

CONNECTING THE FUTURE[®]

2011 Working Toward Sustainable
Development Report



FREEMPORT-McMoRAN COPPER & GOLD INC.

Freeport-McMoRan Copper & Gold Inc. (Freeport-McMoRan or the Company) is a leading international mining company with headquarters in Phoenix, Arizona. We operate large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. The Company has a dynamic portfolio of operating, expansion and growth projects in the copper industry and is the world's largest producer of molybdenum.

Freeport-McMoRan's portfolio of assets includes the Grasberg minerals district in Indonesia, the world's largest copper and gold mine in terms of recoverable reserves; significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde and El Abra operations in South America; and the Tenke Fungurume minerals district in the Democratic Republic of Congo (DRC).

ABOUT THIS REPORT

This 2011 Working Toward Sustainable Development (WTSD) report provides our stakeholders with summary information on our sustainability programs, including policies, systems and performance data. We report on areas of focus to address current challenges or emerging issues. Additional information is located on our website at www.fcx.com including specific topical reports, performance data, fact sheets and case summaries.

Data presented in the report includes the primary operations of Freeport-McMoRan's principal subsidiaries: PT Freeport Indonesia (PTFI) and Freeport-McMoRan Corporation for the period January 1, 2011 to December 31, 2011. As a result of methodology changes or corrections, prior year data may be updated. Data presentation and comparisons may not meet the direct needs of all stakeholders, and we encourage users of this information to contact our Sustainable Development department at sustainability@fmi.com with inquiries about our report. We appreciate receiving feedback that will help us identify the topics that are of most interest to you and thus improve the quality of future reporting.

GLOBAL REPORTING INITIATIVE

We are reporting in accordance with the Global Reporting Initiative (GRI) G3 reporting guidelines for the fourth consecutive year and in accordance with version 3.0 of the Mining and Metals Sector Supplement for the second time. Core indicators are located in this report, other source documents, or directly on our website. A GRI content index is located on our website. We have self-declared this report, as well as the content referenced in the GRI content index, at the A+ level of the GRI G3 guidelines.

EXTERNAL ASSURANCE

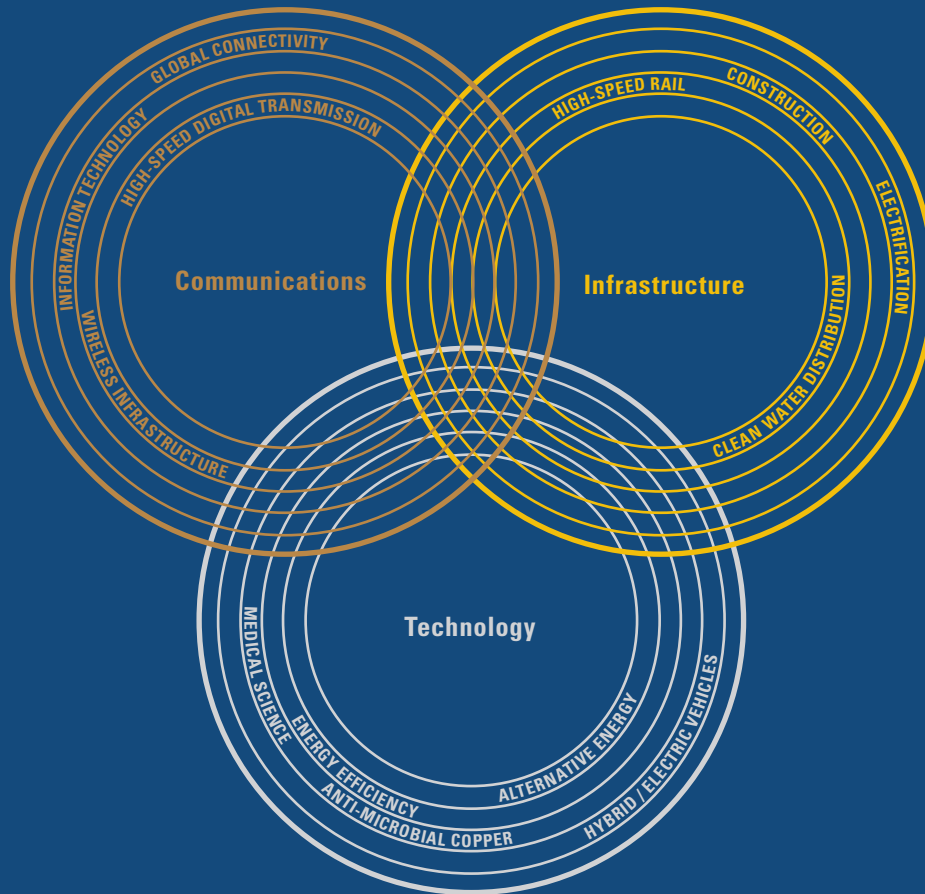
Since 2005, Freeport-McMoRan has sought independent verification of its annual sustainability reports, including selected performance data, statements on processes and achievements, and conformance to the GRI guidelines. We are implementing the International Council on Mining & Metals (ICMM) Sustainable Development Framework, including implementation of 10 Sustainable Development Principles across the Company. External assurance of our 2011 WTSD reporting was conducted by Corporate Integrity in accordance with the ICMM Sustainable Development Framework Assurance Procedure. Since 2009, site-level external assurance has been completed at all active mining operations at least once (with the exception of our Climax mine that resumed operation in 2012). We plan to continue site-level external assurance at major operations at least one time every three years, with more frequent assurance engagements at operations with higher sustainability risks or opportunities. The 2011 Assurance Statement can be found on page 32.

Cover Photo: Villages and local agricultural activities are present within the Tenke Fungurume Mining (TFM) concession where exploration results could identify ore zones for future mining expansion. TFM, like all Freeport-McMoRan operations, conducts Environmental and Social Impact Assessments (ESIAs) prior to construction of development or expansion projects and implements plans to mitigate both our environmental and social impacts. As part of the ESIA process, TFM has developed a Resettlement Action Plan (RAP) based on DRC law and international best practices to ensure ethical and equitable treatment to persons physically and/or economically displaced by the project.

CONNECTING THE FUTURE[®]

Copper, molybdenum and cobalt are part of a supply chain on which modern society depends. As a significant supplier of these critical metals to the world's economies, Freeport-McMoRan is on the leading edge of connecting the future. The generation and transmission of electricity, our means of communications and transportation, and the infrastructure that surrounds us all depend on the metals we produce. Copper accounts for approximately 78% of our revenues. As we look to the future, copper will continue to be essential in these basic uses as well as contribute significantly to new technologies for energy efficiencies, to advance communications and to enhance public health. Molybdenum is a workhorse for strengthening steel and adding anti-corrosive properties in many applications. Cobalt is widely used in industry, as an important metal in super alloys for jet engines, in healthcare, and in alternative energy.

Freeport-McMoRan has joined with industry leaders to strengthen the contribution of the mining industry to sustainable development — a common thread that runs through our operations. As the global standard of living increases, we will respond to increased demand for our products, and our ability to reduce or mitigate certain impacts will be continually tested. In this report we present our most significant sustainability challenges, accomplishments and opportunities.



MAJOR MINING OPERATIONS

- Copper (Cu)
- Gold (Au)
- Molybdenum (Mo)
- Cobalt (Co)

- Morenci, Arizona ● ●
- Sierrita, Arizona ● ●
- Bagdad, Arizona ● ●
- Safford, Arizona ●
- Miami, Arizona ●

- Henderson, Colorado ●
- Climax, Colorado ●
- Tyrone, New Mexico ●
- Chino, New Mexico ●

- Cerro Verde, Peru ● ●
- El Abra, Chile ●
- Candelaria, Chile ● ●
- Ojos del Salado, Chile ● ●

SUMMARY OF 2011 KEY ECONOMIC CONTRIBUTIONS BY OPERATING REGION

For the year ended December 31, 2011 (\$ millions)	North America ^(a)	South America	Indonesia	Europe	Africa	Other Countries	Total
Payments to suppliers	\$ 3,645	\$ 1,321	\$ 953	\$ 1,880	\$ 528	\$ 8	\$ 8,335
Employee wages and benefits	1,056	440	546	53	94	3	2,192
Payments to providers of capital:							
Dividends	1,423	185	205	-	-	-	1,813
Interest	318	1	3	15	8	-	345
Payments to governments ^(b)	441	1,180	2,015	2	44	1	3,683
Community investments	26	47	101	-	17	-	191
Direct economic contributions	\$ 6,909	\$ 3,174	\$ 3,823	\$ 1,950	\$ 691	\$ 12	\$ 16,559

Note: These amounts were derived primarily from Freeport-McMoRan's publicly reported segment data. For disclosure of Freeport-McMoRan's segment data in accordance with generally accepted accounting principles (GAAP), see pages 170–174 of our 2011 Form 10-K.

(a) Includes parent company results.

(b) Excludes employee payroll taxes, dividends, property taxes and certain other taxes, which are included in payments to suppliers and dividends. A reconciliation to the 2011 Cash Payments to Governments schedule on page 17 is available on our website.



Tenke Fungurume,
Democratic Republic of Congo



Grasberg, Indonesia



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By definition, sustainable development is about meeting the needs of the present without compromising the ability of future generations to meet their own needs. “Connecting the Future” captures this concept as the theme for both our 2011 Annual Report and this Working Toward Sustainable Development Report. Together they summarize our current programs and strategies to connect the present with the future.

First, we would like to reflect on the direct role of our products in a sustainable future. Worldwide attention has been drawn to the continuous advances in renewable energy technologies, electric vehicles, stronger and lighter alloys, and high-tech devices that capture the imagination. Essential to these applications are copper, molybdenum and cobalt, and we are a global leader in bringing these metals to market. Our attractive portfolio of long-lived assets and a growing production profile will enable us to play an increasing role in supplying materials necessary to sustain and expand the world’s economies and to “Connect the Future.”

Our employees are proud of their contribution to societal advancements and to the economies of the regions where we operate.

Our approach to sustainable development combines three essential elements: continued economic success, building local community capacity and societal trust through stakeholder engagement, and improving environmental performance. Getting this wrong would jeopardize our position as a leading international mining company.

With respect to economic success, we achieved record financial performance during 2011 — our second consecutive year of record results. In the second half of the year, we faced a challenging labor situation at our Grasberg mine — the first work stoppage of its kind in our more than 40-year operating history in Papua, Indonesia. Despite the resulting shortfall in production, our global operations performed well and commodity prices were strong, culminating in record results. We are advancing expansion projects and our significant exploration drilling programs continue to identify opportunities for future reserve and production growth.

During 2011, a number of shooting incidents by unknown assailants occurred along the road leading to our PTFI operations resulting in nine fatalities, which regretfully included employees, contractors and community members. Maintaining security is a requirement for normal operations and it is a matter of grave concern for our management, our workforce and our community stakeholders. We are an active member of the Voluntary Principles on Security and Human Rights and continue to work cooperatively with government and non-governmental organization partners to call for transparent investigations and an end to this violence.

