

Freeport-McMoRan Copper & Gold 2010 Voluntary Principles on Security and Human Rights Report

A. Commitment

Freeport-McMoRan Copper & Gold Inc. (FCX) is the world's largest publicly traded copper company, the world's largest molybdenum producer and a significant gold producer. The Company has long-lived reserves in geographically diverse operations (Indonesia, Democratic Republic of Congo (DRC), Chile, Peru and the United States).

In 2000, FCX joined other mining and oil and gas companies, governments and human rights organizations in endorsing the joint U.S. Department of State-British Foreign Office Voluntary Principles on Human Rights and Security. Since 2000, as the Company has grown in scope internationally, it has worked closely with its affiliate sites throughout the world to assist them in the implementation of the Voluntary Principles. The Company's endorsement of the Voluntary Principles is set forth on our website and can be found at the following link: http://www.fcx.com/envir/humn_right.htm as well as in our annual sustainable development reporting which can be found at: <http://www.fcx.com/envir/index.htm>

B. Policies, Procedures and Related Activities

FCX has made strong, unequivocal commitments to human rights. This commitment is expressed in our Human Rights Policy, which was revised and restated by our Board of Directors in February 2009. The FCX Human Rights Policy requires the Company and all contractors to conduct our operations in a manner consistent with the Universal Declaration of Human Rights, to educate our employees about human rights and to protect any employee who reports suspected human rights violations. With regard to employees, the policy prohibits forced and child labor, and addresses health and safety, discrimination, wages and the right to freedom of association and collective bargaining. Moreover, in the area of security, the Voluntary Principles serve as the guidelines for the Company's security programs, interactions with host government police and military personnel, and private security contractors.

The FCX Human Rights Policy also recognizes that our mine sites located in developing countries manage a higher level of risk than our domestic operations, so those sites must also comply with the following standards:

- The establishment of site-specific policies and procedures consistent with the FCX Human Rights Policy, in-country laws and regulations, and the Voluntary Principles;

- The appointment of a Human Rights Compliance Officer for overseeing compliance, promotion, education, training, and reporting on human rights, as well as a grievance mechanism for reporting, documenting and investigating all human rights allegations that are reported in our areas of operation;
- Periodic certification of compliance with the FCX Human Rights Policy for all relevant personnel; and
- Contractor and supplier companies abide by the FCX Human Rights Policy or adopt similar guidelines and procedures designed to ensure compliance.

Overseeing the development and implementation of our policy on human rights is an internationally recognized expert, Judge Gabrielle Kirk McDonald, Iran-United States Claims Tribunal, The Hague. Judge McDonald has been a distinguished civil rights attorney, United States federal judge and President of the International Criminal Tribunal for the former Yugoslavia. She serves a Special Counsel on Human Rights to FCX. In this capacity, Judge McDonald reports regularly to the Board on human rights issues and developments.

In 2009 FCX set performance goals in the area of human rights for the first time. The goals were established to help manage areas of identified risk as well as help establish site-based human rights programs at all of our international sites, modeled after our long-standing human rights program in Indonesia. The performance goals and achievements are listed in the following table.

Performance Goal	Achievement
1. Incur zero human rights transgressions in 2009.	We are not aware that any employees or contractors of FCX and its affiliates committed any material human rights transgressions during 2009; however, several incidents were reported and investigated as noted in Section C of this report.
2. Implementation of the new FCX Human Rights policy with ongoing training for international operations.	The 2009 revised FCX Human Rights Policy was rolled out to all operations globally via internal communications channels, as well as being included in the FCX Principles of Business Conduct training materials. Over 95% of management globally completed the FCX Principles of Business Conduct training in 2009 and training for staff employees is ongoing.

<p>3. Adopt site-specific human rights policies, designate site-based Human Rights Compliance Officers, and proactively communicate with host government security forces on human rights at all active foreign mining operations.</p>	<p>A site-based human rights policy was already in place in Indonesia, and new policies were adopted in the DRC and Peru. Our operations in Chile have developed a draft, which is under review for consistency with requirements under local law, but is expected to be adopted shortly. Human Rights Compliance Officers are in place for Indonesia and Peru, and a senior manager in the DRC is handling compliance management until we are able to recruit a full-time employee for the position. Communication on human rights with host government security forces was conducted in Indonesia and the DRC, where there is the highest risk and a presence of host country security personnel at or near our operations.</p>
<p>4. Train all new security employees directly employed at our operations in Indonesia and the DRC on the Company's human rights policies and procedures.</p>	<p>All new security employees (direct employees and contractors) were trained on human rights in Indonesia and the DRC.</p>

In 2009, FCX established a sustainable development risk register, which was coordinated with, and implemented at, domestic and international sites. Human rights were included in this register as one area for sites to assess, and any risks which were ranked as actionable required development of an action plan. FCX has not implemented a specific Voluntary Principles risk assessment, but rather has incorporated human rights into existing assessment tools. FCX is considering implementing a specific Voluntary Principles risk assessment or a human rights impact assessment at certain sites to help guide and enhance the development of site human rights programs to increase awareness on potential human rights impacts and identify mitigation programs.

