

**Module: Introduction****Page: W0. Introduction****W0.1****Introduction****Please give a general description and introduction to your organization.**

Freeport-McMoRan Inc. ("Freeport-McMoRan" or "the Company") is a natural resources company with headquarters in Phoenix, Arizona. Freeport-McMoRan operates large long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold, molybdenum, cobalt, oil and natural gas. The Company has a dynamic portfolio of operating, expansion and growth projects in the copper industry. Freeport-McMoRan is also the world's largest producer of molybdenum and a significant gold, oil and natural gas producer.

Freeport-McMoRan's portfolio of metals assets includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits; significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America; and the Tenke Fungurume minerals district in the Democratic Republic of Congo (DRC). During 2014, Freeport-McMoRan completed sales of its 80% ownership interests in the Candelaria and Ojos del Salado copper mining operations in Chile which are excluded from this response boundary.

Freeport-McMoRan's portfolio of oil and natural gas assets includes growth potential in the Deepwater Gulf of Mexico, established oil production facilities onshore and offshore California, large onshore natural gas resources in the Haynesville shale play in Louisiana, natural gas production from the Madden area in central Wyoming and an industry-leading position in the emerging Inboard Lower Tertiary/Cretaceous gas trend located in the shallow waters of the Gulf of Mexico and onshore in South Louisiana. Our oil and gas subsidiary, Freeport-McMoRan Oil & Gas LLC, is excluded from this response boundary.

Our use of water is correlated to changes in mining production, which is generally tied to global economic activity. Our current mine plans are expected to require increased total water use as a result of incremental expansions at certain existing mines. As reported in Freeport-McMoRan's first quarter 2015 results presentation materials, our copper sales guidance is 4.2 billion pounds, 5.2 billion pounds and 5.0 billion pounds in 2015, 2016 and 2017, respectively. While we continue to maximize feasible water recycling rates, with our projected growing copper production profile (with the recently completed expansion of our Morenci mine and advanced construction activities to triple the size of our Cerro Verde operations), we expect that our overall new or make-up water use will increase, with new water being a combination of groundwater, surface water, municipal water/wastewater sources and possibly desalination.

**CAUTIONARY STATEMENT**

This report contains forward-looking statements in which we discuss factors we believe may affect our performance in the future. Forward-looking statements are all statements other than statements of historical facts, such as statements regarding projected production and sales volumes. We caution readers that our actual results may differ materially from those anticipated or projected in the forward-looking statements. Important factors that can cause our actual results to differ are described in Freeport-McMoRan's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission and available on our website at [fcx.com](http://fcx.com).

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**W0.2**

**Reporting year**

**Please state the start and end date of the year for which you are reporting data.**

<b>Period for which data is reported</b>
Wed 01 Jan 2014 - Wed 31 Dec 2014

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**W0.3**

**Reporting boundary**

**Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported.**

Companies, entities or groups over which financial control is exercised

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**W0.4**

**Exclusions**

**Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?**

Yes

**W0.4a**

**Exclusions**

**Please report the exclusions in the following table**

<b>Exclusion</b>	<b>Please explain why you have made the exclusion</b>
Freeport-McMoRan Oil & Gas Inc. (business unit exclusion)	Our oil and gas subsidiary, Freeport-McMoRan Oil & Gas LLC (FM O&G), is excluded from this response boundary. While our oil and gas operations are excluded from the boundary of this report, FM O&G operates in accordance with all Freeport-McMoRan policies and governance structures. Operating in a highly-regulated industry in the U.S., FM O&G maintains audited safety and environmental management systems and emergency response procedures.
Candelaria and Ojos del Salado (business unit exclusion)	During 2014, Freeport-McMoRan completed sales of its 80% ownership interests in the Candelaria and Ojos del Salado copper mining operations in Chile. Water data related to these operations are excluded from this response boundary.

**Module: Current State**

**Page: W1. Context**

**W1.1**

**Please rate the importance (current and future) of water quality and water quantity to the success of your organization**

<b>Water quality and quantity</b>	<b>Direct use importance rating</b>	<b>Indirect use importance rating</b>	<b>Please explain</b>
Sufficient amounts of good quality freshwater available for use	Vital for operations	Neutral	Our mining operations require significant quantities of water for mining, ore processing and related support facilities. Most of our mining operations in North and South America are in arid regions. Continuous production at our mines is dependent on our ability to maintain our water rights and claims, and the continuing physical availability of the water supplies.
Sufficient amounts of recycled, brackish and/or	Vital for operations	Neutral	In 2014, we used approximately 1,325 million cubic meters of water in our operating processes, of which approximately 79% was recycled water. This reflects the inclusion of 2014 water use data from our Arizona operations that was excluded from prior year responses due to water rights

Water quality and quantity	Direct use importance rating	Indirect use importance rating	Please explain
produced water available for use			litigation. Our overall water use has remained relatively constant over the past five years, with recycled water use as percentage of our overall water use steadily increasing. We expect our overall water use to increase in the future as we advance brownfield projects to increase copper production volumes with continued emphasis on use of recycled water.

## W1.2

**For your total operations, please detail which of the following water aspects are regularly measured and monitored and provide an explanation as to why or why not**

Water aspect	% of sites/facilities/operations	Please explain
Water withdrawals- total volumes	76-100	This data is collected and reported annually.
Water withdrawals- volume by sources	76-100	This data is collected and reported annually.
Water discharges- total volumes	76-100	This data is collected and reported annually.
Water discharges- volume by destination	76-100	This data is collected and reported annually.
Water discharges- volume by treatment method	76-100	This data is collected and reported annually.
Water discharge quality data- quality by standard effluent parameters	76-100	This data is collected and reported annually.
Water consumption- total volume	76-100	This data is collected and reported annually.
Facilities providing fully-functioning WASH services for all workers	76-100	This data is collected and reported annually.

