by August 2025 for all other TSFs. Although our existing tailings management system and associated programs have evolved over many years and are mature and robust, in 2022, FCX continued to advance conformance with the Tailings Standard for our Americas TSFs in line with this commitment.

### Consequence Classification Review & Tailings Standard Implementation

An important step to demonstrating conformance with the Tailings Standard is reassessing the consequence classifications of each of our TSFs, based on the credibility of potential tailings facility failure scenarios in alignment with the Tailings Standard definitions.

Prior to the Tailings Standard, we classified our TSFs following the Canadian Dam Association's (CDA) Dam Safety Guidelines (2013), and determined classifications based on hypothetical worst-case tailings facility failure scenarios. This was a conservative approach that did not consider the credibility of a given tailings facility failure scenario. As a result of using the CDA classification method, a high proportion of our TSFs were previously classified as "extreme" or "very high" risk.

Tailings storage facility at our Cerro Verde operation, Peru.



Conversely, FCX's updated consequence classification approach is based on the Tailings Standard and does consider the credibility of a potential tailings facility failure scenario. FCX is implementing this classification approach by first determining what potential tailings facility failures are credible, and then assessing the likelihood and consequence of such a failure occurring. The highest consequence assigned to the resulting credible failure scenarios is used as the basis to define the consequence classification for a given TSF. The consequence classification process is robust and requires comprehensive risk assessment reviews led by an external or corporate subject matter expert facilitator and multi-stakeholder agreement including from the site-specific subject matter experts, RTFE, EoR and ITRB. The AE is required to provide final approval for the consequence classifications.

We have completed our consequence classification review at our 15 active TSFs and are in the process of reviewing these with the appropriate AE. Based on work completed thus far, our Morenci operation in Arizona is our only site that has TSFs that are classified as "extreme" or "very high" based on the updated Tailings Standard consequence classification methodology. We are currently on track to complete conformance with the Tailings Standard requirements at Morenci by the August 2023 deadline as agreed to by the ICMM membership. While our Cerro Verde, Chino, Climax, Henderson and Sierrita TSFs are not classified as "extreme" or "very high" following the updated consequence classification review, the team is currently working to complete conformance for these sites ahead of the August 2025 timeline.

Later in 2023, FCX expects to publish our updated Tailings Standard-aligned consequence classifications for all active, inactive and closed TSFs that were originally classified as "extreme" or "very high" (including the active TSFs at our sites in Arizona, Colorado and Peru) as well as the required disclosures to demonstrate our conformance with the Tailings Standard for Morenci. Work also continues in 2023 to review and update the consequence classifications in alignment with the Tailings Standard for the remainder of our lower consequence active, inactive and closed TSFs, which we plan to disclose in the future.

In parallel with our consequence classification work, we have been driving towards conformance with the Tailings Standard across our sites. We have developed site-specific implementation plans in collaboration with each RTFE, conducted risk assessments, obtained social and environmental baseline information and developed and deployed an assessment and audit tool to document our final conformance assessments. Sites with TSFs with higher consequence classifications will require further stakeholder engagement, which includes partnering with emergency response and preparedness organizations, local government leaders and engaging with host community members. We have been advancing preparation for this work, including enhancing our internal emergency response planning. During the year, we completed internal emergency response table-top exercises for eight of our sites, a subset of which will have external engagements on preparedness in the future. To read more about our Emergency Response Planning, see the [Health, Safety & Well-Being](#) section of this report.

## SAFE CLOSURE DESIGNATION

As part of our Tailings Standard conformance, we are working to demonstrate that our closed TSFs are "safely closed" as defined by the Tailings Standard. "Safely closed" means that the TSF has been deemed to pose no ongoing significant risk to people or the environment.

For a TSF to be designated as "safely closed," FCX conducts an internal review, including a suite of detailed technical evaluations and risk assessments. Each TSF must pass an internal review, including confirmation by the appropriate AE, after which the information is presented to an ITRB or senior independent technical reviewer for their independent review and agreement that the TSF should be designated as "safely closed."

While TSFs in "safe closure" are not subject to the Tailings Standard, FCX's "safely closed" TSFs remain under our tailings management system and are subject to ongoing monitoring and surveillance. Furthermore, as FCX owns the land on which these TSFs are located, we do not plan on transferring ownership to either the government or another party. As of January 31, 2023, we had achieved the "safely closed" designation for nine TSFs at Miami and Ajo.