The safety of our workforce remains our number one priority. Sadly, five employees were lost to workplace fatalities at PTFI in 2011. Although we again improved our company-wide total recordable incident rate, one fatality is enough to eliminate our sense of accomplishment in improving our record. We need to do better and our corporate safety audits have been modified to provide additional focus on operational fatality prevention. The new audit protocol focuses heavily on the effectiveness of defining and maintaining controls for tasks with significant risk.

An example of our commitment to safety and employee development is the Freeport-McMoRan Mine Training Institute formed in 2011 near Tucson, Arizona. It now serves as the hub of the Company’s North American technical training program and supports our philosophy of safe production. This institute was modeled after our successful Nemangkawi Mining Institute in Papua, Indonesia.

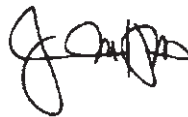
Our operating and growth plans are not achievable without strong relationships with the communities in which we operate. Throughout our global operations, direct community engagement is the cornerstone of identifying social development priorities and developing stakeholder trust. Core to this process are the social investment funds managed with the participation of local leadership. In 2011, our operation in the DRC launched the first projects of the TFM Social Community Fund governed by a Board of Directors consisting of Company representatives and members independently appointed by the provincial government and the local community.

Our worldwide community investment contributions have totaled almost \$900 million over the last five years. These voluntary contributions are among the highest in the mining industry and demonstrate our commitment to building sustainable communities. Our focus is on the long term as demonstrated by the new skills training program called “DreamBuilder,” developed in partnership with the Thunderbird School of Global Management, through which we aim to reach more than 3,000 women entrepreneurs in local communities in Peru and Chile. Through the Clinton Global Initiative, the Freeport-McMoRan Copper & Gold Foundation became part of an initiative called 100Kin10 — a multi-sector effort to prepare, deploy and support 100,000 excellent science, technology, engineering and mathematics (STEM) teachers in the United States over the next 10 years. As part of this initiative, we have pledged at least \$1.5 million over the next three years to support teacher development programs near our operations in Arizona, Colorado and New Mexico.

We are continually evaluating the most effective ways to manage environmental aspects at all of our operations. Water is scarce in many regions where we operate. Partnership projects, such as the development of water supply and wastewater treatment plants in Peru, demonstrate our commitment to critical local infrastructure and efficient use of natural resources. Based on the current critical water situation near our Candelaria mine in Chile, and its influence on the socio-economic development of the region, we are constructing a seawater desalination plant for our future operational water supply.

This report will help our readers better understand what we are doing to continue the former and overcome the latter. Our employees play a pivotal role in executing our sustainability programs, and the support of our communities makes it all possible. Our culture and values provide the overall guidance. And finally, stakeholders such as you provide us with fresh insight on how we can improve. We value your input on this report and our approach to working toward sustainable development.

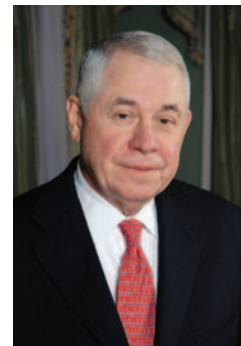
Respectfully yours,



James R. Moffett
Chairman of the Board



Richard C. Adkerson
*President and
Chief Executive Officer*



June 14, 2012

The nature of our business impacts the environment and the communities surrounding our operations. We mitigate impacts to the extent practicable through state-of-the-art control and remediation measures. We develop infrastructure, support health, safety and education efforts, and provide local employment and business development opportunities. The metals that we produce are critical for a sustainable, healthy, energy-efficient society.

To supply essential metals to current and future generations, we rely on our stated business objectives, principles and policies, and we continuously improve our sustainable development programs. Our approach has three core elements:

Economic – Leverage our operating and financial expertise, technologies and supply chain to ensure that we remain a vibrant, sustainable business entity.

Social – Operate safely, and uphold and promote human rights. Engage openly and transparently with internal and external stakeholders and keep our commitments to build trust. This enhances our ability to obtain vital permits to operate, ensures we have a dedicated workforce and affords us business opportunities.

Environmental – Evaluate environmental aspects continuously throughout a project's life cycle to minimize adverse impacts and promote opportunities.

Principles of Business Conduct Our approach is based on the overarching values detailed in our *Principles of Business Conduct*. It sets forth the global system of principles that our workforce must follow in all activities — from avoiding conflicts of interest to developing positive relationships in local communities. Our supporting policies, along with external standards and initiatives, form the overall framework that guides our sustainability programs. Supporting this framework are internal governance and management systems that provide the essential details on how we operate.

Public Policy Committee The Public Policy Committee of our Board of Directors is responsible for overseeing our sustainable development programs. It examines key performance data and receives briefings concerning challenges and emerging issues. During 2011, the Public Policy Committee received various reports and considered numerous items including safety and occupational health systems, environmental programs, regional healthcare initiatives, our worldwide social and human rights programs and our community investments. The Public Policy Committee reports to our Board of Directors, which provides global oversight on all matters, including the economic viability of our Company — the first element of our approach to sustainable development.

Sustainable Development Leadership Team In 2011, the Freeport-McMoRan Sustainable Development Leadership Team was established to help promote and integrate our sustainability commitments into our operations. The team is sponsored by our Executive Vice President and Chief Administrative Officer, led by our Vice President of Environmental Services and Sustainable Development and includes business presidents and senior personnel from the safety, supply chain, human resources, compliance, finance, sustainability and environmental functions. During the year the team acted decisively to facilitate implementation of our sustainability programs and related external initiatives including the ICMM Sustainable Development Framework. The team also received reports on socially responsible investing (SRI) and is evaluating ways to further improve reporting and communications with the SRI community.

Audits/Independent Assessments To ensure that our policy commitments and sustainability objectives are being met, we implement a combination of audit and assessment programs in key areas. For example, every major operation must undergo a robust internal audit of environmental and health and safety systems at least every two years. We also undergo annual independent assessments of our Resettlement Action Plan at TFM in the DRC. We continue to engage independent experts to review programs, including our efforts regarding human rights, artisanal mining and community development.

Stakeholder Engagement Engagement with stakeholders around key industry topics such as revenue transparency, human rights, water resources and community development is an integral part of how we conduct our business. We believe that effective stakeholder engagement can help reduce sustainability-related risks and enhance our efforts to achieve an overall positive contribution to society. In late 2011, we hired an external firm specializing in stakeholder engagement to review our practices from international to local operating levels. With this assistance, we are developing procedures to improve our approach to stakeholder identification and interaction. This effort will continue to include community members, NGOs, socially responsible investors and analysts, labor representation, sustainability initiatives, employees and governmental organizations.

Project Development Checklist for Sustainable Development Our Project Development Checklist is a process that we use to incorporate environmental, social and economic considerations into mine development and expansion projects. This process assists with the identification of primary risks and opportunities for the project relative to sustainable development. Resulting action plans identify strategies for addressing prioritized risks and opportunities, with steps identified at each stage of project development starting with prefeasibility studies. This tool complements our operational Sustainable Development Risk Register (discussed below). In 2011 and into 2012, with multi-disciplined project teams, we implemented this tool for eight major expansion projects and are currently embedding sustainability strategies early in project plans.

Sustainable Development Risk Register Our Sustainable Development Risk Register is the primary process we use to identify and prioritize environmental, social and economic challenges and opportunities across operations. Local management teams use a company-wide procedure to maintain Sustainable Development Risk Registers focused on current operations. This procedure provides for a site-level, cross-functional review of operational risks using a risk matrix with eight consequence categories that range from community or environmental harm to reputational or financial impacts. Importantly, this tool also enhances decision making regarding operational planning and resource allocation as we track progress in reducing sustainability-related risks. It also promotes identification of opportunities to leverage our resources for improved community and stakeholder engagement, as well as environmental performance. During 2012, we are engaging our internal audit function to review select action plans resulting from the Sustainable Development Risk Register process to increase our level of assurance that our sustainability programs are adequately addressing key issues for our business and our stakeholders. As we roll up site-level results, commonalities and materially distinctive sustainability risks are presented on our corporate Sustainable Development Risk Register and tracked by senior management. Our key sustainability challenges are listed on page 9 and described throughout this report.

Clean Water for Arequipa, Peru



Plant intake structure for new potable water treatment plant

In Arequipa, Peru, access to clean water is a major challenge due to population growth and limited water resources associated with the arid environment. The Rio Chili meets the drinking water needs of Arequipa, as well as the needs of agriculture, industry and mining. However, the river has become contaminated because of untreated residential and industrial sewage discharges.

Following engagements with the regional and local governments, civic leaders and development agencies, Freeport-McMoRan committed to support the costs for a new potable water treatment plant to serve the Arequipa population of approximately one million people. In addition, an agreement has been reached with the Peruvian government for development of a water storage and distribution network which is being financed by the Cerro Verde Civil Association. The association manages contributions made by Cerro Verde for projects that focus on education and training, health, cultural preservation, and basic infrastructure. The entire project is expected to be completed in 2012.

In 2011, Cerro Verde reached an agreement with the Regional Government of Arequipa, the National Government, Servicio de Agua Potable y Alcantarillado de Arequipa S.A. (SEDAPAR) and other local institutions to allow it to finance the engineering and construction of a wastewater treatment plant, should Cerro Verde proceed with plans for a large-scale concentrator expansion. Once Cerro Verde obtains a license for the treated water it would be used to supplement its existing water supplies to support the potential concentrator expansion. Treating this wastewater would improve the Rio Chili's water quality, enhance agriculture products grown in the area and reduce waterborne illnesses. The reuse of effluent is being promoted by the Peruvian government as a sustainable water supply for the mining sector.