## W1.2a

**Water withdrawals: for the reporting year, please provide total water withdrawal data by source, across your operations**

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
Fresh surface water	115500	About the same	For 2014 water use reporting, Freeport-McMoRan is providing additional disclosure associated with all of its operations in Arizona. When factoring in prior year surface water withdrawals

Source	Quantity (megaliters/year)	How does total water withdrawals for this source compare to the last reporting year?	Comment
			from Arizona operations, the total annual surface water withdrawals did not significantly change.
Brackish surface water/seawater	0	Not applicable	Due to the sale of our interests in the Candelaria operations in 2014, we no longer report withdrawals of seawater (desalination).
Rainwater	54700	About the same	
Groundwater - renewable	101000	About the same	For 2014 water use reporting, Freeport-McMoRan is providing additional disclosure associated with all of its operations in. When factoring in prior year groundwater withdrawals from Arizona operations, the total annual groundwater withdrawals did not significantly change. Reduced groundwater withdrawals at Grasberg mine due to temporary reductions in production during 2014 offset increased groundwater withdrawals at some other mine operations.
Groundwater - non-renewable	0	Not applicable	
Produced/process water	0	Not applicable	
Municipal supply	1200	About the same	
Wastewater from another organization	1700	Lower	Due to the sale of our interests in the Candelaria operations in 2014, we no longer report withdrawals of wastewater from other organizations for this operation, which resulted in a lower overall volume of reported withdrawals.
Total	274100	About the same	For 2014 water use reporting, Freeport-McMoRan is providing additional disclosure associated with all of its operations in Arizona. When factoring in prior year total water withdrawals from Arizona operations, the total annual withdrawals did not significantly change although recycled water use as percentage of our overall water use increased from the prior year. With the recently completed expansion of our Morenci mine, advanced construction activities to triple the size of our Cerro Verde operations, and an anticipated ramp up of production in future years at Grasberg, total water withdrawals are anticipated to increase in the future, although these increases may be offset to some degree with additional use of recycled water as water efficiencies continue to improve.

**W1.2b**

**Water discharges: for the reporting year, please provide total water discharge data by destination, across your operations**

Destination	Quantity (megaliters/year)	How does total water discharged to this destination compare to the last reporting year?	Comment
Fresh surface water	105700	About the same	
Brackish surface water/seawater	0	Not applicable	
Groundwater	0	Not applicable	
Municipal treatment plant	0	Not applicable	
Total	105700	About the same	

**W1.2c**

**Water consumption: for the reporting year, please provide total water consumption data, across your operations**

Consumption (megaliters/year)	How does this consumption figure compare to the last reporting year?	Comment
1325600	About the same	For 2014 water use reporting, Freeport-McMoRan is providing additional disclosure associated with all of its operations in Arizona. When factoring in prior year water consumption from Arizona operations, the total annual water consumption did not significantly change, although our recycled water use as percentage of our overall water use did increase. With the recently completed expansion of our Morenci mine, advanced construction activities to triple the size of our Cerro Verde operations, and an anticipated ramp up of production in future years at Grasberg, total water consumption is anticipated to increase in the future, although these increases may be offset to some degree with additional use of recycled water as water efficiencies continue to improve.

**W1.3**

**Do you request your suppliers to report on their water use, risks and/or management?**

No

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**W1.3b**

Please choose the option that best explains why you do not request your suppliers to report on their water use, risks and/or management

Primary reason	Please explain
Other:	Mining is at the base of the value chain and therefore we directly evaluate water use, risk and management as a core component of our own business. We have reviewed public disclosures of our key suppliers and from that review we have not identified any water-related risks that could materially impact our business. Supply chain exposure to water-related risks may include changes in precipitation patterns/sea levels/storm patterns/storm intensities, water shortages & new or modified regulations.

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**W1.4**

Has your organization experienced any detrimental impacts related to water in the reporting period?

No

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**Further Information**

Water quantities displayed in W1.2a, W1.2b and W1.2c are rounded to the nearest 100 megaliters for all quantities above 1,000 megaliters and to the nearest 10 megaliters for all volumes below 1,000 megaliters.

**Module: Risk Assessment**

**Page: W2. Procedures and Requirements**

**W2.1**

**Does your organization undertake a water-related risk assessment?**

Water risks are assessed

**W2.2**

**Please select the options that best describe your procedures with regard to assessing water risks**

Risk assessment procedure	Coverage	Scale	Please explain
Comprehensive company-wide risk assessment	Direct operations and supply chain	All facilities	Water is integrated into a comprehensive, company-wide risk assessment process incorporating both direct operations and our value chain (upstream supplier & downstream consumer influences). Freeport-McMoRan takes both a current and long-term view on securing water supplies that address changing water use patterns and changing risks and opportunities for future sources of water.

**W2.3**

**Please state how frequently you undertake water risk assessments, what geographical scale and how far into the future you consider risks for each assessment**

Frequency	Geographic scale	How far into the future are risks considered?	Comment
Annually	Facility	>6 years	Our Sustainable Development (SD) Risk Register process facilitates identification of key risks & opportunities. Certainty of water supplies & management are identified as sustainability focus areas for our business & outlined in our 2014 Working Toward Sustainability Development Report ( <a href="http://www.fcx.com">www.fcx.com</a> ).
Annually	Facility	>6 years	Freeport-McMoRan's operational risk factors are outlined in its Annual report on Form 10-K.
Annually	Facility	>6 years	Operations in arid regions maintain water balances and are conducting scenario planning of potential events that could pose a risk to operations, including possible water supply reductions or storm events



Frequency	Geographic scale	How far into the future are risks considered?	Comment
			that produce excess water, either of which could potentially impact mine production. This is an ongoing process.

**W2.4**

**Have you evaluated how water risks could affect the success (viability, constraints) of your organization's growth strategy?**

Yes, evaluated over the next 10 years

**W2.4a**

**Please explain how your organization evaluated the effects of water risks on the success (viability, constraints) of your organization's growth strategy?**

Project planning and our project life-cycles can span decades. We consider early and effective management with stakeholders critical for creating mutually beneficial opportunities and reducing sustainability risks to our plans. The Freeport-McMoRan SD Risk Register program is an ongoing program designed for operations and the corporate office to identify key risks or opportunities at any given time.