## GOVERNANCE - INDONESIA

PT-FI implements comprehensive and robust governance and oversight processes of its tailings management system. In addition to regular internal and external audits and assessments, oversight of the controlled riverine tailings management system is conducted by:

- **FCX Corporate Senior Leadership** – Participates in key decisions and provides resources to site management.
- **FCX Corporate Tailings and Water Team** – Technical resources that provide support and assists with guidance and direction for site tailings team and associated program initiatives.
- **Site Tailings Management, Engineers and Operators** – Internal team that 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** – Multi-disciplinary expert panel that convenes yearly to provide 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.

## INDONESIA

The effective and safe management of tailings continues to be one of PT-FI's most important environmental priorities. PT-FI operates a controlled riverine tailings management system, which was implemented based on methods approved and permitted by the Indonesia government.

PT-FI's controlled riverine 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. The Aghawagon/Otomena River was chosen for tailings transportation from the mill to the tailings deposition area because that part of the river is unnavigable and not used for potable water, agriculture, fishing or other domestic or commercial uses.

Situated in the Lowlands, the Modified Ajkwa Deposition Area or ModADA, is the containment and retention system for tailings produced at the concentrator, as well as other sediments transported down the river. The ModADA is the terrestrial portion of the tailings management deposition area covering an area of approximately 219 square kilometers. Below the ModADA to the south is the estuary portion of the tailings management area encompassing approximately 220 square kilometers.

PT-FI has designed and constructed approximately 85 kilometers of levees on both sides of the ModADA to laterally contain the depositional footprint of the tailings and natural sediment within the approved boundary. Quantities of finer tailings and other sediments deposit in the estuary and the sea to the south. PT-FI continues to employ tailings management techniques that are aimed at enhancing the depositions of tailings onshore within the ModADA.



## Effectively Managing Tailings' Geochemistry

Tailings are the finely ground natural rock particles that remain after economically valuable minerals have been processed or extracted from the mined ore. PT-FI's tailings are specifically managed to be geochemically benign, helping to ensure safety for the environment. This is partly possible due to the ore body characteristics and mine plan sequencing as well as PT-FI's extensive monitoring and sampling programs.

Before the tailings enter the controlled riverine tailings management system, the tailings are sampled several times daily to determine that the desired geochemical balance has been achieved and avoid generation of acid-forming tailings. PT-FI analyzes the tailings samples to understand their acid production and neutralization potential in addition to the metal content, particle size and spatial distribution. The information from this sampling program informs the mill operators about the expected behavior of the tailings with respect to potential acid generation, and if any adjustments to mill feed should be made such as the addition of limestone. This process is the basis for the mill to be able to confirm and maintain production of geochemically-neutral tailings to be deposited in the ModADA.

In addition to monitoring and managing the tailings at the mill, PT-FI also regularly tests the neutralization potential versus acid production potential of the deposited sediments within the ModADA. If the measured ratio is not at the desired level, PT-FI can blend the material with higher neutralizing material until it reaches the desired level.

Controlled riverine tailings management system,  
Grasberg minerals district.



## BEST SITE-SPECIFIC TAILINGS MANAGEMENT SYSTEM

PT-FI's mines and concentrator complex are located in the mountainous area of the Highlands at an elevation of more than 2,700 meters above sea level, which presents limited options for effective tailings management. Various tailings management options were studied in detail during the early phase of PT-FI's mining operations, in particular, when PT-FI developed plans to increase its ore production and processing capacity in the 1990s.

Given the unique and challenging site-specific topographical, hydrological and geotechnical conditions at PT-FI, the controlled riverine tailings management system remains the best approach when considering the volume of tailings produced (more than 1.7 billion tons through 2022), the limited cleared and level land available for a conventional tailings storage facility, the extremely high annual rainfall (up to 12 meters per year) and the active seismic loads associated with being situated in the tectonically active "Ring of Fire" where earthquakes are common. In this unique setting, a large-scale conventional style tailings dam would not be safe, stable or effective.

Independent environmental management expert audits have reaffirmed that this system is the best management alternative given the site-specific conditions of the area. The system has been in service for more than 25 years and has performed reliably, safely, and in line with initial design plans. Nearly three decades of engineering analyses, extensive monitoring and data collection, and computer modelling confirm that the current tailings management system poses the lowest risk to people and the environment, and that the impacts of sedimentation, with the exception of elevation changes, are reversible at the end of the mine life. PT-FI continues to assess and evaluate additional ways to manage and further reduce the potential impacts of its controlled riverine tailings management system on the environment and communities, with a view toward continuous improvement.