Key Sustainability Challenges (in alphabetical order)		Page
Artisanal Mining	At PTFI and TFM, illegal artisanal and small-scale miners operate in the mining concession or project areas. They have limited equipment and expertise at operating in hazardous conditions and have the potential to create significant environmental impacts, as well as placing their own health and safety at risk.	25
Community Engagement and Development	Our social and economic development programs are responsive to issues raised by communities and help us maintain good relations and avoid disruptions of operations. Nevertheless, social demands or instability in the areas of our operations may adversely impact our mining operations.	21
Corruption	As an international mining company our business may be adversely affected by issues related to corruption. Violations of anti-corruption laws could result in criminal liability, serious fines and imprisonment. Reputational harm from the violation of anti-corruption laws can be significant.	16
Energy and Greenhouse Gases	New regulatory requirements or legislation related to greenhouse gas emissions can pose risks associated with increased raw materials and energy costs. Energy generally represents approximately 20-25 percent of our consolidated copper production costs. An inability to procure sufficient energy at reasonable prices could adversely affect our profits, cash flow and growth opportunities.	26
Health and Safety	Protecting the safety, health and welfare of our workforce is a core value. Despite another year of improving our Total Recordable Incident Rate (TRIR), we unfortunately incurred five workplace fatalities at PTFI in 2011.	14
Labor Relations	Our business performance can be adversely affected by significant reductions in productivity or protracted work stoppages. During 2011, PTFI was adversely affected by labor disruptions, including an eight-day work stoppage in July and an approximate three-month strike that concluded in December. In fourth-quarter 2011, there also was an approximate two-month labor strike at Cerro Verde during the negotiation of a new labor agreement.	13
Public Health	Diseases such as HIV/AIDS, malaria and tuberculosis can have devastating impacts on local communities including members of our workforce.	23
Security and Human Rights	Between July 2009 and February 2012, there were 32 shooting incidents in and around the Grasberg minerals district, including along the road leading to our mining and milling operations, which resulted in 15 fatalities and 56 injuries. Unrelated to the shooting incidents mentioned above, during the strike a fatality occurred as a result of a confrontation between police and strikers on October 10, 2011 and subsequently another employee injured in the confrontation died from unknown causes. The security of our workforce is a critical concern.	18
Tailings and Waste Rock Management	We maintain systems to manage physical or chemical impacts associated with tailings and waste rock including stability, potential spills, dust generation and impacts to groundwater and surface water.	29
Water Impacted	In the presence of air, water and naturally occurring bacteria, some mined material can generate acid rock drainage (ARD), which if not properly managed, can adversely affect the environment. Uncontrolled seepage of process solutions or sulfate can also cause impacts to water.	29
Water Supply	Our operations require significant quantities of water for mining, ore processing and related support facilities. Our operations in North and South America are in areas where water is scarce and competition among users, including local communities and agriculture, for continuing access to water is significant.	28

SUSTAINABILITY TARGETS

Business Ethics	2011 Status	Performance Description	Target Date
Annually train 90% of management and 33% of non-management employees (rotational basis) in the Freeport-McMoRan <i>Principles of Business Conduct</i>	√	During 2011, 98% of management-level and one-third of non-management employees received training in the <i>Principles of Business Conduct</i> .	Annually Recurring
Publish payments to host governments at all active foreign mining operations in support of revenue transparency and the Extractive Industries Transparency Initiative (EITI)	√	We annually publish all material payments to every country in which we operate (pg. 17). We also support the EITI and participate in its implementation in the DRC, Peru and Indonesia.	Annually Recurring
Workforce			
Increase the percentage of women in our workforce, including representation in managerial roles, to 15%	Behind Schedule	Women comprise 9% of our employee population and hold 11% of managerial positions which is relatively unchanged from recent years.	Ongoing
Health & Safety			
Incur zero fatalities	X	We incurred five workplace fatalities in 2011.	Annually Recurring
Meet company-wide TRIR of 0.62	√	Our overall TRIR (0.61) exceeded our company-wide target and improved over 2010.	Annually Recurring
Human Rights			
Incur zero human rights transgressions at our operations	√	In 2011, we were not aware that any employees or contractors committed any material human rights transgressions. However, several incidents were reported and investigated including abuses by host government security personnel in our project area in Indonesia. There were also reported threats and acts of intimidation among certain PTFI workforce members leading up to, during and subsequent to the labor strike.	Annually Recurring
Train all new security employees directly employed at our operations in Indonesia and the DRC on the Company's Human Rights Policy and procedures	√	Human rights training for all new security personnel at our operations in Indonesia and the DRC was conducted, as well as refresher training for existing security employees.	Annually Recurring
Implement a new human rights risk assessment process and improve training at operations in Indonesia and the DRC by 2011 and other international operations by the end of 2012	On Track	Human rights risk assessments were conducted at PTFI and TFM in 2011. The risk assessment portion of the Voluntary Principles Implementation Guidance Tool also was piloted at TFM during the year. With external assistance, additional training and capacity building programs were conducted at both PTFI and TFM.	2012
Communities			
Invest (in aggregate) 1% of the average of the previous three years annual revenue, as reported in Freeport-McMoRan's audited consolidated financial statements, in community programs, including in-kind support and administration	√	In 2011, approximately \$191 million was invested in community programs across our operations, which exceeded our 1% target of \$173 million. The amount reported includes all mitigation and program administration costs, as well as community funds committed in the 2011 fiscal year.	Annually Recurring
Complete third-party studies with improved methodology to evaluate direct and indirect economic impacts of all mining operations at the local, regional and country level	Behind Schedule	Our Chilean operations and TFM are conducting economic impact studies in 2012. Studies have been completed for all other major operations.	2009
Develop community guidelines for exploration projects	Behind Schedule	Draft community guidelines for exploration projects have been developed and are expected to be formalized in 2012.	2011
Prepare a Native American engagement plan for operations in the U.S.	√	A plan has been completed and we are actively engaging with Native American tribes near our Arizona operations.	2011
Add at least two new Community Investment Funds in communities near our operations	√	In 2011, we implemented three new Community Investment Funds in Arizona, New Mexico and Colorado.	2011
Conduct a comprehensive baseline assessment on artisanal mining in our project area in Indonesia in cooperation with host governments and community stakeholders	Behind Schedule	The baseline assessment being conducted by Atma Jaya Catholic University is continuing into 2012. The assessment has been delayed due to the heightened security situation in our project area in late 2011. TFM also has launched a baseline study in 2012 to help develop a deeper understanding of the socio-economic drivers and risks associated with artisanal mining.	2011

Environment	2011 Status	Performance Description	Target Date
Incur zero significant environmental events (rating of three or higher on Sustainable Development Risk Register)	√	We did not incur a significant consequence environmental event. We did have 11 spills or releases that were reportable to agencies based on applicable regulations.	Annually Recurring
Incur zero penalties more than \$100,000	X	In 2008, our Morenci operation unintentionally released electrolyte solution into Lower Chase Creek, an ephemeral stream that is normally dry. Morenci conducted a thorough cleanup of the spill. In 2011, the operation paid one penalty totaling \$75,000 and agreed to a Supplement Environmental Project valued at \$75,000.	Annually Recurring
Prepare a biodiversity inventory and land management plan for all active mining operations	Behind Schedule	Biodiversity inventories were completed for all active mining sites in 2010. Land management plans are expected to be complete for these mining operations by the end of 2012.	2011
Survey our top five strategic suppliers and contractors to identify alignment with Freeport-McMoRan policies, CDP greenhouse gas emissions and water reporting, and materials stewardship opportunities in our value chain	√	Surveys of our top 10 strategic suppliers identified certain opportunities for improved alignment with Company policies and sustainability reporting practices, and these will be explored in 2012.	2011
Operations prioritized using the Sustainable Development Risk Register process to implement a water management/conservation plan	On Track	Water balance models and management plans are expected to be completed at all prioritized operations by the end of 2012.	2012
Establish two renewable energy facilities on mining-related property	√	Solar energy facilities at our Bagdad mine and Ajo facility (discontinued operation) in Arizona were completed in 2011. Additional renewable energy projects are under evaluation, including a significant hydroelectric power study in Papua, Indonesia, near PTFI.	2014
Identify and implement one material carbon offset mitigation project in Papua, Indonesia	Behind Schedule	Due to political and stakeholder uncertainty, identification and implementation of a project continues to be challenging.	2016
For sites with direct CO ₂ -e (carbon dioxide equivalents) emissions exceeding 100,000 metric tons per year, prepare a greenhouse gas emissions plan that optimizes fuel-related emissions with long-term mine production plans	Target Removed	As we respond to increased product demand, our mine plans indicate longer and steeper mining hauls to expand production capacity. As a result, our direct emissions are forecasted to increase. Our GHG Task Force continues to directly engage mobile equipment providers on fuel-efficiency opportunities. At this time, site-level plans will not be developed given the physical and technological constraints on meaningful emissions reductions. Please see the Energy and Greenhouse Gas section on page 26 for more information.	N/A
Conduct energy-efficiency audits at major operations by the end of 2012 and implement prioritized improvement projects by 2014	Target Removed	Milling and solution extraction/electrowinning are the most significant power-consuming processes at our facilities. Based on recent energy audit findings, future evaluation will focus on potential energy-efficiency opportunities associated with these processes, and site-wide audits are no longer required. Please see the Energy and Greenhouse Gas section on page 26 for more information.	N/A

We do not report on our former annually recurring targets to complete scheduled remediation and reclamation work as these projects are planned and executed as an ongoing business activity.

WORKFORCE



Our Candelaria operation in Chile partnered with the University of Antofagasta to form the New Talent Training Program to train local community members seeking to join the mining industry. Photo: Copiapó resident Ana Maria Rojas receives instruction in haul truck driving.

Our success as a leading international mining company depends on our ability to attract, retain and motivate employees. There is significant global competition for talent in the mining sector, and we seek to remain an employer of choice for people at any stage of their career. To maintain this competitive advantage, we strive to offer a safe and rewarding work environment and provide opportunities for employees to grow both personally and professionally.

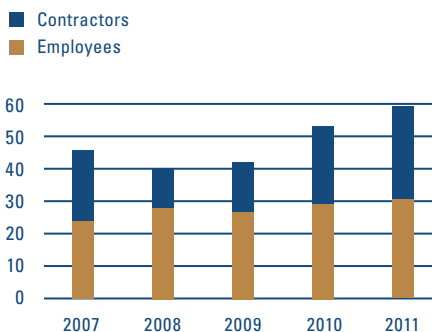
Diversity and Local Hiring

We operate in regions of varying ethnic, religious and cultural backgrounds and are generally the largest employer in local communities. The resulting diverse backgrounds and perspectives of our workforce are an asset. We make efforts to hire locally for all positions as this practice promotes understanding of local cultures and complements our long-standing commitment to community engagement and development. PTFI, for example, maintains the largest workforce of all Freeport-McMoRan operations. Located in the remote province of Papua, Indonesia, it is PTFI's policy to prioritize the hiring of indigenous Papuans. At year-end 2011, 99 percent of PTFI employees were Indonesian and of that total, 32 percent were indigenous Papuans. At our TFM operation in the DRC, 98 percent of our employees are Congolese citizens. We also employ over 200 Native Americans at our U.S. operations.

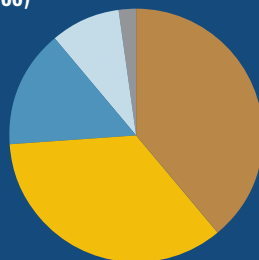
Women have traditionally been underrepresented in the mining sector, and we continue to seek ways to recruit and foster career development for females in our Company. We have several women in key management roles within our organization, including our Chief Financial Officer. While we have added more females to our employee base, the percentage of women represented in our Company has remained at 9 percent, which is below our 15 percent target. In 2012 we are increasing our participation in recruiting events and career fairs focused on diversity.

We prohibit discrimination and harassment, and our *Principles of Business Conduct* and Human Rights Policy require that all employees treat everyone in and around our operations with dignity and respect. In 2011, of the reports made through the Freeport-McMoRan Compliance Line, 41 included allegations of some form of discriminatory or harassing conduct. Five of these reports included allegations that were substantiated, and appropriate disciplinary and remedial action was taken.