**W2.5**

**Please state the methods used to assess water risks**

Method	Please explain how these methods are used in your risk assessment
Internal company knowledge	Our SD Risk Register process assists in prioritizing environmental, social and economic challenges and opportunities. As our operations identify and track key actions and milestones toward reducing sustainability-related risks, this process enhances decision making regarding operational planning and resource allocation. In addition, our Freeport-McMoRan SD Leadership Team maintains a standing agenda item on water topics as part of its monthly meetings. The SD Leadership team is sponsored by our Executive Vice President and Chief Administrative Officer and is led by our Vice President Environmental Services and Sustainable Development. The team includes business unit presidents and senior personnel from the safety, supply chain, human resources, sales, compliance, and land and water functions. Water supply issues are a standing agenda item for the monthly SD Leadership team meetings. Accordingly, we seek strategic partnerships with host governments, communities and development partners to ensure the viability of our projects while delivering meaningful benefits. We explore opportunities with stakeholders as we continue to make long-term investments in water supply projects to support our operating and growth plans.

W2.6

Which of the following contextual issues are always factored into your organization's water risk assessments?

Issues	Choose option	Please explain
Current water availability and quality parameters at a local level	Relevant, included	Our SD Risk Register process assists in prioritizing environmental, social and economic challenges and opportunities. Under this process, local cross-functional management teams utilize a matrix of consequence categories ranging from community or environmental impacts to reputational impacts. As our operations identify and track key actions and milestones toward reducing sustainability-related risks, this process enhances decision making regarding operational planning and resource allocation. In addition, our Freeport-McMoRan SD Leadership Team maintains a standing agenda item on water topics as part of its monthly meetings. This includes updates on multiple actions taken to mitigate future water supply risks.
Current water regulatory frameworks and tariffs at a local level	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Current stakeholder conflicts concerning water resources at a local level	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Current implications of water on your key commodities/raw materials	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Current status of ecosystems and habitats at a local level	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Current river basin management plans	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Current access to fully-functioning WASH services for all employees	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Estimates of future changes in water availability at a local level	Relevant, included	Operations in arid regions maintain water balances and are conducting scenario planning of potential events that could pose a risk to operations, including possible water supply reductions or storm events that produce excess water, either of which could potentially impact mine production.
Estimates of future potential regulatory changes at a local level	Relevant, included	See explanation above regarding the SD Risk Register process. Although each of our mining operations currently has access to sufficient water supplies to support current operational demands, some supplies are subject to unresolved claims by others through ongoing legal proceedings. We cannot predict the potential outcome of pending or future proceedings with respect to water rights. We are taking action to mitigate related future risks.
Estimates of future potential stakeholder conflicts at a local level	Relevant, included	See explanation above regarding the SD Risk Register process. Although each of our mining operations currently has access to sufficient water supplies to support current operational demands, some supplies are subject to unresolved claims by others through ongoing legal proceedings. We cannot predict the potential outcome of pending or future proceedings with respect to water rights. We are taking action to mitigate related future risks. We consider early and effective engagement with local stakeholders critical for creating mutually beneficial opportunities and reducing sustainability risks, including related to water.

Issues	Choose option	Please explain
Estimates of future implications of water on your key commodities/raw materials	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Estimates of future potential changes in the status of ecosystems and habitats at a local level	Relevant, included	See explanation above regarding the Sustainable Development (SD) process. The process includes an assessment of potential risks or opportunities associated with biodiversity.
Scenario analysis of availability of sufficient quantity and quality of water relevant for your operations at a local level	Relevant, included	See explanation above regarding the Sustainable Development Risk Register process. Operations in arid regions maintain water balances and are conducting scenario planning of potential events that could pose a risk to operations, including possible water supply reductions or storm events that produce excess water, either of which could potentially impact mine production.
Scenario analysis of regulatory and/or tariff changes at a local level	Relevant, included	See explanation above regarding the SD Risk Register process. Although each of our mining operations currently has access to sufficient water supplies to support current operational demands, some supplies are subject to unresolved claims by others through ongoing legal proceedings. We cannot predict the potential outcome of pending or future proceedings with respect to water rights. We are taking action to mitigate related future risks.
Scenario analysis of stakeholder conflicts concerning water resources at a local level	Relevant, included	See explanation above regarding the SD Risk Register process. Although each of our mining operations currently has access to sufficient water supplies to support current operational demands, some supplies are subject to unresolved claims by others through ongoing legal proceedings. We cannot predict the potential outcome of pending or future proceedings with respect to water rights. We consider early and effective engagement with local stakeholders critical for creating mutually beneficial opportunities and reducing sustainability risks, including related to water. This includes stakeholder mapping and engagement strategies implemented as part of our 5-year community plans.
Scenario analysis of implications of water on your key commodities/raw materials	Relevant, included	See explanation above regarding the Sustainable Development (SD) Risk Register process.
Scenario analysis of potential changes in the status of ecosystems and habitats at a local level	Relevant, included	All operating mines have developed biodiversity management plans and land management plans to incorporate biodiversity related considerations and incorporate site-specific planning processes to minimize adverse impacts to biodiversity where possible.
Other		

W2.7

Which of the following stakeholders are always factored into your organization's water risk assessments?