## PT-FI ENVIRONMENTAL MONITORING PROGRAM

PT-FI commits significant resources to support extensive environmental management and monitoring measures to manage tailings safely. These measures include substantial internal and external engineering expertise, levee construction and river management, incorporating the latest technological advances, and corporate and independent third-party oversight. On average, PT-FI currently expects to spend approximately \$100 million annually for the next five years to manage and monitor the tailings management system. A multi-disciplinary, multi-department team routinely monitors surface and groundwater quality, air quality, hydrological characteristics, sediment quality, meteorological patterns and ecological characteristics of the entire operations area.

PT-FI collects some 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 about system performance with a focus on eliminating, minimizing, and mitigating environmental impacts. To support this effort, PT-FI established the Timika Environmental Laboratory (TEL) in the mid-1990s, located within our operational area in the Lowlands town of Timika. The lab is certified to ISO 17025 quality standards by 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 MoEF as a Referenced Environmental Laboratory.

To learn more about PT-FI's impact monitoring including its human health assessment, please see [Community Health & Well-being](#) section.



## The Tailings Management Roadmap Update

During 2022, PT-FI continued working with Indonesia's MoEF on the Tailings Management Roadmap, a process that was agreed and established with the MoEF in December 2018 to support continuous improvement of PT-FI's environmental and tailings management practices. The main objectives of the Tailings Management Roadmap are to: (1) reduce the amount of non-tailings sediments flowing into the ModADA, (2) consider additional methods to further control the retention and distribution of tailings within the ModADA and downstream area, and (3) examine the potential re-use of the tailings in additional projects including infrastructure (such as for road construction and as building materials) and other beneficial uses.

PT-FI has complied to date with the Tailings Management Roadmap for the 2019 – 2024 period. In 2022, PT-FI continued to work with MoEF on developing projects that represent incremental improvements to the performance of the tailings management system, in both the terrestrial and estuary portions of the tailings management area. This includes methods to enhance sediment retention within the ModADA and accelerate the growth of mangrove forests on deposited sediments containing tailings in the estuary and coastal environment. These initiatives not only align with the aspirations of the Indonesia government to increase mangrove forest areas in Indonesia, but also to illustrate the benign nature of deposited tailings and the ability of these newly formed land areas to support diverse ecosystem services.



Reclamation activities in the Highlands near the Grasberg open pit, Indonesia.