Workforce Composition as of December 31
in thousands of workers



Employees (approximately 31,800)
as of December 31, 2011



Contractors (approximately 27,800)
as of December 31, 2011



Labor Relations

Our workforce increased to approximately 31,800 employees and 27,800 contractors by year-end 2011. Approximately 49 percent of our employees worldwide are under collective bargaining agreements, and we work cooperatively with labor representatives from 20 unions. Our policy is to ensure fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining. Employees have the right to exercise freedom of association at all of our operations.

During 2011, PTFI was adversely affected by labor disruptions, including an eight-day work stoppage in July and an approximate three-month strike that concluded in December. During the strike, our operations encountered civil unrest, transportation blockades, sabotage of important operating facilities and violence. In mid-December, the financial terms of a new two-year labor agreement for PTFI's workers were reached, and the parties agreed that future wage negotiations would be based on living costs and the competitiveness of wages within Indonesia. Although a new labor agreement was reached, PTFI experienced work interruptions in early 2012, in connection with its efforts to resume normal operations. Operations and productivity at PTFI have improved, and full operations which are dependent on maintaining security and productivity in the workplace, are currently being restored.

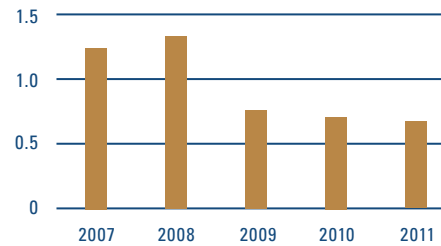
In fourth-quarter 2011, there was an approximate two-month labor strike at Cerro Verde during the negotiation of a new labor agreement. The strike did not have a significant impact on production, and a new three-year agreement with the union was reached in late December.

In October 2011, mechanical employees working in our Miami smelter participated in an election to determine whether or not they wanted to be represented by the International Brotherhood of Boilermakers. Of the 102 votes cast in this election by employees, a majority voted against representation by the union.

HEALTH AND SAFETY

Total Recordable Incident Rate

(including contractors)



$TRIR = [(Fatalities + Lost Time Incidents + Restricted Duty Incidents + Medical Treatment + Occupational Illness Incidents) * 200,000] / Total Hours Worked$

The safety of our workforce is a core value and we believe that safety and health performance is a leading indicator of a well-managed business. Our objective is zero workplace injuries and occupational illnesses. Central to our commitment to safe production are programs for hazard identification and risk assessment, training, auditing, incident investigation and safety incentives.

Safety is a direct-line management responsibility and is driven from the top down and implemented by a formal structure starting with our Safety and Health Policy. Our Board of Directors requires comprehensive audits to assure that the safety management system is effective, weaknesses are identified, and resources are applied to achieve the Company's policy objectives. Independent audits are supplemented with ongoing internal safety audits and inspections that focus on specific hazards or on operations performing below safety targets.

For 2011, our TRIR (including contractors) was 0.61 per 200,000 man-hours worked, compared to the preliminary metal mining sector industry average of 2.29 as reported by the U.S. Mine Safety and Health Administration (MSHA) for 2011.

Health and Safety Management System

Based on the Occupational Health and Safety Assessment Series (OHSAS) 18001, our Health and Safety Management System consists of a framework for managing risks and compliance obligations. As of year-end 2011, all operating sites have achieved accredited OHSAS 18001 certification of their health and safety management systems, with the exception of TFM (travel restrictions related to a national election in the DRC were a factor in delaying TFM's final certification audit to the first half of 2012). During 2011, the health and safety management systems at all major operating sites were independently audited by an accredited registrar. In addition, independent health and safety audits were conducted at 15 sites according to the Freeport-McMoRan Health and Safety Audit Protocol.

Fatality Prevention

In 2011, our corporate safety audits were modified to provide additional focus on fatality prevention efforts. The new audit protocol focuses heavily on the effectiveness of defining and maintaining critical controls for tasks with significant risk and efforts to learn from potentially fatal event (PFE) alerts from other operations. We have improved our process to share the causal factors and action plans for each PFE across the organization.

Fatality prevention efforts have helped us identify a number of "Global Significant Risks." These are tasks that are performed across numerous sites and that have the potential to cause serious injury or fatality if not managed properly. For example, one of our operations had a fatal injury related to handling High Density Polyethylene (HDPE) pipe in 2010, and we experienced serious near misses or potentially serious injuries handling HDPE pipe at other sites. In 2011, we developed a comprehensive guideline for handling HDPE pipe and implemented an auditing process to ensure that it is implemented effectively at all operations where HDPE is used. Similar guidance documents have been developed for risks associated with blasting, electrical work, and fatigue management among others. Comprehensive audit processes are currently being developed for each "Global Significant Risk."

Even with exceptional overall TRIR during 2011, five people lost their lives to workplace accidents at our PTFI operation:

Grasberg Mine An employee was fatally injured while operating a haul truck in the process of dumping overburden material on a waste stockpile. The truck inadvertently backed over the stockpile crest and came to rest at its base approximately 90 meters below.

Underground Division Heavy precipitation caused rain water to flow into the fractured geology above the DOZ underground mine, resulting in an accumulation of fine, wet material in the ore above a drawpoint in the mine. Twenty-eight hundred cubic meters of mud flowed abruptly out of the drawpoint and into a production drift, engulfing two employees.

Underground Division Sixteen hundred cubic meters of topsoil, vegetation, and rock broke loose from the mountainside above a commonly used road. The landslide was unrelated to mining activities; heavy rain, steep slopes and sub-surface geology contributed to the event. When the debris flow reached the road, it swept a light vehicle over the berm and down to the valley floor 150 meters below the road. The driver, an underground development contractor, sustained fatal injuries from the impact.

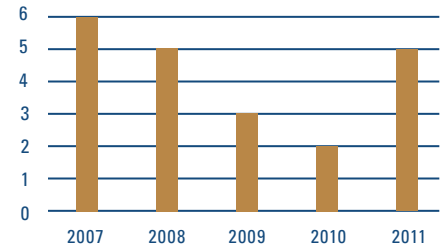
Underground Division A mine development contractor was in the process of parking a piece of mobile equipment. He inadvertently left it in gear without setting the park brake and exited the vehicle to lower hydraulic jacks to secure the vehicle. As he climbed out of the cab, he activated the fast idle switch to assist the hydraulic jacks. This caused the vehicle to move forward and pin him against an adjacent vehicle, causing fatal injuries.

Occupational Health

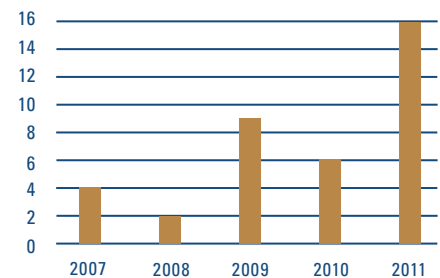
Freeport-McMoRan operations are required to assess the risk of exposure to occupational health hazards and implement adequate controls for all workforce members at risk. Our *Field Guide for Occupational Health and Industrial Hygiene*, updated in 2011, defines occupational exposure limits, standards and practices that apply globally. Exposures of interest can be chemical, biological or physical agents and include such health hazards as acid, metals, dust, noise, vibration and gases. We employ a hierarchy of limits; the first level is regulatory exposure limits defined by the various jurisdictions in which the Company operates. These are considered to be our minimally acceptable standards. Where a regulatory standard is absent or determined to be inadequate, we adopt internal standards to achieve a higher level of protection of the workforce.

There were 16 occupational illness events in 2011. The increase in illness events from 2010 was partly attributable to more careful categorization of events as illness rather than injury. The Company has standardized the definitions of injury and illness based on MSHA definitions. Of the reported illnesses, 10 cases were exposures to chemical agents (one event exposed five individuals to low levels of sulfur dioxide gas, a transient event with no significant or long-term consequences), four resulted from heat exposure, one from early-stage silicosis and one was related to repetitive trauma. All of these cases were transient and were handled as first-aid events with minimal medical treatment required. Each incident was subjected to a Job Safety Analysis by safety and health specialists to further define and promote recognition of hazards and implement controls to prevent reoccurrence where applicable.

Workplace Fatalities
(including contractors)



Occupational Illness Cases
(including contractors)



Freeport-McMoRan is committed to the highest level of ethical and legal conduct. Our *Principles of Business Conduct* are a commitment to integrity and define the expected behavior of all employees and our Board of Directors. We implement an aggressive training program on our *Principles of Business Conduct* including an annual certification of management-level employees. During 2011, this process consisted of computer-based training, as well as a certification that the employee understands the *Principles of Business Conduct* and is not aware of any issues. This training is also provided annually to approximately one-third of our non-management employees on a rotating basis and is also mandatory for all new hires.

Corruption sometimes is widespread in local systems and cultures near our operations, particularly in developing countries. We do not tolerate the offering or payment of bribes, kickbacks or other similar payments to any person or organization or governmental official to secure improper advantages for our business. Likewise, we will not accept any of these payments. Our Anti-Corruption Policy and guidelines assist in ensuring compliance with the U.S. Foreign Corrupt Practices Act of 1977 and other relevant anti-corruption laws, including local laws.

During 2011, the Company designated compliance officers for each of its primary business units to assist with managing compliance activities. In addition, we have designed training to tailor the topics and level of focus of our anti-corruption program to specific trainees based on job function. Three types of training on our anti-corruption policies and procedures include: Basic (as part of our *Principles of Business Conduct* training); Awareness (for employees in roles most likely to encounter corruption issues); and Gatekeeper (for accountants, attorneys, and managers responsible for approval procedures and internal controls).

For example, during 2011 we held awareness training at TFM for departments including Government Relations, Travel, Immigration, Human Resources and Logistics. Gatekeeper training also was conducted in small groups for the Legal Department, Accounting Department and senior management personnel. In addition, several classes were held for TFM's third-party contractors. This anti-corruption training at TFM reached over 115 employees and contractors. Anti-corruption training also was conducted at Cerro Verde and for the Climax Molybdenum management team. Anti-corruption awareness training at PTFI was postponed due to labor disruptions and has been rescheduled for the second quarter of 2012.

Freeport-McMoRan maintains a hotline to provide guidance and assistance to workforce members with any questions or concerns related to our *Principles of Business Conduct* and supporting policies. To ensure that any potential violations of business conduct are brought forth, we also provide anonymous reporting through our compliance system. During 2011, 255 reports were made through the Freeport-McMoRan Compliance Line relating to various topics, including employee workplace conduct and disciplinary actions; environment, health, safety and security; protecting Company assets; and conflicts of interest. All reports are investigated and, if substantiated, appropriate disciplinary action is taken, up to and including termination of employment.