Stakeholder	Choose option	Please explain
Customers	Relevant, included	Certain customers at various downstream layers of the value chain request information concerning water use and management, including at specific operations. This engagement helps inform our assessment of water related risks.
Employees	Relevant, included	The Sustainable Development Risk Register process described above takes into consideration our employees. In addition, our employees conduct and maintain our assessments and resulting actions with respect to water.
Investors	Relevant, included	Our corporate Sustainable Development department engages frequently with the socially responsible investment community, including dialogue on our water programs and projects. Viewpoints and suggestions are considered on an ongoing basis including directly into our Sustainable Development Risk Register process. The feedback we receive is important to continually inform and improve our reporting on sustainability programs, including our work with respect to water.
Local communities	Relevant, included	Communities are often primary stakeholders whose input we evaluate in our SD Risk Register process at the local level. For example, our Cerro Verde operation is constructing a wastewater treatment plant for Arequipa, Peru as it progresses its large-scale expansion, and obtained authorization to reuse an annual average of one cubic meter per second of the treated water. Through local stakeholder engagement, the outcome has been a "win-win" for the local community, regional government & Cerro Verde.
NGOs	Relevant, included	The Sustainable Development Risk Register process described above takes into consideration the views of NGOs and the work of certain NGOs with respect to water issues.
Other water users at a local level	Relevant, included	The Sustainable Development Risk Register process described above is designed to evaluate views and plans of any stakeholder group, as applicable, including other municipal and agricultural water users.
Regulators		The Sustainable Development Risk Register process takes into account the water laws and regulations that are applicable to the development and preservation of sustainable water supplies for our mine operations. As part of this effort and where applicable, we interact with local, state and federal regulatory agencies along with tribal governments as key stakeholders whose input and views we evaluate through our SD Risk Register process. In some cases, we participate in stakeholder groups led by these agencies or governments.
River basin management authorities		Where applicable, river basin management authorities are key stakeholders, in the same manner as regulatory agencies and tribal governments, whose input and views we evaluate through our the Sustainable Development Risk Register process. In some cases, we participate in stakeholder groups led by river basin management authorities.
Statutory special interest groups at a local level	Relevant, included	Local and regional stakeholders are often primary stakeholders whose input and views we evaluate in our Sustainable Development Risk Register process at the local operating level. We monitor actions of others that create either risk to our operation or future water supplies.
Suppliers	Relevant, included	The Sustainable Development Risk Register process assists in prioritizing environmental, social and economic challenges and opportunities. Through this process, we monitor the potential for risks in the value chain (upstream supplier and downstream customer influences), including water-related risks if applicable.
Water utilities/suppliers at a local level	Relevant, included	The Sustainable Development Risk Register process described above takes into consideration the views of water utilities and suppliers with respect to water issues.
Other		

## Module: Implications

### Page: W3. Water Risks

#### W3.1

**Is your organization exposed to water risks, either current and/or future, that could generate a substantive change in your business, operations, revenue or expenditure?**

Yes, direct operations only

#### W3.2

**Please provide details as to how your organization defines substantive change in your business, operations, revenue or expenditure from water risk**

A substantive risk could include, but may not be limited to, a curtailment or disruption of mine production, prevention of mine expansion opportunities, increased capital expenditure and operational maintenance costs associated with development of alternate and renewable water supplies, or increased capital expenditures and increased operating costs associated with water quality programs and technologies.

#### W3.2a

**Please provide the number of facilities\* per river basin exposed to water risks that could generate a substantive change in your business, operations, revenue or expenditure and the proportion of total operations this represents**

Country	River basin	Number of facilities	Proportion of total operations exposed to risk within river basin (%)	Comment
United States of America	Colorado River (Pacific Ocean)	9	61-70	Based on percentage of the Freeport-McMoRan's active mine operations globally.
Chile	Other: Ascotan salt flat drainage basin (El Abra)	1	6-10	Based on percentage of the Freeport-McMoRan's active mine operations globally.
Peru	Other: Rio Chili	1	6-10	Based on percentage of the Freeport-McMoRan's active mine operations globally.
Indonesia	Other: Ajkwa	1	6-10	Based on percentage of the Freeport-McMoRan's active mine operations globally.

**W3.2b**

Please provide the proportion of financial value that could be affected at river basin level associated with the facilities listed in W3.2a

Country	River basin	Financial reporting metric	Proportion of chosen metric that could be affected within the river basin	Comment
United States of America	Colorado River (Pacific Ocean)	% global production capacity	41-50	Measured as a percentage of copper equivalent global production
Chile	Other: Ascotan salt flat drainage basin (El Abra)	% global production capacity	6-10	Measured as a percentage of copper equivalent global production
Peru	Other: Rio Chili	% global production capacity	11-20	Measured as a percentage of copper equivalent global production
Indonesia	Other: Ajkwa	% global production capacity	21-30	Measured as a percentage of copper equivalent global production

**W3.2c**

Please list the inherent water risks that could generate a substantive change in your business, operations, revenue or expenditure, the potential impact to your direct operations and the strategies to mitigate them

<b>Country</b>	United States of America
<b>River basin</b>	Colorado River (Pacific Ocean)
<b>Risk driver</b>	Regulatory-Regulatory uncertainty
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	In the arid western U.S. water rights are often contested, and disputes are generally time-consuming, expensive and not necessarily dispositive unless they resolve both actual and potential claims. The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown

<b>Country</b>	United States of America
<b>Details of strategy and costs</b>	In response to the business continuity risk, our company continues to explore opportunities to augment existing water supplies. Mining sites in arid regions also maintain water balance models to better understand water users and to identify losses within the operation. The company also remains an active participant in ongoing water rights adjudication proceedings and in litigation over federal reserved water rights claims, both of which are currently ongoing in Arizona.

<b>Country</b>	United States of America
<b>River basin</b>	Colorado River (Pacific Ocean)
<b>Risk driver</b>	Physical-Increased water scarcity
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	Our operations in the western U.S. require significant quantities of water. The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown
<b>Details of strategy and costs</b>	In response to this business continuity risk, our company continues to explore opportunities to augment existing water supplies. Mining sites in arid regions also maintain water balance models to better understand water users and to identify losses within the operation.

<b>Country</b>	United States of America
<b>River basin</b>	Colorado River (Pacific Ocean)
<b>Risk driver</b>	Regulatory-Statutory water withdrawal limits/changes to water allocation
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	In the arid western U.S. water rights are often contested, and disputes are generally time-consuming, expensive and not necessarily dispositive unless they resolve both actual and potential claims. The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown

<b>Country</b>	United States of America
<b>Details of strategy and costs</b>	In response to this business continuity risk, our company continues to explore opportunities to augment existing water supplies. Mining sites in arid regions also maintain water balance models to better understand water users and to identify losses within the operation.