## NATURAL SEDIMENTATION IMPACTS ON ISLAND OF NEW GUINEA

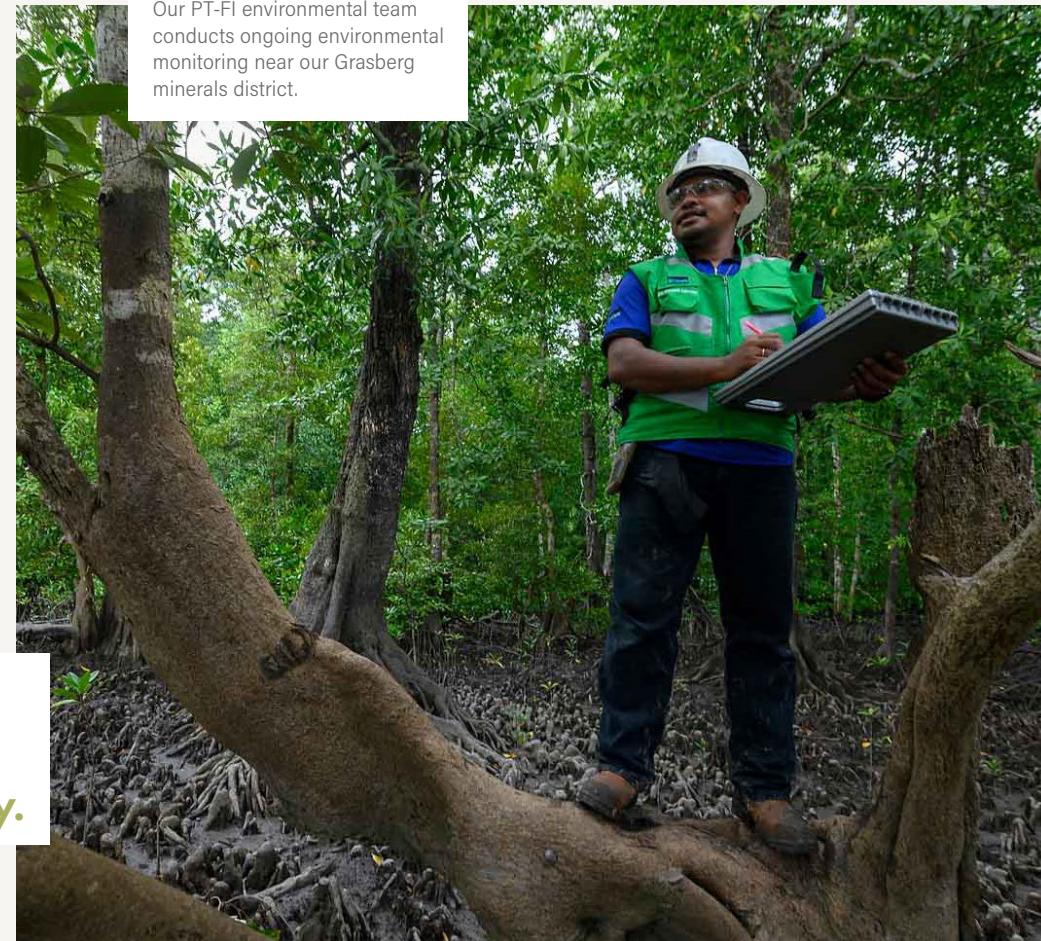
The rivers located on the island of New Guinea are exceptional in their naturally occurring sediment loads. New Guinea is situated in an environment with extremely high rainfall, and was formed through tectonic activity resulting in steep, mountainous terrain, with resultant natural sediment concentrations of rivers in the region ranking among the highest in the world. Independent studies by academics and researchers have estimated that New Guinea, along with five of its island neighbors (Java, Sumatra, Borneo, Sulawesi and Timor) naturally produce roughly 20% to 25% of all sediments transported to Earth's oceans despite only accounting for 2% of global land area draining to the ocean. New Guinean rivers, in particular, are estimated to deliver 1.7 billion metric tons of sediment to the ocean every year. This phenomenon is part of a continuous process of erosion from the mountainous elevations resulting in high levels of sediments being transported to the sea which can be observed through aerial and satellite images all along the coastline of the Arafura Sea. This process of sediment erosion creates new land along the island's coastline. Natural growth of the island and associated growth of mangrove forests has been observed through a series of satellite images.

While the sedimentation within the coastal areas of PT-FI's tailings management system occurs at a faster rate than naturally occurring sedimentation, these impacts were predicted in numerous studies and are consistent with the controlled riverine system design and operation approved and permitted by the Indonesia government. Monitoring results continue to indicate the environmental impacts of the tailings deposition are reversible at the end of the mine's life, except for elevation changes from deposited sediments. Importantly, the sediments within PT-FI's area of operations have proven to be highly suitable for colonization of indigenous plant communities, including mangrove forests. PT-FI's large-scale demonstration reclamation projects show that several land use options will be possible after final closure of the deposition area.

**PT-FI commits significant resources to support extensive environmental management and monitoring measures to manage tailings safely.**

## REVEGETATION IN PT-FI'S TAILINGS DEPOSITION AREA

To advance post-mining reclamation options and productive land use options on tailings soils, PT-FI isolated a 750-hectare area where tailings had previously been deposited to use as a natural tailings reclamation laboratory. A research team from the University of Papua conducted a vegetation inventory of PT-FI's tailings deposition area, and the team discovered that the number of living plant species had more than doubled in the last 17 years. In 2022, University of Papua researchers identified 1,089 plant species growing naturally on tailings compared to the 504 species identified in the same area in 2005. University of Papua is also conducting a comprehensive study on the use of fresh tailings areas for agriculture land and analyzing the feasibility of cultivating plants for economic benefit. These studies are ongoing in 2023.



## WASTE MANAGEMENT

### WHY IT MATTERS

Every business creates waste, and reducing that waste is essential to managing environmental impacts. In addition to mining and mineral processing wastes, such as tailings, waste rock, overburden and slag, our operations generate non-mineral 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 advancing social acceptance of our operations.