The Company is also in the process of establishing Human Rights Compliance Officers at all international sites (see FCX Performance Goal 3 above), who receive, document and follow up on any human rights allegations reported at the respective sites. The role of the Human Rights Compliance Officer is communicated to community groups as well as all employees. Drop boxes are also available for anonymous reporting and, as part of the FCX Principles of Business Conduct process, anonymous compliance lines, managed by third parties, have been established and are in the process of being rolled out to each operation. FCX is also developing standards for community grievance mechanisms, including an electronic community grievance database that will allow for

monitoring and tracking of grievances and which will provide another channel for reporting of any human rights grievances.

At our mine site in Indonesia, PT Freeport Indonesia (PTFI) includes specific language related to the Voluntary Principles in contracts with private security providers. The contracts state that all security contractors are required to comply with the Voluntary Principles, including human rights training, background checks and the need to immediately notify the Company in the event of any human rights allegations. We are planning to place similar language in security contracts at our other international sites.

The procedure for the FCX human rights program will be modeled on our program implemented in Indonesia. At PTFI, human rights allegations are reported to the Human Rights Compliance Officer, who oversees the process of documenting all allegations and assigning an internal team to conduct a follow-up investigation. The investigation process includes an impartial and comprehensive review of all relevant facts, as well as witness interviews. There are reporting procedures in place to ensure that the senior management at the site and corporate levels are aware of significant complaints and their resolutions. The outcome of the investigation is reported to the PTFI Chief Administrative Officer, the complainant, and the individual respondent. Monthly summary reports regarding any allegations are also reported to the FCX Human Rights Compliance Officer. If any cases involve government security forces, the Human Rights Compliance Officer will ensure that the allegations are reported to the appropriate government institution for investigation and disciplinary action.

FCX promotes awareness of the FCX Human Rights Policy and the Voluntary Principles through the annual employee training on the FCX Principles of Business Conduct. In 2009, over 95 percent of our management globally completed training on the Principles of Business Conduct and training is currently ongoing with staff employees. In Indonesia, human rights are also promoted via various forms of media, including videos, posters, banners and print materials. FCX worked to promote and advance the implementation of the Voluntary Principles in both Indonesia and the DRC. In Indonesia, PTFI hosted a meeting with Indonesia stakeholders, including representatives from governments and NGOs who are signatories to the Voluntary Principles. In the DRC, our foreign affiliate, Tenke Fungurume Mining (TFM), participated in monthly security coordination meetings attended by other companies, NGOs and host country security forces. See Part C Country Implementation below for more details.

C. Country Implementation

Indonesia

Our PTFI mining operation located in Papua, Indonesia faced a number of serious security incidents in 2009, which led to an increased risk in human rights violations in the area. On July 12, 2009, a PTFI employee vehicle was fired upon by unknown assailants killing an Australian employee. Shooting incidents continued throughout the PTFI project area from the period of July through October. As a result of the shootings,

three people were killed and 27 wounded. PTFI filed a formal complaint to the Indonesian Human Rights Commission (Komnas HAM) following the shootings and also held subsequent meetings with Komnas HAM to discuss the current security situation and human rights risks. PTFI also met with the local community and human rights groups to discuss the security incidents. Another shooting occurred on January 24, 2010 injuring nine individuals (three employees, two dependents and four Indonesian mobile brigade officers).

Indonesian police and military increased their presence in response to the threats and have brought in special police units to conduct the investigation and to provide heightened security for PTFI employees and community members in the area. The police arrested seven suspects in July, who were later all released except for one individual charged with illegal possession of ammunition. The police accused Kelly Kwalik, a known separatist leader operating in the area, of masterminding the shooting incidents and attempted to arrest him December 16, 2009. However, police said Kwalik pointed a gun at them during the arrest attempt and he was shot and killed. PTFI's role has been to cooperate fully with the Indonesian authorities regarding the investigation of the shootings and has found it to be critically important to maintain open lines of communication and engagement with the local community throughout.

Due to the increased presence of police and military in the PTFI project area, PTFI took increased steps to promote the Voluntary Principles with host country security forces. The PTFI Human Rights Compliance Officer sent a letter to the head of the Papua Regional Police asking that all members of the police and supporting personnel from the army read and understand the Voluntary Principles, the PTFI Human Rights Policy and sign the assurance letter that they are not aware of any human rights violations in the PTFI project area. The materials were distributed to over 1,150 Indonesian security forces. In addition to this outreach, training on the PTFI human rights program and the Voluntary Principles was also provided to approximately 500 police and military personnel.

PTFI conducted over 29,000 hours of training on the Company's Human Rights Policy in 2009 (an increase of 45% from 2008). Over 8,500 PTFI employees and 4,500 contractor employees received training, as well as another 1,440 individuals representing community leaders and partner organizations, students, local contractors and police and armed forces personnel. Human rights training is prioritized for security personnel and employees working in the areas of community, government and employee relations; however, training is not limited to those groups and is available to all departments, contractors and community partners. All PTFI security personnel and private/third-party security personnel have received training on human rights. As mentioned above in Section B, PTFI contracts with private security providers also include specific language related to the Voluntary Principles and compliance requirements.