<b>Country</b>	United States of America
<b>River basin</b>	Colorado River (Pacific Ocean)
<b>Risk driver</b>	Physical-Flooding
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	Potential short-term interruptions to business operations and potential safety hazard.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown
<b>Details of strategy and costs</b>	While overall rainfall events can be infrequent and short-term in nature, large volumes of water can accumulate from isolated heavy rainfall events. Business interruption can also stem from higher intensity, short duration storms. These isolated events can produce negative, but generally non-material, effects on mining and production rates. Evaporation and other water management activities have been developed to varying degrees at these sites to help reduce the volume of captured stormwater.

<b>Country</b>	United States of America
<b>River basin</b>	Other: Arizona tributaries to Colorado River (Pacific Ocean)
<b>Risk driver</b>	Reputational-Litigation
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	In the arid western U.S. water rights are often contested, and disputes are generally time-consuming, expensive and not necessarily dispositive unless they resolve both actual and potential claims. The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown
<b>Details of strategy and costs</b>	In Arizona, we are a participant in two active general stream adjudications in which, for over 30 years, the Arizona courts have been attempting to quantify and prioritize surface water claims for two of the state's largest river systems, which affect our operating mines at Morenci, Safford, Sierrita and Miami. Litigation



<b>Country</b>	United States of America
	results could be material to the company as described in our 2014 Form 10-K, Part I. Item 3 (Legal Proceedings), page 59-61.

<b>Country</b>	Chile
<b>River basin</b>	Other: Ascotan salt flat drainage basin (El Abra)
<b>Risk driver</b>	Physical-Increased water scarcity
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	Curtailed mine production and prevention of mine expansion opportunities, increased capital expenditures and operational maintenance costs associated with development of alternative, renewable water supplies.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	High
<b>Details of strategy and costs</b>	El Abra has sufficient water rights to support current operations, but a change to the project, such as increased production or mill processing, would require additional water beyond our current groundwater pumping. In response, El Abra is studying the feasibility of constructing a seawater desalination plant to support possible increased sulfide ore production or mill processing.

<b>Country</b>	Chile
<b>River basin</b>	Other: Ascotan salt flat drainage basin (El Abra)
<b>Risk driver</b>	Regulatory-Regulatory uncertainty
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	High
<b>Details of strategy and costs</b>	Our El Abra operation, near Calama, Chile is conducting studies to assess the feasibility of constructing a desalination plant to treat seawater for potential use for sulfide ore production or mill processing.

<b>Country</b>	Chile
<b>River basin</b>	Other: Ascotan salt flat drainage basin (El Abra)

<b>Country</b>	Chile
<b>Risk driver</b>	Regulatory-Statutory water withdrawal limits/changes to water allocation
<b>Potential impact</b>	Other: see description of impact
<b>Description of impact</b>	The loss of a water right or a continued use of a currently available water supply, or the inability to expand our water resources could materially and adversely affect our mining operations by increasing costs, forcing us to curtail operations, prevent expansions or forcing premature closures.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	High
<b>Details of strategy and costs</b>	Our El Abra operation, near Calama, Chile is conducting studies to assess the feasibility of constructing a desalination plant to treat seawater for potential use for sulfide ore production or mill processing.

<b>Country</b>	Peru
<b>River basin</b>	Other: Rio Chili
<b>Risk driver</b>	Physical-Increased water scarcity
<b>Potential impact</b>	Water supply disruption
<b>Description of impact</b>	Water for our Cerro Verde operations comes from renewable sources through a series of storage reservoirs on the Rio Chili watershed that collect water primarily from seasonal precipitation.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unlikely
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Response strategy is already budgeted
<b>Details of strategy and costs</b>	Cerro Verde's participation in the Pillones Reservoir Project has allowed better regulation of the Rio Chili system, securing water rights that we believe will be sufficient to support Cerro Verde's current operations. An agreement has been reached with the Regional Government of Arequipa, the National Government, the local water utility company, Servicio de Agua Potable y Alcantarillado de Arequipa S.A. (SEDAPAR) and other local institutions to allow Cerro Verde to finance, engineer and construct a wastewater treatment plant for the city of Arequipa, which would be used to supplement existing water supplies to support a planned concentrator expansion.

<b>Country</b>	Indonesia
<b>River basin</b>	Other: Ajkwa
<b>Risk driver</b>	Physical-Flooding
<b>Potential impact</b>	Other: see description of impact

<b>Country</b>	Indonesia
<b>Description of impact</b>	Potential interruptions to business operations and potential safety hazard.
<b>Timeframe</b>	Unknown
<b>Likelihood</b>	Unknown
<b>Magnitude of potential financial impact</b>	Unknown
<b>Response strategy</b>	Other: see details of strategy
<b>Costs of response strategy</b>	Unknown
<b>Details of strategy and costs</b>	The Grasberg Mine is located in steep, mountainous terrain that experiences average annual rainfall of approximately 200 inches, leading to periodic mudslides.

**W3.2f**

**Please choose the option that best explains why you do not consider your organization to be exposed to water risks in your supply chain that could generate a substantive change in your business, operations, revenue or expenditure**

<b>Primary reason</b>	<b>Please explain</b>
Evaluation in progress	Mining is at the base of the value chain and therefore we directly evaluate water use, risk and management as a core component of our own business. We have reviewed public disclosures of our key suppliers and from that review we have not identified any water-related risks that could materially impact our business. Supply chain exposure to water-related risks may include changes in precipitation patterns/sea levels/storm patterns/storm intensities, water shortages & new or modified regulations.