### OUR APPROACH

FCX is committed to reducing our environmental impact, which includes the effective management of our mining and mineral processing waste (such as tailings, overburden and slag, waste rock) as well as non-mineral waste (such as recycled material and landfilled waste). The volume of mining and mineral processing waste we generate varies depending on site-specific mine plans. These materials are typically managed in designated, engineered stockpiles or impoundments.

PT-FI and its community partners recently inaugurated a new recycling center near the Manyar smelter project to recover construction materials from the project site near Surabaya, Indonesia. Proceeds will benefit local community organizations.



**FCX is committed to reducing our environmental impact, which includes the effective, responsible management of both mining and non-mining wastes.**

In addition to responsibly managing our mining and mineral processing waste, we continuously evaluate opportunities to reduce the quantity of non-mineral waste generated. We seek to apply the standard protocol of reduce, reuse, recycle wherever possible and implement robust practices to identify, categorize, store and manage non-mineral wastes. Through our asset recovery programs, we divert certain materials from the landfill, and we strive to increase recycling and reuse of those materials in our operations. Furthermore, we evaluate our hazardous waste streams and, when possible, substitute materials with lower toxicity into our processes.

In addition to FCX's dedicated tailings stewardship teams who are responsible for managing our mining and processing waste, we also have a dedicated waste management team composed of subject matter experts from across the company. The teams are 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 adherence to FCX's environmental policy.

## PERFORMANCE

In 2022, the mining and mineral processing waste as well as the non-mineral waste we generated were higher than 2021 reflecting increased mining and milling rates at many of our operations, including PT-FI, Cerro Verde and Morenci.

We generated 331 million metric tons of tailings, 414 million metric tons of waste rock and overburden and 683 thousand metric tons of slag in 2022.

Our non-mineral wastes are categorized as: (1) non-hazardous (such as tires, scrap metal, obsolete equipment, HDPE pipe, domestic waste and wood waste) and (2) hazardous (such as water treatment sludge, chemicals, solvents, batteries and reagent packaging). In 2022, we generated approximately 274,000 metric tons of non-mineral wastes, of which 12% was hazardous and 88% 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.

We aim to divert waste from disposal by reusing and recycling the waste when possible. For example, our Atlantic Copper smelter in Spain partners with WEEE FORUM, a European association that represents producers of electrical and electronic equipment, to recycle e-waste and contribute to a circular copper economy. In 2022, we continued to expand vendor buy-back programs to return end-of-life mill liners to the original equipment manufacturers who in turn remelt/recast and then return new mill liners to us for our use. At certain of our America's sites, we continued to invest in processes and equipment to separate and recover scrap metal mill balls from discarded material at the mills. This program began at our Morenci operation and has since been implemented at our Cerro Verde operation. In 2022, we recovered approximately 4,000 metric tons of these scrap mill balls from this process at Cerro Verde alone.



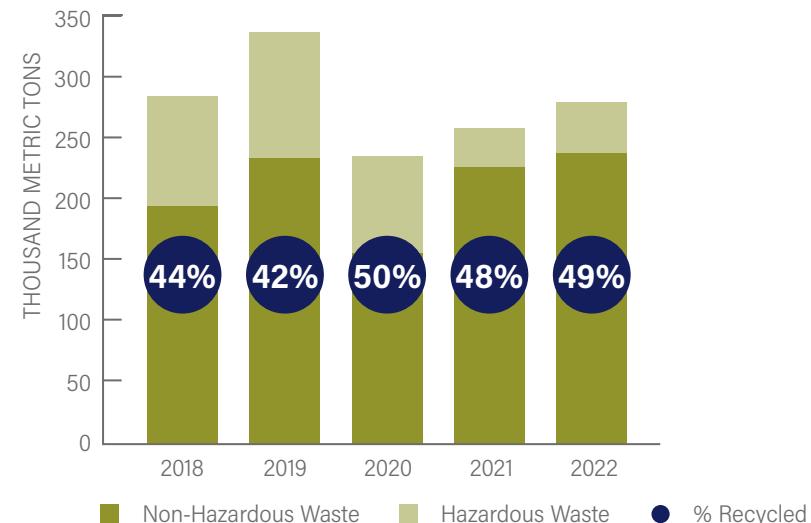
View more data in  
the Performance  
Data Section

## MANYAR SMELTER RECYCLING CENTER IN GRESIK

The landfill in Gresik near the Manyar smelter, is reaching capacity. To help address this concern, PT-FI partnered with a local community nonprofit, Yatamam, and an internationally recognized waste management NGO, Wehasta, to build a waste processing facility. Wehasta will work to increase the operating capability of the facility and verify alignment with environmental best practices. The Manyar smelter's waste reduction strategy includes sending recyclable construction waste from the project to the facility. Leftover rebar and other materials will be sorted, cleaned and cut before being sold to local buyers. Profits from sales of these materials will be allocated to Yatamam community programs, which currently focus on education for orphans. Yatamam's long-term goal is for profits to support a training facility where locals can practice welding and carpentry skills using the recycled materials to create upcycled products.