In 2009, thirteen human rights allegations were reported to the PTFI Human Rights Compliance Officer. These cases did not include any allegations of human rights

transgressions committed by PTFI personnel against the community, but there were a number of incidents against or among our employees. The majority of these allegations (six cases) were industrial relations issues, three were intimidation, three were criminal cases, and one was sexual harassment. All cases were documented and investigated or are in the process of being investigated by the PTFI Human Rights Compliance Officer or the government authorities. Three of the cases involved allegations that public security forces physically intimidated and abused PTFI personnel. PTFI's procedure is to notify the direct commanders of the perpetrators, who then investigate the case and determine disciplinary action (disciplinary action has been taken in two of the cases and the investigation for the third case is still pending).

PTFI also took steps in 2009 to support country implementation of the Voluntary Principles. In November, PTFI coordinated a meeting attended by government and NGO representatives and initial discussions were held on developing a working group, identifying "Voluntary Principles champions" and engaging the broader community in Voluntary Principles implementation. This initial meeting led to the launch of a number of coordination and implementation meetings with a wider group of stakeholders and company representatives during the first quarter of 2010.

Democratic Republic of Congo (DRC)

At our new TFM project located in the DRC, we are in the process of developing a comprehensive human rights program modeled after the program in Indonesia. TFM has actively supported the Voluntary Principles since the beginning of the project in 2007 by providing required training on the Voluntary Principles for all new security employees and participating in regular meetings with Voluntary Principles stakeholder groups including other companies, public security forces, and NGOs. In 2009, TFM provided training for all new directly hired security personnel (71), and all third-party security personnel were trained on human rights by the contactor company. TFM did not conduct any human rights training for the police stationed at the mining operation (Mines Police) or any other host government security forces. According to Congolese law, no external entity can be authorized nor mandated to train state employees or governmental representatives, which includes government security bodies.

In 2009 there were a couple of minor incidents involving illegal artisanal miners found in the TFM mining concession and the Mines Police who were confiscating illegal ore, but no one was seriously hurt and no human rights allegations were reported. Conflicts with artisanal miners are a potential risk area and while TFM does not directly or indirectly train the Mines Police in the DRC, we actively support promotion of the Voluntary Principles with public security forces, as well as identify alternative strategies for addressing artisanal mining.

TFM also received a letter from a local human rights NGO claiming a number of examples of discrimination by TFM against the Congolese nationals working at the project. Upon receipt of this letter, TFM conducted an internal investigation of all allegations made in the letter. TFM also invited the NGO to visit the mine site and

investigate the situation for themselves, as well as speak with members of the local government and TFM Congolese employees. The result of the visit was a letter from the NGO advising of the results of their visit, which showed no human rights violations, but included a list of recommendations for maintaining better communication with TFM employees and NGO stakeholders regarding the TFM Human Rights Policy and respect for human rights.

TFM actively participates in monthly security coordination meetings with representatives from other companies, host security personnel and NGOs. The meetings are used to discuss a wide array of security issues, as well as to provide a forum for discussion on the Voluntary Principles. Throughout the year, TFM also holds regular stakeholder engagement meetings with civil society, local government and community leaders. A representative from the TFM Security Department often attends these meetings to update the community about any security issues or concerns and answer questions. The practice of the security department participating in stakeholder meetings was started when TFM demobilized short-term construction employees at the site, but has continued to be a common practice since.

General Implementation

In both Indonesia and the DRC, our affiliates have established Memoranda of Understanding (MoU) with host country security forces (the police in Indonesia and the Mines Police in the DRC) charged with protecting our project areas. The MoUs detail the working relationship between the Company and the public security personnel charged with protecting our project areas, including areas of support, coordination and commitment to PTFI and TFM policies and procedures, including business ethics and human rights. A copy of the Voluntary Principles is included as an attachment to the MoU's.

Implementation of the Voluntary Principles is reviewed regularly by FCX management, which includes visits to operation sites and meetings with the site Human Rights Compliance Officer and Security Manager. As our international operations continue to develop human rights programs in the DRC, Peru and Chile, we also plan to review and assess the effectiveness of our human rights promotion and training program in Indonesia, which has been in place for the past five years.

D. Lessons and Issues

We had a very challenging year in Indonesia given the shootings and substantial increase of new and primarily young government security forces in Indonesia. However, PTFI's team achieved its goals and continues to conduct training sessions for employees, public security and the community. We continue to be concerned with the potential for human rights violations at or near our Indonesia operations and will continue to implement efforts to reduce these risks.

At our other locations in the DRC, Peru and Chile, we continue to work in close cooperation with each site to meet our targets and objectives for rolling out our human rights programs. Where targets have not been fully achieved, action plans are in progress and being developed. The time required to fully and effectively implement our human rights programs, however, is proving to take longer than initially anticipated.

FCX is committed to a full integration of human rights principles and practices throughout the organization, whereby the implementation of the human rights program is the responsibility of all individuals rather than the responsibility of one group or department. The Company has made a significant amount of progress in this effort and is confident that our goals will be achieved.