In addition to our Compliance Line, our site-compliance officers work closely with the corporate compliance group to investigate potential incidents of corruption. For example, a senior buyer located in a South African regional support office for TFM was terminated for improper conduct associated with loan requests from a supplier. Four loans from the supplier were requested, three of which were provided but not repaid. The fourth request included a summary of approximately \$680,000 worth of business recently directed to the supplier with a request for payment in return. In a separate incident during an inventory audit and investigation conducted at the TFM warehouse at the end of 2011, it was determined that there had been collusion between vendor fuel truck drivers, weighbridge operators and warehouse personnel by falsifying records and diverting fuel deliveries. Five employees and three contractors were terminated for their involvement. Following the investigation, TFM instituted new procedures for more frequent inventory counts of fuel and rotating employees responsible for conducting inventory counts.

Transparency of Government Payments

We endorse the Extractive Industries Transparency Initiative (EITI), which is a commitment for governments to disclose revenues, and for oil, gas and mining companies to disclose payments to governments. The DRC and Indonesia are candidate countries under EITI and, thus, our TFM and PTFI operations participate directly in the process. Our Cerro Verde operation also participates in Peru, which became an EITI compliant country in February 2012. In 2011, the United States declared that it will implement the EITI, and we will participate and support the process of implementation.

Our payments to host governments via taxes, royalties, and other obligations are a significant contribution to national, regional and local development. In addition to our EITI commitments, our practice is to report material cash payments to governments in all countries in which we conduct business, as presented below.

2011 Cash Payments to Governments ^(a) For the year ended December 31, 2011 (\$ millions)	U.S.	Chile	Peru	Indonesia	DRC	Other Countries ^(b)	Total
Corporate Income Taxes, Net of Refunds	\$ 396	\$ 360	\$ 615	\$ 1,621	\$ 2	\$ 3	\$ 2,997
Withholding Taxes on Foreign Dividends	-	110	-	206	-	-	316
Employee Payroll Taxes	321	21	38	72	36	25	513
Dividends	-	-	-	202	-	-	202
Royalties and Net Severance Taxes	46	66	-	188	32	-	332
Property Taxes	72	1	-	9	-	2	84
Other Taxes and Fees	23	22	80	141	126	2	394
Total	\$ 858	\$ 580	\$ 733	\$ 2,439	\$ 196	\$ 32	\$ 4,838

^(a) This schedule reflects a voluntary effort by Freeport-McMoRan to capture its material cash payments to governments (net of refunds)

^(b) Represents cash payments to governments by Freeport-McMoRan's other business groups that are located outside of the countries where Freeport-McMoRan conducts its mining operations

Freeport-McMoRan does not tolerate human rights transgressions. Our Human Rights Policy requires that we conduct business in a manner consistent with the Universal Declaration of Human Rights, educate and train our employees and protect any workforce member who reports suspected violations.

Because site and country risks vary, we have established site-specific human rights policies and procedures consistent with the Freeport-McMoRan Human Rights Policy, in-country laws and regulations, and the Voluntary Principles on Security and Human Rights (Voluntary Principles). Our site Human Rights compliance officers oversee compliance and training, as well as a grievance mechanism for reporting, documenting and following up on all human rights allegations that are reported in our areas of operations.

Human Rights Program Update

In 2011, with external assistance, we initiated an updated security and human rights risk assessment process in both Indonesia and the DRC. During the year, we also developed a corporate human rights guidance document that will provide operations with detailed expectations regarding implementation of our corporate Human Rights Policy and the Voluntary Principles. This guidance document, which complements the Voluntary Principles Implementation Guidance Tool, will be finalized and rolled out in 2012. Our new Project Development Checklist, further developed in 2011, also incorporates an initial assessment of human rights impacts.

Freeport-McMoRan has joined a volunteer group of companies to help develop and pilot a set of key performance indicators (KPIs) on Voluntary Principles implementation. We believe that this process will help us to better monitor performance at our sites and drive improvement. We will be piloting the KPIs as part of our 2012 ICMM Sustainable Development Framework assurance process, and providing feedback and input to the volunteer group to further develop and refine the KPI tool.

Security

Security risks near our Grasberg operation in Papua, Indonesia, stem primarily from three factors: the presence of separatist activists and advocates in the region; the presence of illegal gold panners in the project area; and social, political and ethnic tensions within the local community and in other areas of the province.

PTFI's unarmed internal security personnel perform functions such as protecting facilities, monitoring shipments of supplies and products, assisting in traffic control and aiding in emergency response operations. The Grasberg minerals district has been designated by the Government of Indonesia as one of Indonesia's vital national assets. This designation results in the police, and to a lesser extent, the military, playing a significant role in protecting the area of our operations. The Government of Indonesia is responsible for employing police and military personnel and directing their operations. PTFI's share of support costs for the government-provided security was \$14 million for 2011. This supplemental support consists of infrastructure and other costs, such as food, housing, fuel, travel, vehicle repairs, allowances to cover incidental and administrative costs, and community assistance programs conducted by the military and police.

At PTFI, a number of shooting incidents by unknown assailants occurred along the road leading to the project area resulting in nine fatalities during 2011, which included employees, contractors and community members. Between July 2009 and February 2012, there have been a disturbing 15 fatalities and 56 injuries from shooting incidents within our project area. A review of risks, engagement strategies, security strategies and a call for full investigations and justice continue to be a high priority for our management and employees as well as the local community.

In 2011, PTFI also experienced its first significant labor dispute, which resulted in an approximate three-month strike. During the strike there was increased tension and aggression in the community and area of operations, which included intimidation of employees who attempted to report to work and other criminal acts resulting in significant damage to personal and Company property. Unrelated to the shooting incidents previously mentioned, during the strike a fatality occurred as a result of a confrontation between police and strikers and subsequently another employee injured in the confrontation died from unknown causes. These deaths are currently under investigation by the Government of Indonesia.

In the DRC, TFM is far removed from the conflict areas in the eastern and northeastern regions of the country, however it still faces security risks, primarily because of illegal artisanal miners working in its concession area. The DRC government has assigned Mines Police to the TFM concession area. The Mines Police are a division of the Congolese National Police (PNC) and are responsible for maintaining security in mining concessions throughout the DRC. TFM provides food, housing, monetary allowances and logistical support as well as direct payments to the government for the provision of the security assigned to the concession area. The total cost to TFM for this support, including in-kind support, totaled less than \$1 million in 2011.

Reporting Mechanisms

In 2011, 12 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. Five of these allegations were criminal cases, four were employment-related cases, and three were harassment cases. 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. Out of the five criminal cases, two involved allegations that public security forces physically intimidated and assaulted Company or contractor personnel (both cases being PTFI guard force employees). PTFI's practice is to notify the direct commanders of the perpetrators (at least two levels up the chain of command), who then investigate the case and determine disciplinary action.

In 2011, TFM reported one human rights incident in which a member of the PNC stationed in Fungurume was seen assaulting a Zimbabwean truck driver for failing to stop at the raising of the Congolese flag. The incident was witnessed by a number of Company personnel and reported to the Human Rights Compliance Officer. TFM engaged the PNC high command in discussions regarding the incident and used the opportunity to reinforce its expectations with respect to rules of engagement.

Training

In 2011, training on the PTFI human rights program and the Voluntary Principles was provided to over 1,500 police and military personnel. In total, PTFI conducted over 28,500 hours of specific training on the Company's Human Rights Policy in 2011—reaching almost 5,000 PTFI employees, 7,000 contractors, as well as another 1,700 individuals representing community leaders and partner organizations, students, local contractors, police and armed forces personnel. In 2011, PTFI incorporated human rights awareness training into the induction materials for all new employees.

At TFM, awareness training on human rights is incorporated in company-wide training materials for new employees, as well as refresher training modules that reached 4,092 TFM employees and contractors in 2011 (over 4,000 hours), a three-fold increase of personnel trained in 2010. TFM requires training on the Voluntary Principles for all new security employees, as well as all security contract personnel. TFM provided training for over 480 security employees, contractors and host government personnel (over 960 hours).

During 2011, we learned that there is a need for additional external resources to help with Voluntary Principles promotion and training when the Company is facing heightened security risks. We also learned that training needs to be developed at the site-level and reflect local culture. The focus of many of our Voluntary Principles activities and training has been on our own Company security employees and on host government security, but more effort is also needed to engage community members and to improve management of community grievances. We are beginning to address these issues in 2012 through the implementation of our new corporate human rights guidance document.

Product Control at TFM

Freeport-McMoRan recognizes the international concern over trade in minerals that are being mined in certain areas of the DRC by rebel groups and used to buy weapons to support regional military conflicts and acts of violence against civilians. TFM is a copper and cobalt mine, and copper and cobalt are not classified as “conflict minerals” under the Dodd-Frank Act, OECD guidelines and other similar initiatives. Nonetheless, TFM maintains product control and custody procedures to ensure that it mines, processes and sells only those minerals that originate in the Company’s mining concession. These procedures include specific actions, in coordination with governmental authorities, to return and track ore mined illegally on the concession by artisanal miners. The product control and custody procedures also include a system in place for tracking copper and cobalt products from the mine to the point of transfer to the customer.

While TFM’s operations are not located near the conflict region, some stakeholders, including certain customers, inquire about TFM’s product control processes due to its presence in the DRC. From time to time, TFM hosts supply chain customers seeking to conduct site-level audits of its sustainability practices, including product control procedures. To help address stakeholder inquiries, in the first quarter of 2012, Freeport-McMoRan requested independent assurance of TFM’s product control and custody procedures during its ICMM assurance review. A statement describing the independent assurance of these procedures is located on our website.



TFM maintains product control and custody procedures to ensure that it mines, processes and sells only those minerals that originate in the Company’s mining concession. Photo: Tenke Fungurume Mining copper cathode is labeled and awaits shipment and tracking to customer.

Engagement

Our social license to operate and grow our operations is directly dependent on community relationships. The Freeport-McMoRan Community Policy requires close collaboration with local stakeholders to minimize and mitigate adverse impacts and cultivate opportunities to maximize positive impacts. Community engagement and consultation is the key to successful two-way communications so that community members have input into our programs, as well as to ensure local understanding of our operations, impacts and mitigation plans. Engagement occurs formally through open houses and regulatory processes, but more frequently, engagement occurs through our community development program representatives in the field.

We conduct studies and assessments to identify potential project-related impacts from the outset and form a framework for developing mitigation plans. For example, we have further developed our Project Development Checklist tool for the prefeasibility stage of new projects and mine expansions, to include an early review of risks and opportunities related to potential community impacts.

For existing operations, we use our Sustainable Development Risk Register process to identify social impacts and opportunities, and each of our active mining sites has developed a five-year plan to address community concerns and facilitate capacity building where we operate. Importantly, we maintain formal grievance systems at all major operations to ensure we document and respond appropriately to issues raised by community members.

TFM is implementing a Resettlement Action Plan (RAP) based on DRC law and International Finance Corporation performance standards. Consistent community engagement and consultation is the critical component of successful plan implementation. For information on the TFM RAP, including its current status and future activities, please visit our website.

Indigenous Peoples

Our community development programs and investment objectives, as reflected in our overall sustainability reporting, are significantly focused on indigenous Papuans in Papua, Indonesia; Native Americans in the United States; and the communities of Alto Loa in Chile. Through community engagement, cultural promotion and preservation projects, and training and development programs, we specifically seek to address the needs, cultures and customs of indigenous peoples near our operations.