For more information on how we increase the availability and access to skills training for people in our communities, please see the [Communities & Indigenous People](#) section.

## NON-MINERAL WASTE GENERATED & RECYCLED





## MINE CLOSURE & RECLAMATION

### WHY IT MATTERS

Mining requires infrastructure projects that alter the natural environment, such as open-pit mines, roads, and processing facilities. 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.

### OUR APPROACH

FCX understands that effectively reclaiming disturbed land and responsibly closing our mining and processing sites is critical to maintaining the trust of our local communities, governments, and other interested stakeholders, and as such, reclamation and mine closure processes are integral to our site planning and ongoing operations.

We seek to plan and operate our mines in a manner that considers post-mining land use well in advance of mine closure. Likewise, when designing new projects, or expanding existing ones, we plan for how the land can be reclaimed once the mine closes. Our philosophy of responsible production continues when we close our mining and processing sites through reclamation.

FCX strives to work in partnership with our host communities – which in many cases includes Indigenous Peoples – to define and deliver shared value, throughout the mine life cycle. We not only seek to avoid, minimize and mitigate negative impacts from our operations but also aim to provide long-lasting benefits to our neighbors – beyond closure so people can thrive over the life of our mines and beyond. 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 reestablishment, and protect the watersheds where we operate. To support future anticipated closure and reclamation costs, each operating mine site has asset retirement obligations aligned with approved closure plans. Asset retirement obligations are estimated and accounted for in accordance with generally accepted accounting principles (GAAP) in the U.S. and are audited by an independent accounting firm.

Most of our mines operate for several decades or longer, due to the geological nature of the deposits and the large resource base. As a result, implementation of closure plans may not occur for decades in the future. We plan for, continually evaluate and carry out concurrent reclamation when possible at our operating mine sites. At these sites, concurrent reclamation may include constructing and monitoring test plots, characterizing materials for eventual closure work and designing new stockpiles or tailings facilities for closure prior to construction. We are not currently implementing any large-scale concurrent reclamation-related earthworks, regrading or capping activities.

**We seek to plan and operate our mines in a manner that considers post-mining land use well in advance of mine closure.**

Our reclamation programs incorporate multiple aspects associated with environmental management and community well-being, such as water and air quality, erosion, wildlife habitats, and revegetation programs, working together to advance ecosystem reestablishment. Our traditional post-mining land use has been focused on wildlife habitats, and we increasingly are exploring other opportunities such as open spaces, recreational and educational uses, renewable energy sites and new industrial uses for our lands post-closure. By 2024, we plan to have dedicated an area of land to test our site-specific reclamation programs at each of our North America operating mining sites and at Cerro Verde. We have final reclamation plots constructed in the Highlands at PT-FI in addition to a number of large-scale reclamation areas in the Lowlands. Since the Grasberg open pit was completed in 2020, the focus around the former surface mine area has been on closure and reclamation work, which consists of finalizing a major slope stabilization project, other geotechnical stability projects, facility recovery, drainage control and revegetation activities. By 2024, PT-FI anticipates it will dismantle the Grasberg surface facilities that are no longer needed and planned reclamation work on the surface mine area will approach completion.

FCX recognizes the impact of its historic operations and works to reclaim and restore areas associated with those legacy liabilities. In Clarkdale, Arizona, we gained the support of local elected officials, area environmental groups and recreational advocates before removing a century-old water diversion structure along the Verde River, which was formerly associated with the United Verde Copper Company. The river's natural flow pattern was restored after we removed this structure, which will allow for a reestablishment of biodiversity and riparian habitat restoration. This project is in addition to our reclamation of a former tailings facility in 2007 and our partnership with the Northern Arizona Audubon Society since 2004 to take a periodic inventory of birds at Peck's Lake, which is part of the Tuzigoot Important Bird Area.