**Page: W4. Water Opportunities**

**W4.1**

**Does water present strategic, operational or market opportunities that substantively benefit/have the potential to benefit your organization?**

Yes

W4.1a

Please describe the opportunities water presents to your organization and your strategies to realize them

Country or region	Opportunity	Strategy to realize opportunity	Estimated timeframe	Please explain
Peru	Improved community relations Improved water efficiency Social licence to operate	Construction of a local wastewater treatment plant to supplement existing water supplies for operations while benefitting the local community of Arequipa, Peru.	1-3 years	Our Cerro Verde operation, as part of a large-scale mine expansion, is constructing a wastewater treatment plant for the city of Arequipa, Peru. This plant improves regional water quality, reduces waterborne illnesses and enhances the value of local agricultural products while providing water for this operational expansion. Cerro Verde also funded the development of an expandable water treatment facility which now provides local residents 24-hour access to potable water.
United States of America	Improved community relations Improved water efficiency Social licence to operate	During 2014, Freeport-McMoRan initiated storage of renewable surface water supplies at Groundwater Savings Facilities (GSFs) within Arizona for the purpose of accruing Long-Term Storage Credits that can later be withdrawn to support existing operations or potential future mine expansions at many of our Arizona operations. Through this effort, Freeport-McMoRan arranges to have a renewable surface water allocation (Central Arizona Project water), which is secured under long-term leases with Tribal entities, delivered as "in-lieu" water to a recipient within the GSFs who then agree to replace their own groundwater pumping with the in lieu water, thus creating a groundwater savings.	Current-up to 1 year	Recharge is a means of storing excess renewable water supplies so that they may be used in the future. Artificial recharge and the use of GSFs is an increasingly important tool in the management of Arizona's water supplies. Storing water underground to ensure an adequate supply for the purpose of satisfying current and future needs is both practical and cost-effective in our desert environment. This exercise also results reducing current groundwater demands in the state while encouraging the development of beneficial partnerships between various entities across the diverse water use sectors in Arizona.

**Module: Accounting**

**Page: W5. Facility Level Water Accounting (I)**

**W5.1**

**Water withdrawals: for the reporting year, please complete the table below with water accounting data for all facilities included in your answer to W3.2a**

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain the change if substantive
Facility 1	United States of America	Colorado River (Pacific Ocean)	includes 9 active mine operations located in Arizona, Colorado and New Mexico	123100	About the same	For 2014 water withdrawal reporting, Freeport-McMoRan is providing additional disclosure associated with all of its operations in Arizona. When factoring in prior year water withdrawals from Arizona operations, the total annual water withdrawals did not significantly change, in part because recycled water use as percentage of our overall water use increased from the prior year. With the recently completed expansion of our Morenci mine, water withdrawals are anticipated to increase in the future.
Facility 2	Indonesia	Other: Ajkwa	Grasberg mine	46100	Lower	Reduction in withdrawals due to temporary lower production rates during 2014.
Facility 3	Chile	Other: Ascotan salt flat drainage basin	El Abra mine	8900	Lower	Freeport sold its Candelaria mine operation during 2014 and consequently no longer reports water withdrawals for this operation
Facility 4	Peru	Other: Rio Chili	Cerro Verde mine	24500	Higher	Increased water withdrawals due to construction work on planned mine expansion. With the advanced construction activities set to eventually triple the size of our Cerro Verde operations, water usage is anticipated to increase in the future, although these increases may be offset to some degree with additional use of recycled water as water efficiencies continue to improve.

Facility reference number	Country	River basin	Facility name	Total water withdrawals (megaliters/year) at this facility	How does the total water withdrawals at this facility compare to the last reporting year?	Please explain the change if substantive
Facility 5	Congo, Democratic Republic of the	Congo	Tenke Fungurume mine	15200	Higher	Increased water withdrawals due to increased drilling activity and pit dewatering.
Facility 6	Spain	Other: Odiel	Atlantic Copper smelter and refinery	52800	About the same	
Facility 7	Finland	Other: Perhonjoki	Kokkola	3400	About the same	
Facility 8	Netherlands	Rhine	Rotterdam	160	About the same	
Facility 9	United Kingdom	Other: Gipping	Stowmarket	10	About the same	

#### Further Information

Water quantities displayed in W5.1 are rounded to the nearest 100 megaliters for all quantities above 1,000 megaliters and to the nearest 10 megaliters for all volumes below 1,000 megaliters. Facility #1 additional notes - Future increases may be offset to some degree with additional use of recycled water as water efficiencies continue to improve. Facility #4 additional notes - Upon completion of a wastewater treatment plant for the City of Arequipa, municipal wastewater will supplement existing water supplies to support the concentrator expansion at Cerro Verde.

**Page: W5. Facility Level Water Accounting (II)**

**W5.1a**

**Water withdrawals: for the reporting year, please provide withdrawal data, in megaliters per year, for the water sources used for all facilities reported in W5.1**

Facility reference number	Fresh surface water	Brackish surface water/seawater	Rainwater	Groundwater (renewable)	Groundwater (non-renewable)	Produced/process water	Municipal water	Wastewater from another organization	Comment
Facility 1	22700	0	25500	72200	0	0	980	1700	
Facility 2	13200	0	18900	14000	0	0	0	0	
Facility 3	0	0	250	8700	0	0	0	0	
Facility 4	23400	0	130	920	0	0	0	0	
Facility 5	80	0	9900	5200	0	0	0	0	
Facility 6	52800	0	0	0	0	0	36	0	
Facility 7	3400	0	0	0	0	0	0	0	
Facility 8	0	0	0	0	0	0	160	0	
Facility 9	0	0	0	0	0	0	10	0	

**W5.2**

**Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2**

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain the change if substantive
Facility 1	17300	about the same	For 2014, Freeport is providing additional disclosure associated with its Arizona operations. Factoring in prior year discharges from Arizona operations, total annual water discharges did not significantly change.
Facility 2	31700	lower	Reduction in water discharges due to temporary lower production rates in 2014.
Facility 3	0	lower	Freeport sold its Candelaria mine operation in 2014 and consequently no longer reports water discharges for this operation.
Facility 4	0	about the same	
Facility 5	2100	higher	Increased water discharges due to increased drilling activity and pit dewatering.
Facility 6	51300	about the same	

Facility reference number	Total water discharged (megaliters/year) at this facility	How does the total water discharged at this facility compare to the last reporting year?	Please explain the change if substantive
Facility 7	3400	about the same	did not have data available to report in 2013
Facility 8	10	about the same	
Facility 9	0	about the same	

#### W5.2a

**Water discharge: for the reporting year, please provide water discharge data, in megaliters per year, by destination for all facilities reported in W5.2**