In 2011, we developed a long-term formal engagement program with Native American tribes including the San Carlos Apache Tribe, White Mountain Apache Tribe, the Hualapai Nation, the Tohono O'odham Nation and the Navajo Nation. Under the direction of a full-time manager, this engagement program is focused on economic development, water resources, women's initiatives and educational opportunities. For example, we sponsored 28 San Carlos Apache Tribe students through our Native American college scholarship program.



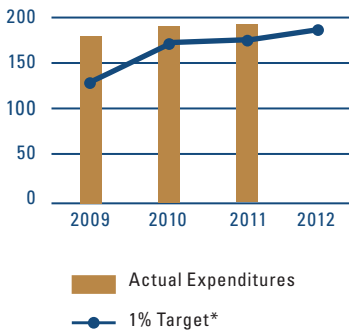
TFM was notified of a sacred site on Fwaulu Hill during the ESIA stakeholder engagement process for the Phase II Expansion project. Photo: As a result of community consultation, TFM community development staff and employees participated in a traditional ceremony to relocate this sacred site in respect of local custom.



Photo: Our El Abra operation supports a laundry business run by indigenous women entrepreneurs in Chiu Chiu near Calama, Chile.

Community Investment

(in millions)



* Invest (in aggregate) 1% of the average of the previous three years annual revenue, as reported in Freeport-McMoRan's audited consolidated financial statements, in community programs, including in-kind support and administration.

Community Investment

The Freeport-McMoRan Social Investment Criteria is a set of guidelines designed to ensure that resources are used effectively to address high-priority needs and facilitate local capacity building to sustain communities when our operations cease. These criteria help toward our long-term goal of decreasing community dependencies on our operations and ensure that we are entering into partnerships that support sustainability. We partner with NGOs, foundations, and other community and government institutions globally to support community development initiatives.

We have established community foundations or social funds in Indonesia, Peru, the U.S. and most recently in the DRC to ensure that communities and local governments have a direct voice in how these funds are used. These community foundations and funds typically account for more than 50 percent of our annual community investment globally. Our yearly community investment expenditures have exceeded our 1 percent target since inception in 2009; however, decreases in commodity prices or other adverse business conditions can inhibit our ability to meet or exceed this target consistently.

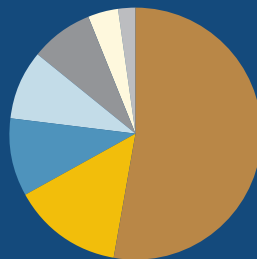
In North America, we have established Community Investment Funds in communities near five of our operations. The funds — which have awarded more than \$2.3 million since their inception — use an innovative program model that involves local community leadership in determining how to invest Freeport-McMoRan Copper & Gold Foundation funds. Each fund is governed by a committee of community members and Company representatives. The committee reviews grant requests and determine which programs and projects best address local priorities.

Through philanthropy and volunteerism, Freeport-McMoRan employees are dedicated to making our communities better places to live and work. Employees helped raise a record-setting amount during the Company's 2011 United Way campaign. Employees contributed more than \$1.1 million, and when combined with the Company's generous matching gifts program, a total of more than \$3.1 million was raised for United Way. In 2011, we added a full-time employee volunteer coordinator, and an increasing number of employees are supporting Freeport-McMoRan's commitment to community assistance and development. In our home state of Arizona alone, employees completed 110 community service projects focused on youth development, education, safety and the environment.

2011 Community Investment

\$191 Million

- 53% Community Trust Funds ⁽¹⁾
- 14% Education & Training
- 10% Safety, Health & Environment
- 9% Economic Development & Infrastructure
- 8% Administration ⁽²⁾
- 4% Misc/Other
- 2% Resettlement ⁽³⁾



- (1) Community Trust Funds (primarily directed by the community) include the Peru Voluntary Social Contribution Fund, PTFI Partnership Fund for Community Development, the Amungme and Kamoro Trust Funds (Indonesia), and the TFM Social Fund (DRC).
- (2) Includes administration costs associated with the direct provision and management of social programs/services.
- (3) Associated with the Tenke Fungurume community resettlement program.

Public Health

We operate in many parts of the world that lack clean water and sanitation and have populations with low levels of health education, awareness, and access to adequate health services. In coordination with local governments and NGOs, we dedicate significant resources to helping communities, including indigenous peoples and governments reduce public health risks.

PT Freeport Indonesia Surrounding our operations in Indonesia, HIV/AIDS, tuberculosis (TB) and malaria are infectious diseases that are risks to employees, their families and the local community. Through the PTFI Public Health and Malaria Control (PHMC) Department, supported by the Company's medical services provider, International SOS, the Company implements programs for education and training, prevention, counseling, diagnosis and treatment.

In 2011, PHMC provided HIV/AIDS training for more than 6,400 community members and 6,000 employees. PTFI also provides confidential HIV/AIDS Voluntary Counseling and Testing (VCT) services for employees and community members; more than 4,300 employees (over a 30 percent increase from 2010) and 1,690 community members underwent VCT in 2011 at Company-operated health facilities.

In cooperation with the local government and the Amungme and Kamoro Community Development Organization (LPMK), PTFI operates a clinic in Timika that provides active TB case detection and treatment by implementing the Direct Observed Treatment Short-Course Method. In 2011, more than 7,400 persons visited the Timika TB Clinic. The TB six-month treatment success rate was 93 percent for community members and 89 percent for employees in 2011. This exceeds the World Health Organization treatment standard (85 percent). This is a great success considering the high mobility of the local community, which contributes to higher drop-out rates in similar populations elsewhere.

PTFI also implements a world-class integrated malaria control program in its project area and the local community. All slide-confirmed malaria cases are treated with high quality artemisinin combination treatment (ACT) drugs at clinics in the community. In 2011, approximately 11,700 community members and 3,000 employee cases were detected and treated at Company-operated employee and community medical facilities (a decrease of 8.6 percent from 2010).



PTFI receives an award from the National AIDS Commission for its commitment to preventing and fighting AIDS in Indonesia, especially in the local communities of Mimika Regency, Papua Province. Photo: PTFI Corporate Social Responsibility Officer, Riza Pratama, receives the award from the Minister of Health on behalf of PTFI.

Tenke Fungurume Mining In 2008, TFM conducted a baseline health assessment and identified health issues and serious diseases that impact the local community, including malaria, HIV/AIDS and other sexually transmitted infections (STIs), TB, measles and polio. Rapid population influx into the urban center of Fungurume has created additional strains on the provision of limited public health services to cope with rising demands. TFM is currently providing medical care free of charge to its workforce and dependents through its medical-care provider International SOS. Under the framework of a memorandum of understanding between TFM and the provincial health authorities, TFM has supported health initiatives in the Fungurume Health Zone since 2008. The support is consistent with national health development strategies and international best practices. The initiative is implemented with the involvement of local and national authorities, and with the consent of the communities who act as partners.

TFM has implemented an integrated malaria control program in its project area to protect the workforce, as well as the community residing within the concession. The integrated program consists of different components targeting both vectors and parasites. An indoor residual spraying program, targeting all households in the concession, is conducted twice a year and more than 43,000 households were covered in the program during 2011. The on-site entomology laboratory established that the local malaria vector mosquito had developed partial resistance to the insecticide, and in 2011 an alternative insecticide class was introduced in line with World Health Organization guidelines.

All confirmed malaria cases from the workforce and their dependents are treated with ACT drugs at clinics on site. In 2011, a total of 633 employee malaria cases were diagnosed and treated, representing a 16 percent decrease from 2010 and an overall reduction rate of 66 percent since the start of the program. Since TFM implemented the integrated malaria control program, the malaria burden has decreased throughout the Fungurume Health Zone. TFM carries out malaria prevalence surveys among local school children in the concession twice a year. The October 2011 school survey found a prevalence rate of 41 percent, which represents a decrease of nearly 47 percent, compared with the baseline survey.

TFM also provides robust HIV/AIDS prevention, counseling and treatment programs for its employees and families. In 2011, as part of the TFM workplace HIV/AIDS awareness program, 960 employees and dependents received training on HIV transmission and prevention measures, and 810 received education and information on other STIs. As a result of all these educational activities there has been a substantial increase (150 percent from 2010) in voluntary HIV testing among TFM employees. Another important aspect of the HIV program is the prevention of mother to child transmission, and in 2011, 364 pregnant women (TFM employees and dependents) received counseling during their routine prenatal care visits and 77 percent of them accepted to be tested.

In 2011, a measles outbreak resulted in 6,000 reported cases and 73 deaths in the Fungurume Health Zone. TFM, in collaboration with the DRC government, established a specific measles treatment center and supported a successful vaccination campaign reaching over 85,000 children residing in the concession. TFM helped by transporting vaccines and supplies, donating medicine, printing and distributing educational materials, and providing logistical support.



In 2011, TFM constructed an expanded health center (left) in Tenke to replace an older facility (right) of limited capacity.

Artisanal Mining

At PTFI and TFM, illegal artisanal and small-scale miners (ASM) operate in the mining concession or project areas. In both cases, most of the people working as ASM are outsiders who have migrated into the area. They have limited equipment and expertise at operating in hazardous conditions and have the potential to create environmental risks, as well as placing their own health and safety at risk. At TFM, artisanal miners dig for cobalt and copper found in surface seams of high-grade mineralization in ore bodies scheduled to be mined by TFM in the future, while at PTFI they are sluicing and panning for gold in a number of river drainages, including the controlled riverine tailings management system.

In addition to the health risk associated with ASM, PTFI has also identified increasing conflict between the ASM and people who support this complex network of activities. In 2011, PTFI retained a team of experts from Atma Jaya Catholic University in Jakarta, who have done extensive social baseline work in Papua, to conduct a comprehensive social baseline study of the ASM and the supporting networks. The Atma Jaya team is gathering information through observations, interviews and surveys. The study started in the highlands area and mapped out key landowners, community leaders within the ASM, as well as all aspects of the support operations around the ASM activities. In 2011, the study team completed their highlands field work and began to review the lowlands. The comprehensive study is planned to be completed in 2012 along with increasing engagement with key stakeholders identified by Atma Jaya.

PTFI regularly monitors for mercury use through routine environmental monitoring programs, and mercury has not been detected above natural background levels in the river ecosystem. However, mercury use has been identified in Timika at certain gold shops, and PTFI has engaged with authorities to encourage them to work with operators to discontinue this risky practice.

The greatest risks regarding artisanal mining activities in the DRC are both safety and security issues. Illegal miners dig underground adits and tunnels to access ore deposits, and working conditions are unstable and unsafe. Artisanal miners on the TFM concession do not use protective gear, and soil conditions during the rainy season make artisanal mining activities treacherous. In 2011, two illegal miners were killed after being trapped in a cave on the TFM concession. An illegal miner also was killed in a landslide near Fungurume. In both cases response operations were conducted by the local authorities with TFM providing manpower and logistics support.