In Colorado, we work with Trout Unlimited and the Division of Reclamation, Mining and Safety in a multi-year partnership focused on supporting a clean watershed. Our partnership interconnects with our Colorado legacy mine site reclamation at the former Keystone mine site near Crested Butte, Colorado. The partnership has been integral to the successful design and implementation of reclamation activities at the site for the last three years.

## ENVIRONMENTAL COMPLIANCE

### WHY IT MATTERS

Countries around the world have various laws and regulations that are designed to protect the environment. Meeting these requirements is essential to the social license to operate, and it relies upon effective due diligence and strong internal processes, policies and practices that drive accountability and transparency.

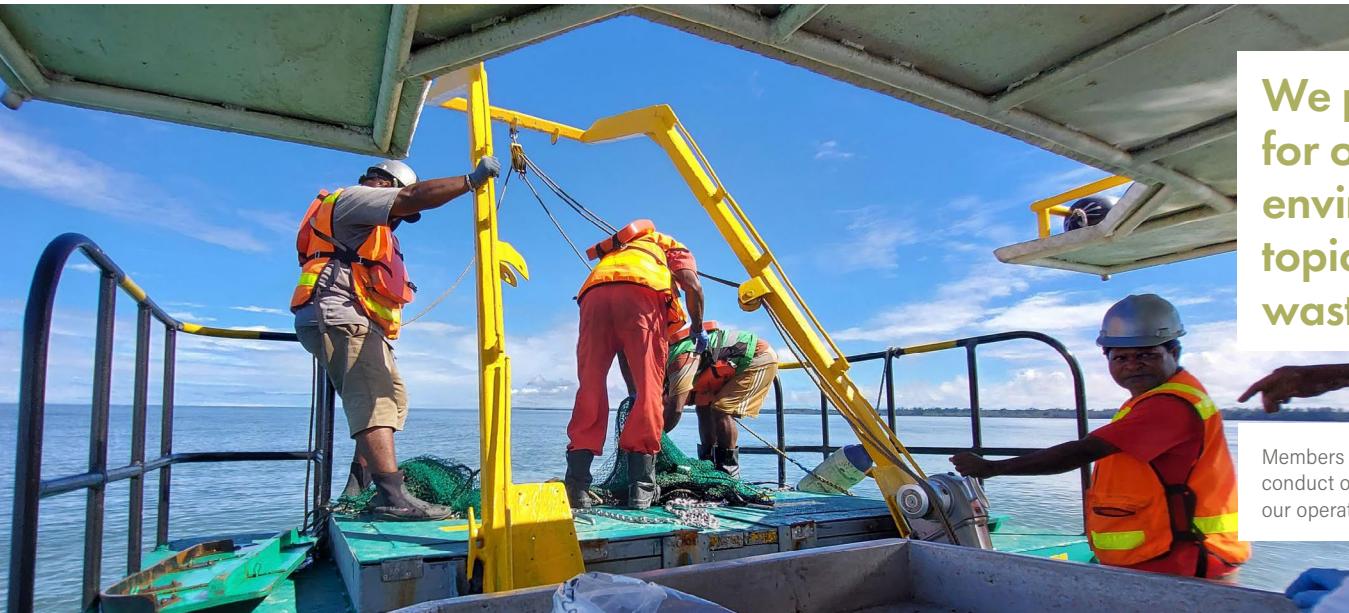
### OUR APPROACH

All of our mining and mineral processing operations and technology centers maintain Environmental Management Systems (EMS) that are certified to the ISO 14001:2015 standard by independent auditors. As part of our EMS, our workforce is trained on site-specific subject areas and annually on environmental issues, and is supported by environmental professionals working in the field.

Site management teams identify, manage and mitigate environmental risks through our risk register process and the use of environmental critical control systems designed to prevent environmental incidents at our operations. Critical controls are focused on the elimination of unplanned releases and prevention or minimization of impacts to water and other natural resources.

At the corporate level, subject matter experts train, develop and support our site teams, routinely conduct site visits, and in some cases, directly manage a group of site-based experts. Collectively, they are responsible for building technical expertise, ensuring consistency in our environmental programs and sharing best practices. To support this effort, we provide annual training for our employees on critical environmental compliance topics, including air, water, waste and biodiversity. In 2022, we resumed in-person training sessions and conducted approximately 5,700 hours of training. Additionally, we trained our global teams on how to track environmental incidents in our recently adopted company-wide digital incident management system.

