

# HUMAN RIGHTS IMPACT ASSESSMENT

## Methodology

### WHAT IS A HUMAN RIGHTS IMPACT ASSESSMENT?

Freeport-McMoRan Inc. (Freeport or FCX) uses Human Rights Impact Assessments (HRIAs) conducted by third-party consultants as its primary method for conducting human rights due diligence at its operations. HRIAs are conducted on a standalone basis by third-party consultants and involve direct input from a broad cross section of internal and external rightsholders. HRIAs support continuous improvement of Freeport's management systems by testing effectiveness in identifying and addressing potential, actual and perceived human rights risks and impacts.

### HRIA Methodology

Freeport's HRIAs use the United Nations Guiding Principles on Business & Human Rights methodology to identify and prioritize human rights risks and impacts at each operation. Site-level HRIAs test our established programs and practices for effectiveness in identifying, mitigating, and remediating any potential, actual and perceived human rights risks and impacts.

In many cases, human rights risks and impacts already have been identified through each site's sustainability risk register process, management system and grievance mechanism. However, HRIAs supplement existing information with any unreported risks or impacts. These are uncovered through direct in-depth engagement with actually or potentially affected rightsholders in and around our operations.

Our HRIA approach includes 5 main steps:

#### ***Step 1: Desktop Assessment***

The first step in our HRIA process is to conduct a site-specific desktop assessment of human rights risks and impacts, including the following data sources:

- ▶ Verisk Maplecroft's proprietary Human Rights Risk Indices
- ▶ Third-party sources, including the media and civil society organizations
- ▶ Site-specific documentation, including the sustainability risk register process, grievance mechanisms, health and safety reports, environmental reports, International Council on Mining and Metals and Copper Mark Assurance Report, social and environmental management reports, community dialogue outcomes, Environmental Impact Study and Five-Year Community Engagement Plans
- ▶ HRIA self-assessment questionnaires completed by managers at both the corporate and site levels

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### Step 2: Planning

In the planning phase, key stakeholders (individuals and communities actually or potentially affected by site operations) are identified using the following criteria:

- ▶ The likelihood that a stakeholder’s human rights may be undermined by our business activities and/or relationships, as well as the potential severity of such an impact
- ▶ The severity of impacts linked to our business and/or relationships that have undermined a stakeholder’s human rights
- ▶ The specific vulnerability of certain stakeholders to negative human rights impacts linked to our business and/or relationships
- ▶ The degree to which a stakeholder is either unwilling or unable to use conventional grievance mechanisms (whether public or linked to the company) to raise human rights concerns
- ▶ The degree to which stakeholders are able to provide insight into the existence and/or nature of any negative human rights impacts our business and/or relationships have on themselves, their communities and/or third parties

This table depicts the stakeholders who may be engaged during this phase:

### Step 3: Stakeholder Engagement

#### EXAMPLES OF STAKEHOLDERS ENGAGED VIA SITE-LEVEL HRIAS

EMPLOYEES	SUPPLIERS/CONTRACTORS	COMMUNITY MEMBERS	THIRD PARTIES
Managers	Onsite Contractors	Community members and representatives (including women, youth)	Public Security
Employees (including women, minorities)	Offsite Contractors	Indigenous Peoples	Private security contractors
Union or other employee representatives	Domestic suppliers of goods	Cultural / Archaeological experts	NGOs
	Workers within the supply chain	Water and farming groups	Public Officials
	Domestic logistics contractors	Educational / Medical professionals	Judicial Officials
		Religious leaders / organizations	

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During the stakeholder engagement phase, third-party consultants visit our operations and surrounding communities, engaging with the stakeholders identified during the planning phase. Interviews are conducted on both an individual and collective basis using methods that encourage transparent, constructive discussions, highlighting both positive and negative impacts. All interviewees are offered anonymity before engagement with the exception of our own managers, who offer their professional analysis of the site's human rights risks and impacts. Engagement is focused on a "living" list of stakeholders that evolves during the process. Interviews are conducted in the applicable local language, sometimes with translation support. These interviews help us:

- ▶ Capture risks and impacts not already identified through established processes, e.g., ongoing engagement or grievance mechanisms
- ▶ Gain insight into broader dynamics and the larger implications involved with our operations
- ▶ Understand impacts associated with vulnerable groups, such as women, children, minority groups and the very poor
- ▶ Identify any misperceptions among stakeholders
- ▶ Test the effectiveness of existing human rights management systems

The "but-for" test is applied in relation to the identification of human rights impacts that are in any way linked to the site, its activities, or its business partners (i.e., but-for the existence of the site, considering its activities and relationships, would the impact have occurred or been as severe?). Alleged impacts are included in the assessment even if there is uncertainty regarding the supporting facts and/or the causal relationship.

We include a parallel exercise to identify the degree to which each site positively maintains and/or advances human rights within its areas of influence. While understanding that positive human rights impacts cannot offset negative impacts, this exercise provides a comprehensive view of our overall human rights performance.

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### ***Step 4: Processing***

Following completion of the assessment, the third-party consultants present the findings to the site management team and members of our cross-functional human rights working group. The results are also reported to Freeport's Sustainability Leadership Team and the Corporate Responsibility Committee of Freeport's Board of Directors. Operations use HRIA results to update their risk registers. HRIA reports include recommended areas for investigation and/or action. All recommendations are reviewed by our site management in collaboration with our corporate sustainability team.

### ***Step 5: Action Planning***

Operations personnel work with cross-functional teams to develop HRIA Action Plans for the gaps identified in each site's established human rights-relevant management system. Actions are prioritized based on how serious the impact is or could be (scope), how many people are or could be impacted (scale) and how hard it would be to correct the harm (irremediability). HRIA Action Plans support continuous improvement of existing systems and processes. If necessary, they establish new measures to investigate, prevent and/or remedy human rights risks and impacts. HRIA Action Plans include a field for sites to indicate the desired outcome associated with each action item (i.e., to indicate that the action item has been completed). Desired outcomes can be measured using qualitative or quantitative indicators. These indicators help sites assess the effectiveness of action plans that have been implemented.

### **Reporting**

We report on our human rights programs and due diligence in our [Annual Report on Sustainability](#). We also organize periodic stakeholder calls and make presentations via multi-stakeholder forums during which we provide updates on our human rights programs and HRIAs. This takes place in the context of our broader program of ongoing Stakeholder Engagement. At a local level, how we communicate our human rights performance varies by site and geographic / social context. For recent examples, please refer to our Annual Report to the VPs Plenary in the [Sustainability Reports and Documents](#) section of [www.fcx.com](http://www.fcx.com).

Lessons learned from site-level HRIAs help guide our global human rights approach and subsequent HRIA work at other operations.

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### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements in which we discuss our potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as plans, projections, expectations, targets, objectives, strategies or goals relating to our HRIA methodology and performance. The words “anticipates,” “may,” “can,” “plans,” “believes,” “estimates,” “expects,” “endeavors,” “seeks,” “goal,” “predicts,” “strategy,” “objective,” “projects,” “targets,” “intends,” “aspires,” “likely,” “will,” “should,” “could,” “to be,” “potential,” “assumptions,” “guidance,” “future” and any similar expressions are intended to identify those assertions as forward-looking statements. We caution readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, the factors described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the U.S. Securities and Exchange Commission (SEC), as updated by our subsequent filings with the SEC, and available on our website at [fcx.com](http://fcx.com).

Many of the assumptions upon which our forward-looking statements are based are likely to change after the forward-looking statements are made. Further, we may make changes to our business plans that could affect our results. We caution investors that we undertake no obligation to update any forward-looking statements, which speak only as of the date made, notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes.

While certain matters discussed in this report may be significant and relevant to our investors, any significance should not be read as rising to the level of materiality for purposes of complying with the U.S. federal securities laws or the disclosure requirements of the SEC. The goals and projects described in this report are aspirational; as such, no guarantees or promises are made that these goals and projects will be met or successfully executed.