Facility reference number	Fresh surface water	Municipal Treatment Plant	Seawater	Groundwater	Comment
Facility 1	17300	0	0	0	
Facility 2	31700	0	0	0	
Facility 3	0	0	0	0	
Facility 4	0	0	0	0	
Facility 5	2100	0	0	0	
Facility 6	51300	0	0	0	
Facility 7	3400	0	0	0	
Facility 8	10	0	0	0	
Facility 9	0	0	0	0	

#### W5.3

**Water consumption: for the reporting year, please provide water consumption data for all facilities reported in W3.2a**

Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain the change if substantive
Facility 1	762300	About the same	For 2014, Freeport is providing additional disclosure associated with its Arizona operations. Factoring in prior year consumption from Arizona operations, total annual water consumption did not significantly change, in part because recycled water use as percentage of our overall water consumption increased



Facility reference number	Consumption (megaliters/year)	How does this compare to the last reporting year?	Please explain the change if substantive
			from the prior year. Consumption volume reported includes recycled water. With the recently completed expansion of our Morenci mine, water consumption is anticipated to increase in the future.
Facility 2	89000	Lower	Reduction in withdrawals due to temporary lower production rates during 2014. Consumption volume reported includes recycled water.
Facility 3	126300	Lower	Freeport sold its Candelaria mine operation during 2014 and consequently no longer reports water use for this operation. Consumption volume reported includes recycled water.
Facility 4	249900	Higher	Increased water consumption due to construction work on planned mine expansion. Consumption volume reported includes recycled water. With the advanced construction activities set to eventually triple the size of our Cerro Verde operations, water consumption is anticipated to increase in the future. Upon completion of a wastewater treatment plant for the City of Arequipa, municipal wastewater will supplement existing water supplies to support the concentrator expansion at Cerro Verde.
Facility 5	21900	Higher	Increased water use due to increased drilling activity and pit dewatering. Consumption volume reported includes recycled water.
Facility 6	55900	About the same	No significant change. Consumption volume reported includes recycled water.
Facility 7	16200	About the same	No significant change. Consumption volume reported includes recycled water.
Facility 8	4000	About the same	No significant change. Consumption volume reported includes recycled water.
Facility 9	10	About the same	No significant change. Consumption volume reported includes recycled water.

#### W5.4

For all facilities reported in W3.2a what proportion of their water accounting data has been externally verified?

Water aspect	% verification	What standard and methodology was used?
Water withdrawals- total volumes	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .
Water withdrawals- volume by sources	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .

Water aspect	% verification	What standard and methodology was used?
Water discharges- total volumes	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .
Water discharges- volume by destination	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .
Water discharges- volume by treatment method	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .
Water discharge quality data- quality by standard effluent parameters	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .
Water consumption- total volume	Not verified	Our water data is aggregated to the Freeport-McMoRan level (company-wide) in our 2014 Working Toward Sustainable Development (WTSD)) Report. The 2014 WTSD Report has been prepared at the A+ level of the GRI G3 guidelines, including third-party assurance. The assurance statement for our 2014 WTSD Report can be found at <a href="http://www.fcx.com">www.fcx.com</a> .

### Further Information

For clarification on our response to W.5.1a, we have separated our reported withdrawals of fresh surface water and rainwater (stormwater) for 2015 CDP disclosure reporting. In the previous year (2014), CDP had removed the option for reporting rainwater (stormwater) as a separate water withdrawal source category that had been made available in previous year (2013), which required us to consolidate the two categories. With this limitation now removed, we are again able to report separate fresh surface water and rainwater volumes. Also, water quantities displayed in W5.1a through W5.4 are rounded to the nearest 100 megaliters for all quantities above 1,000 megaliters and to the nearest 10 megaliters for all volumes below 1,000 megaliters.

**Module: Response**

**Page: W6. Governance and Strategy**

**W6.1**

**Who has the highest level of direct responsibility for water within your organization and how frequently are they briefed?**

Highest level of direct responsibility for water issues	Frequency of briefings on water issues	Comment
Individual/Sub-set of the Board or other committee appointed by the Board	Other: Regular updates to the Board of Directors	The Freeport-McMoRan Board of Directors as a whole is responsible for risk oversight, with reviews of certain areas being conducted by the relevant board committees that report to the full Board. The Corporate Responsibility Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with our environmental policy/implementation and sustainable development programs. The committee regularly reports on these matters to the full board.

**W6.2**

**Is water management integrated into your business strategy?**

Yes

**W6.2a**

**Please choose the option(s) below that best explain how water has positively influenced your business strategy**

Influence of water on business strategy	Please explain
Other: Community investments and partnerships	In 2014, we maintained a significant level of community development investments, in alignment with the needs and goals of local stakeholders. Water quality and security of supply, for example, is a centerpiece of Cerro Verde's large-scale brownfield expansion project in a water-scarce region of Peru. The operation is advancing construction of a wastewater treatment plant to improve water quality for the city of Arequipa while providing renewable water for an economically significant project.
Other: Community partnerships	Leases of unused water rights to other entities allows Freeport-McMoRan to protect its water rights from forfeiture or abandonment claims, while making water available to other entities. Several operations in both Arizona and New Mexico lease irrigated land with appurtenant water rights to local farmers and ranchers when this water is not required for current mine operations. These leases protect the Company's water rights and also support the local communities in which we operate.

Influence of water on business strategy	Please explain
Other: Strategic water storage	In 2014, we increased efforts to store renewable, surface water supplies at underground recharge facilities within Arizona, where the water will be "banked" for use in future years, to the extent needed to support existing operations as a drought-backup supply or to support potential future mine expansions. Freeport-McMoRan continues to place a priority on securing additional renewable water supplies as they become available. These efforts reflect a strategic value that the Company has placed on renewable water supply assets, which are considered priority at many of our mining facilities located in -arid regions.

**W6.2b**

**Please choose the option(s) below that best explains how water has negatively influenced your business strategy**

Influence of water on business strategy	Please explain
Increased capital expenditure	Acquisition of additional water rights and water resources, in response to identified physical and legal risks has and will likely require significant capital expenditures and other operating, maintenance and legal expenses. These costs are anticipated to increase over time as competition for water resources intensifies in arid regions.