We conduct various internal and external audits across our sites to review our EMS processes and confirm compliance with the ISO 14001:2015 environmental standard. Comprehensive, independent recertification audits are conducted at our operating mines and processing sites every three years. During each interim year, surveillance audits are conducted by external audit teams. Our internal team conducts corporate-led audits of many sites as well. Across our sites in 2022, we completed 15 internal EMS audits and another 12 internal environmental compliance audits. In addition, in 2022, our mining sites were inspected by governmental regulatory agencies 75 times.



**We provide annual training for our employees on critical environmental compliance topics, including air, water, waste and biodiversity.**



Members of the PT-FI environmental team conduct ongoing estuary monitoring near our operation in Papua, Indonesia.

As part of our environmental management commitment at PT-FI, external audits have taken place on a routine basis since 1996. The current audit, which was originally due to be completed in 2020 and delayed due to the COVID-19 pandemic, was completed in early 2023. This audit included in-person site visits in 2022 to evaluate PT-FI's compliance with national environmental laws, environmental-related government regulations, environmental standards and a review of tailings management, the Grasberg open pit closure, among other key environmental topics. An executive summary of the audit is available on our [website](#). In addition to our external audits, we also strive to conduct in-person internal environmental compliance audits at PT-FI annually.

The robust nature of our internal audits and regulatory inspections demonstrate both the strength of our systems and the commitment of our culture and people to maintain compliance. We integrate the findings from both internal and external audits into our corrective and preventative action plans at all of our sites. These actions are reviewed by corporate subject matter experts to ensure such measures are robust and institutionalized for the future.

FCX had the following global environmental compliance targets in 2022: (1) incur zero significant environmental events as defined in our risk register process, and (2) incur zero environmental penalties over \$100,000 on an individual basis.

Our El Abra operation experienced an incident that was identified as significant in our risk register process during the year. In March 2022, because of a failure along the pipeline, approximately 13,000 cubic meters of an acidic solution flowed from a containment dam at our operations through an already modified area downstream of the dam and along the access road to the open pit. The site activated the contingency plan and immediately implemented corrective actions to stop the flow and cleaned up the impacted area.

We did not incur any environmental penalties over \$100,000 on an individual basis. Fines levied in 2022 were associated with Notice of Violations (NOV) related to water discharge monitoring and reporting at Cerro Verde, waste and chemical safety programs at El Abra and wastewater discharge permit violations at the El Paso refinery and rod mill. Typically, when our operations receive an NOV from a regulatory agency, the citations involve brief and minor exceedances of permit conditions or other record-keeping.

## ENVIRONMENTAL COMPLIANCE INDICATORS

	2018	2019	2020	2021	2022
Reportable spills or releases of hazardous or toxic chemicals <sup>1,2</sup>	17	33	19	20	16
NOVs related to permit exceedances, spills, releases or other compliance matters <sup>3</sup>	10	5	6	9	12
# of Significant Environmental Events <sup>4</sup>	1	0	0	0	1
Environmental penalties <sup>5</sup>	\$0	\$124,682	\$67,100	\$18,951	\$24,301

1. Reportable spills excludes spills at PT-FI associated with pipeline sabotage. Due to increased security efforts, the number of sabotage-related spills reported at PT-FI decreased from 68 in 2018, to 16 in 2019, to 8 in 2020, to 5 in 2021. There were 8 sabotage related-spills in 2022.

2. In 2019, there were multiple small (75 kg or less) but reportable events associated with a malfunctioning catalytic oxidizer at our Rotterdam molybdenum processing facility.

3. NOV is Notice of Violation. When NOVs are rescinded based on the legal appeals process, prior year data are updated.

4. Our risk register assessment uses a likelihood and consequence matrix with a scale on each axis from 1 through 4, with 4 being the highest likelihood or consequence. Significant environmental events are defined as those with a rating of 3 or higher on the consequence scale.

5. 2019 penalties paid were from NOVs at Sierrita for dust events in 2018 (\$30,000) and an 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 an 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). 2021 penalties paid were associated with delays in commissioning an online, real-time groundwater monitoring system at El Abra. 2022 penalties included \$12,959 at Cerro Verde associated with an NOV related to water discharge monitoring and reporting; \$9,842 at El Abra associated with an NOV related to waste and chemical safety programs; and \$1,500 at the El Paso refinery and rod mill associated with two wastewater discharge permit NOVs.