To increase community understanding of the risks of mercury, our PTFI operation conducts a mercury education program. The program includes sessions for employees as well as artisanal miners, community groups, religious groups and government-provided security personnel in the area. Photo: Edy Junaedi from PTFI's Environmental Department educating a Christian youth group in Timika on the environmental and health-related dangers of mercury.



Photo: During 2011, we completed construction of a sulphur burner at Safford. The plant is providing a more cost-effective source of sulphuric acid used in copper leaching operations and results in lower transportation costs. Not only does the plant produce sulphuric acid, but the heat created in the process is used to produce high-pressure steam that drives a turbine to generate 15 megawatts of electricity. The electricity is being used by the plant and processing facilities, including the tankhouse, and will save the Company approximately \$5.7 million per year in power costs.

Our Environmental Policy is based on our objective to be compliant with laws and regulations and to minimize environmental impacts using risk management strategies based on valid data and sound science. It requires that we and our subsidiaries review and take account of the environmental effects of each activity, whether exploration, mining or processing; and that we plan and conduct the design, development, operation and closure of each facility in a manner that optimizes the economic use of resources while reducing adverse environmental effects.

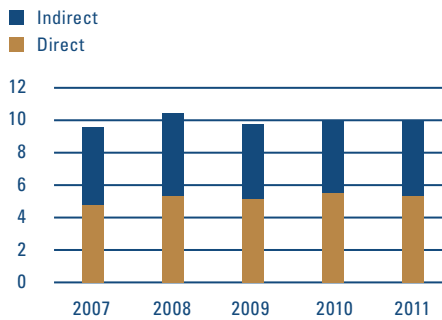
Energy and Greenhouse Gases

Our copper mining operations require significant amounts of energy, principally from diesel fuel, purchased electricity, coal and natural gas. Potential regulation of greenhouse gas emissions and associated cost increases for fuel, purchased power and other key inputs can negatively impact our operation cost profile.

In 2011, our worldwide total greenhouse gas emissions, measured as carbon dioxide equivalent emissions, were relatively unchanged from 2010 at approximately 10 million metric tons, divided between direct (54 percent) and indirect (46 percent) emissions. The decrease in direct emissions from our coal-fired power facility in Indonesia due to the labor strike in the fourth quarter of 2011 was mostly offset by an increase in diesel consumption primarily at our North American operations.

Most of our direct emissions are from fuel combustion in haul trucks, followed by the combustion of fuels to provide energy for roasting, smelting and other processes. The majority of our mining activity occurs in open pits. As an open pit matures, haul road length increases and haul trucks are required to move ore an additional distance to the processing facility. When market conditions necessitate the mining and processing of lower grade ore, haul trucks must move more material. Our current five-year mine plans show increased fuel consumption caused by longer and steeper haulage. As such, without significant technological changes, our business plans indicate increasing direct emissions (both absolute and intensity-based).

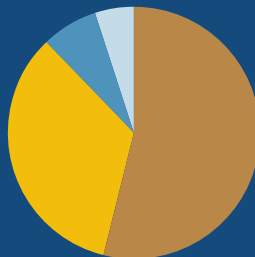
Total Carbon Dioxide Equivalent Emissions in million metric tons



We have received independent verification of our greenhouse gas emissions inventory from 2007-2011. The assurance statement can be found on our website.

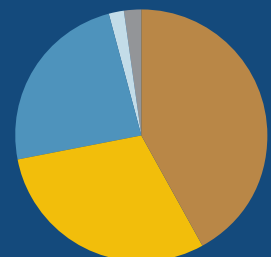
2011 Direct Carbon Dioxide Equivalent Emissions by Fuel Type

- 54% Liquid Hydrocarbons
- 34% Coal
- 7% Gaseous Hydrocarbons
- 5% Other



2011 Total Carbon Dioxide Equivalent Emissions by Region

- 42% North America
- 30% Indonesia
- 24% South America
- 2% Africa
- 2% Europe



Indirect emissions are generally the emissions of outside providers from whom we purchase electricity for use in our operations. In 2011, approximately 54 percent of our purchased power was from “low carbon” or renewable sources (we generate all of our power at our Indonesia mining operation and are working with the government on a study to develop a major hydropower project in Papua). Purchased power consumption is expected to increase as we construct and operate new water supply and distribution alternatives such as desalination projects. Crushing, milling and solution extraction/electrowinning are the most significant power-consuming processes at our facilities. Under the direction of the Freeport-McMoRan Greenhouse Gas Task Force, we are evaluating the optimization of energy use in these processes. We expect the use of new milling technologies associated with our production expansions to be significantly more energy efficient than equipment being used at most facilities today. For example, in Colorado we operate the Henderson molybdenum mine that has been in operation since 1976 and the Climax mine which commenced operation in first-quarter of 2012. The Climax mine flotation circuit maximizes use of gravity flow and larger modern equipment thereby requiring 30 percent less installed horsepower than Henderson to process similar throughput.



Photo: A 15.5-megawatt solar facility was commissioned on Company land in Bagdad, Arizona. Our Bagdad operation purchases the power generated at the facility, which accounts for 5 percent of the operation’s electricity needs and is projected to save the Company more than \$700,000 annually. The facility is scheduled to operate for up to 25 years.

Compliance

Our operations maintain Environmental Management Systems certified to ISO 14001 standards (TFM and Climax are expected to receive ISO 14001 certification in 2012/2013). All operations undergo annual independent audits of ISO 14001 Environmental Management Systems to ensure standards are met. During 2011, we completed internal environmental compliance audits at nine facilities in accordance with our Environmental Auditing Policy and our operations are routinely inspected by regulatory agencies. All sites have corrective and preventive action management systems for audit findings.

Environmental Compliance Indicators	2007	2008	2009	2010	2011
Reportable spills or releases of hazardous or toxic chemicals	104	85	26	10	11
Notices of Violations related to permit exceedences, spills, releases or other compliance matters	13	4	6	6	6
Environmental penalties	\$ 140,900	\$ 191,151	\$ 493,039	\$ 83,420	\$ 75,000*

*See target description on page 11.



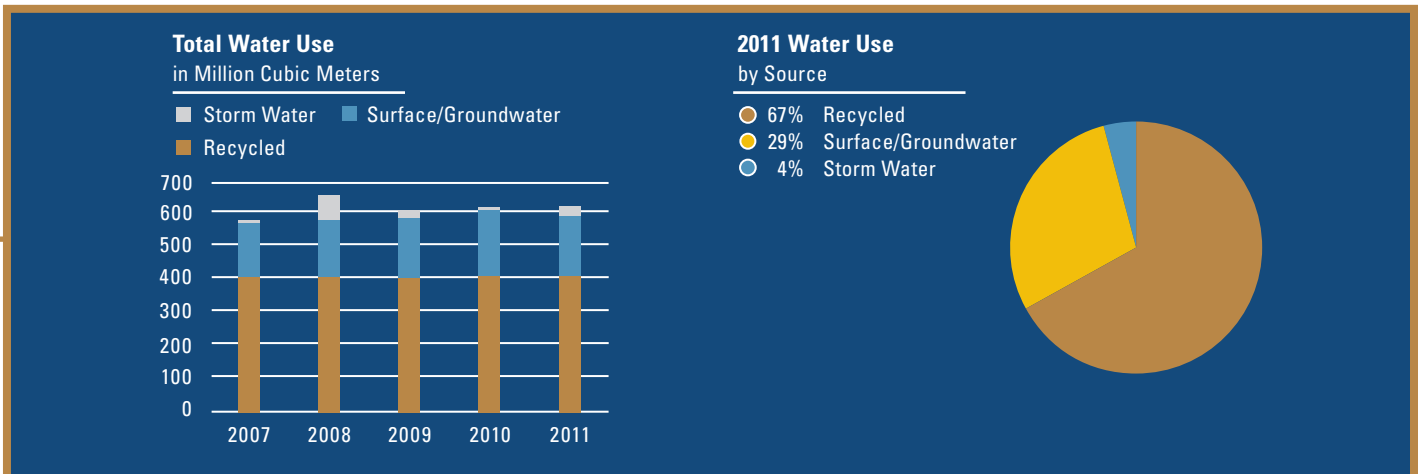
Our Candelaria operation in Chile is expanding its sources of water supply due to the recent rapid depletion of the Copiapó River aquifer. Photo: Freeport-McMoRan is investing approximately \$300 million to construct a desalination plant near the Pacific Ocean and pipeline to the operation. Construction is expected to be completed in early 2013 and once online the desalination plant will supply Candelaria’s long-term water supply needs.

Water*

In 2011, we used approximately 617 million cubic meters of water in our operating processes of which approximately 67 percent was recycled water. As shown in the chart below, our overall water use, including recycled water, has remained relatively constant during the past five years. As we pursue attractive growth projects to grow our copper production over the next four years, we expect our water use to increase. Therefore, we continue to allocate significant resources to evaluate water supply options and efficiently manage water resources within our operations. In 2011, our sites continued to develop detailed water balance models to identify opportunities for more efficient water management.

Competition among users for continuing access to water is significant. If we are not good stewards of water resources, we could face reputational risks, particularly with local communities. This is why we are working closely with local stakeholders on water projects to support our operating plans but also help sustain communities beyond the life of our operations. In Peru, for example, our Cerro Verde mine continues to work on the Clean Water for Arequipa Partnership project for development of water and wastewater treatment plants. Once Cerro Verde obtains a license for the treated wastewater, it would be used to supplement its existing water supplies to support the potential concentrator expansion.

In Chile, as part of our overall strategy to supply water to the Candelaria mine, we completed construction of a pipeline to bring treated water from a nearby wastewater treatment facility. In addition, we have completed engineering and began construction of a desalination plant that will supply Candelaria’s longer-term water needs and offset the use of groundwater from the depleting Copiapó River Aquifer. The plant is expected to be completed in early 2013 at a capital investment of approximately \$300 million. Our El Abra operation in Chile is also conducting studies to assess the feasibility of constructing a desalination plant near the Pacific Ocean to treat seawater for possible increased sulfide ore production or mill processing.



* Note: Water-related data in this section exclude amounts associated with all facilities located in Arizona due to ongoing water rights litigation.

Impacted Water

Mining and metals processing can create on-site and off-site impacts to water quality, which we aim to avoid or minimize. For example, mineral waste is analyzed for geochemical characteristics to identify management opportunities for minimization of potential impacts to water resources within and adjacent to our facilities. All operations maintain systems to monitor water quality parameters for compliance with regulations and permit requirements.

During 2011, we conducted investigations of water impacts caused from surface sources, dewatering discharges, sulfate-impacted tailings seepage, and seepage of leach/process solutions at multiple operating sites and discontinued facilities (historical operations). These investigations were conducted in the United States, England, Netherlands, Spain, and the DRC. In some cases we are implementing containment and active water treatment strategies as well as providing alternative water supplies to well owners pumping sulfate-impacted groundwater.