**W6.3**

**Does your organization have a water policy that sets out clear goals and guidelines for action?**

Yes

**W6.3a**

**Please select the content that best describes your water policy (tick all that apply)**

Content	Please explain why this content is included
Other: Company-wide qualitative goals	The degree of regulation and physical availability of water varies to a great degree among our operations, both on a global scale and even within specific regions. As such, there is no singular policy standard that can effectively be applied for all of these varied circumstances. In recognition of this, the Company instead relies on its SD Risk Register to develop appropriate responses after conducting detailed assessments of local conditions at each operation.

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**W6.4**

How does your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) during the most recent reporting period compare to the previous reporting period?

Water CAPEX (+/- % change)	Water OPEX (+/- % change)	Motivation for these changes
		Water-related CAPEX costs are episodic and based on the needs of the company at the time. It is also recognized that increased water scarcity and global water demand will influence future CAPEX costs. Water-related OPEX costs are generally consistent over time, although they can incrementally increase with each new water supply resource. For example, when the Cerro Verde wastewater treatment plant comes online, our water-related OPEX is projected to increase.

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**Page: W7. Compliance**

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**W7.1**

Was your organization subject to any penalties, fines and/or enforcement orders for breaches of abstraction licenses, discharge consents or other water and wastewater related regulations in the reporting year?

No

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**Page: W8. Targets and Initiatives**

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**W8.1**

Do you have any company wide targets (quantitative) or goals (qualitative) related to water?

Yes, goals only

**W8.1b**

Please describe any company wide qualitative goals (ongoing or reached completion during the reporting period) and your progress in achieving these

Goal	Motivation	Description of goal	Progress
Other: Water supply management	Water stewardship	Operations are prioritized using the Sustainable Development Risk Register process to implement a water management/conservation plan.	This is an ongoing and recurring process. Freeport-McMoRan has initiated a company-wide program that requires improved metering, water balance modeling and prioritization of water management practices, including the implementation of water management plans. All major operations in arid regions now maintain a water balance model.
Other: Water supply development	Water stewardship	The Company is taking a long-term view on securing water supplies that address changing user patterns, climate issues, and changing opportunities for future sources of water.	During 2014, the Company executed new water lease options to store renewable surface water supplies at underground recharge facilities within Arizona for future use in support of existing mine operations as drought-backup supply or to support future mine expansions. The Company has also applied for additional allocations of renewable surface water in Arizona (Central Arizona Project allocations) and has received a preliminary recommendation from the state's water agency supporting a water allocation. This process requires a federal environmental review that is expected to be completed during 2016.

**Module: Linkages/Tradeoff**

**Page: W9. Managing trade-offs between water and other environmental issues**

**W9.1**

Has your organization identified any linkages or trade-offs between water and other environmental issues in its value chain?

Yes

W9.1a

Please describe the linkages or trade-offs and the related management policy or action

Environmental issues	Linkage or trade-off	Policy or action
<p>Freeport-McMoRan uses water in its various mining processes and recognizes that reduced water use decreases energy use, which thereby reduces our carbon footprint. At our operations, water is pumped to a process circuit, then recovered and re-circulated to conserve water. However pumping does consume power in the process.</p>	<p>Linkage</p>	<p>To the extent possible, Freeport-McMoRan concentrates water pumping in the off-peak hours to avoid adding additional demand to the power grid during peak consumption periods. Pumps are often powered by high efficiency motors to reduce energy consumption.</p>
<p>Freeport-McMoRan uses technological advances in its processes to reduce water and power consumption. In some cases, the use of renewable energy can offset higher consumptive uses of water that are typically supplied by conventional (coal-fired) energy sources. Freeport-McMoRan is actively working with electric utilities in the United States that are under a regulatory obligation to increase the percentage of renewable energy in their production portfolios.</p>	<p>Linkage</p>	<p>In 2010, our Bagdad, Arizona operation formed an alliance with Recurrent Energy to facilitate the construction of a 15.5 megawatt solar energy generation facility on property owned by Bagdad. Under the arrangement, Bagdad leases a portion of this land for the operation of a 75,000 solar panel system. The generated power is being sold to a regional electrical utility (Arizona Public Service) who then sells the renewable energy to the Bagdad operation under a separate power purchase agreement. Similarly, a 4.5 megawatt solar energy facility has been constructed at our presently discontinued operation in Ajo, Arizona. These projects are part of our efforts to identify opportunities for generating renewable energy on our mining-related properties and to assist power utilities to reduce water consumption for power generation.</p>
<p>In parts of the southwestern United States, some regulatory provisions encourage water right holders to maximize use of irrigation water rights even when not required to avoid risk of water right forfeiture or abandonment. Freeport-McMoRan owns certain irrigation water rights that are subject to this type of regulation. The unintended consequence is to penalize efficient irrigation water users that reduce their overall water footprint but jeopardize unused portions of their water rights.</p>	<p>Trade-off</p>	<p>Freeport-McMoRan has responded to this inadvertent trade-off by working with some of its lessees to either develop rotational field fallowing to ensure that all applicable water rights are used in a manner that preserves their long-term regulatory integrity and in other instances has placed currently inactive water rights into conservation plans that serve to protect and preserve the water rights for future uses.</p>

**Module: Sign Off**

**Page: Sign Off**

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**W10.1**

**Please provide the following information for the person that has signed off (approved) your CDP water response**

<b>Name</b>	<b>Job title</b>	<b>Corresponding job category</b>
William Cobb	Vice President of Environmental Services and Sustainable Development	Other: Senior manager/officer

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**W10.2**

**Addressing water risks effectively, in many instances, requires collective action. CDP would like to support you in finding potential partners that are also working to tackle water challenges in the river basins you report against. Please select if your organization would like CDP to transfer your publicly disclosed risk and impact drivers and response strategy data from questions W1.4a, W3.2b, W3.2c, W4.1a and W8.1b to the United Nations Global Compact Water Action Hub.**

No