For example, at our former Blackwell Zinc Smelter in Oklahoma that shut down in 1974, process solutions from a leaking pond impacted groundwater with cadmium and zinc. During 2011, we operated a groundwater extraction system designed to contain the impacted groundwater. We extracted 64 million gallons of water and subsequently treated it to remove the metals and discharged the clean water to a local river. Barring a technological breakthrough, we expect to operate the extraction wells and treatment plant for decades.

Tailings and Waste Rock

The waste rock (including overburden) and tailings that we produce represent our largest volume waste. In 2011, we produced approximately 283 and 219 million metric tons of waste rock and tailings, respectively. The primary risks with managing waste rock stockpiles and tailings relate to structural stability, acid rock drainage (ARD) and dust generation. Management of this waste is highly regulated in the jurisdictions where we operate, and our programs are in compliance with applicable national, state and local laws, permits and approved Environmental Impact Studies.

Freeport-McMoRan currently operates 14 tailings storage facilities (TSFs) and manages 59 TSFs that are inactive or have been fully reclaimed. TSF stability is monitored by internal engineering personnel and contracted engineering firms utilizing instrumentation including manual and automated measurement equipment. At TSFs located in arid areas, the tailings management program includes measures to reduce fugitive dust emissions from the surface of tailings impoundments and the capture and reuse of tailings reclaimed water to reduce fresh water consumption. In the U.S. we had 14 reportable permit exceedances related to windblown dust from TSFs; 10 of these events occurred at our Sierrita mine in Arizona. For information on implementation of dust control measures at Sierrita, please visit our website.

We conducted annual field inspections of 10 active and 35 inactive TSFs during 2011 under our tailings stewardship program. The program, which is directed by an interdisciplinary group of Company management, internal experts and external consultants, includes reviews of operational issues, phreatic level trends, deposition plans, hydrologic controls, seepage management, decant systems, structural integrity and stability evaluations.

As previously reported, at PTFI we use riverine transport of material from the concentrating complex in the mountains to a designated engineered and managed deposition zone in the lowlands and coastal zone as approved by the Government of Indonesia. PTFI's tailings management review board meets to review monitoring data and make specific operational recommendations for improving levee designs and construction, and system-wide performance. Please see our website for more information on Controlled Riverine Tailings Management at PTFI.

Waste rock and overburden are managed in stockpiles for possible future mineral recovery, reclamation or other projects. Overburden and waste rock stockpiles are evaluated for structural stability and local seismic design criteria and monitored regularly. Freeport-McMoRan is an active member of the International Network for Acid Prevention, which works to address management of ARD globally through sharing of best practice.

Reclamation

Mine reclamation is the process of taking land once used by the operation and converting it into economically productive land uses or restoring it back to its natural or seminatural state. A team of almost 600 Freeport-McMoRan project managers, technical experts and equipment operators are currently executing projects to reclaim areas no longer required for current or future operations.

During 2011, large-scale stockpile reclamation continued at the Miami mine in Arizona, where approximately 1,000 acres are being reclaimed. Renewed mining at Miami has produced an effective operational synergy between mining and reclamation activities as much of the waste material being mined to develop the ore body is quality cover material used for stockpile and tailings reclamation and remediation purposes. Large-scale tailings reclamation continued at the Chino mine in New Mexico during 2011 (year 3 of a 4-year project), where, in coordination with state agencies, we are reclaiming approximately 2,000 acres of tailings area no longer needed for our operations.

At Hidalgo (former smelter site) in New Mexico, we completed the reclamation of historic evaporation ponds and at the Bisbee mine (non-operating) in Arizona, we completed the reclamation of a 30-acre historic stockpile and began reclamation activities on an 870-acre former tailings area during 2011. This is part of a two-year voluntary reclamation tailings project that will allow our teams to evaluate innovative reclamation designs that may be applicable to other Company owned tailings facilities.



June 2008



April 2012

The Webster Infill Project addresses environmental legacy facilities that were created during a century of operations at our Miami, Arizona mining and mineral processing site. The facilities in the project comprise more than 800 acres of disturbed land and include overburden stockpiles, leach plant tailings, and an area known as Webster Lake, which formerly served as a process solution reservoir for over 40 years. In 2008 we began reclamation of the leach plant tailings (above) that were deposited periodically from the late 1920's through the mid 1970's. The tailings are being recontoured and capped, and surface water control structures are being constructed to redirect flows and to minimize infiltration. Final topsoil cover will allow establishment of native grasses and desert shrubs suitable for wildlife habitat and rotational cattle grazing.

Biodiversity

We aim to minimize the impact of our operations and where practicable, conserve and enhance biodiversity. Under the guidance of our corporate Biodiversity Task Force (BTF), all operating mines are required to develop and implement a Biodiversity Management Program (BMP). BMPs include biodiversity inventories supported by field verification; risk assessments linked with site-level Environmental Management Systems and the identification of opportunities to enhance wildlife habitat, or promote the conservation of species. Site-level Biodiversity Action Plans (BAPs) describe specific tasks to promote or enhance biodiversity or to avoid, minimize or mitigate impacts. BAPs may in some instances be required by regulatory processes, however most are voluntary and conducted in partnership with stakeholders such as local conservation organizations.



PTFI, in cooperation with the Great Hall of Natural Resources Conservation of Papua, facilitates the repatriation of animals endemic to Papua that have been taken by poachers. Photo: release of a yellow-crested cockatoo into the wild.

In 2011, all operational mine sites completed biodiversity inventories on lands owned, leased or managed within the boundaries of the active operations. Biodiversity inventories include habitat delineation maps, ecoregion descriptions, identification of protected areas or areas of high biodiversity value, and a list of representative flora and fauna, including locally, nationally or internationally protected species known to inhabit the study area. These inventories are key inputs into our long-term land use management plans which are expected to be completed in 2012. The land use management plans will overlay biological and cultural resource information with our mine plans so that we can make informed decisions to minimize or mitigate future impacts to the extent practicable.

In 2011, the BTF began working with operations to evaluate biodiversity risk by category (minor, moderate, significant and major) using specific ecological criteria. For example, a moderate biodiversity risk may be identified if there is potential for non-native species establishment that can be effectively controlled through management actions. When risk assessments are completed in 2012, if not already in place, a BAP will be developed for any major or significant category biodiversity risk.

Four international operations, including PTFI and our three sites in South America, received the Wildlife Habitat Council's (WHC) *Wildlife at Work* certification in 2011. These sites, along with four U.S. operations already certified, have been recognized for voluntary efforts between management, employees and community members to create wildlife habitats on Company lands by providing food, water, cover and space for wildlife.

We continue to engage and participate in workshops and initiatives related to the field of ecosystem services. In 2011, we participated in a benchmarking study of biodiversity and ecosystem services within the extractives sector conducted by the Natural Value Initiative. Through that process and engagement with stakeholders, we understand that there are wide-ranging definitions, indicators and disclosures used by companies to communicate the management of biodiversity risks and opportunities. As this field evolves, we will continue to enhance communications on our biodiversity systems and initiatives.

ASSURANCE STATEMENT

The Freeport-McMoRan Copper & Gold Inc., 2011 Working Toward Sustainable Development (WTSD) report, including information referenced by the Global Reporting Initiative (GRI) G3 Content Index published on the Freeport-McMoRan Copper & Gold Inc. web site has been prepared by the management of Freeport-McMoRan Copper & Gold Inc. who are responsible for the collection and presentation of this information.

Scope

Corporate Integrity Limited, in accordance with Freeport-McMoRan Copper & Gold Inc. management's instructions, was asked to perform:

1. A review of policies and systems in place in relation to the International Council on Mining & Metals (ICMM) Sustainable Development (SD) Framework – using as a basis the ICMM Sustainable Development Framework: Assurance Procedure and the GRI G3 guidance on management disclosures
2. A review of statements made regarding the 2011 WTSD report and information referenced by the GRI G3 Content Index; and
3. A review of selected qualitative and quantitative reportable data/information based on GRI G3 guidelines and performance indicators including the GRI Mining and Metals Sector supplemental indicators.

Our assurance work covered Subject Matters 1 to 5 referred to in the ICMM SD Framework: Assurance Procedure.

Our assurance work scope covered all the Freeport-McMoRan Copper & Gold Inc. operations defined by the reporting boundaries of the 2011 WTSD report. The work involved selective reviews of documents, interviews and site visits to:

- Bagdad mine, USA
- Miami mine and smelter, USA
- Tyrone and Chino mines, USA
- El Paso copper rod mill, USA
- Tenke Fungurume mine, DRC
- El Abra mine, Chile
- Candelaria and Ojos del Salado mines, Chile
- Head Office, Phoenix, USA

The site visit programme is part of an ongoing process to visit all major Freeport-McMoRan Copper & Gold Inc. mining and processing sites at least one time every three years. Since 2009, site-level external assurance has been conducted at all Freeport-McMoRan Copper & Gold Inc. mining operations at least once. Although the scope for the 2011 review initially included the PT Freeport Indonesia operations, it was not possible to undertake a site visit because of security issues, and this review was limited to a desktop assessment.

Key Findings

Based on our review, its scope and limitations:

- Nothing has come to our attention, which causes us to believe that the information reported by Freeport-McMoRan Copper & Gold Inc., in the 2011 WTSD Report and information referenced by the GRI G3 Content Index regarding Freeport-McMoRan Copper & Gold Inc. implementation of the ICMM assurance commitment with respect to subject matters 1 to 4, has been materially misstated.
- Nothing has come to our attention to cause us to believe that the Freeport-McMoRan Copper & Gold Inc. self-declared application level of A+, in relation to its reporting against the GRI G3 Sustainability Reporting Guidelines, is materially misstated.

Methodology

Through document reviews and interviews at the selected sites and head office, the work activity involved:

For Subject Matters 1 to 3 in the ICMM SD Framework: Assurance Procedure

1. A review of Freeport-McMoRan Copper & Gold Inc. policies and their alignment to ICMM's 10 SD principles and ICMM Position Statements at corporate and site level.
2. A review of processes in place to identify and prioritise SD risks and opportunities at corporate and site level during the reporting period and the results of the identification and prioritization process.
3. A review of the systems and approaches that Freeport-McMoRan Copper & Gold Inc. is using to manage its identified material SD risks and opportunities and to implement ICMM's 10 SD principles at corporate and site level.

For Subject Matter 4 and 5 in the ICMM SD Framework: Assurance Procedure

4. Review of Standard Operating Procedures (SOPs) for the collection and assimilation of GRI G3 reported performance information involving:
 - a. An assessment to evaluate the risk of misstating reported information for quantitative indicators reported. The assessment looked at site level reported performance data for GRI indicators and considered materiality in the context of corporate level reported information. On this basis certain indicators were selected for verification activities at the selected sites. The assessment methodology was based on ISO 31000:2009, Risk management – Principles and guidelines.
 - b. A review of data reporting, collection and consolidation processes at Head Office.
5. Review of statements made in the 2011 WTSD report and information referenced by the GRI G3 Content Index regarding Freeport-McMoRan Copper & Gold Inc. sustainable development processes and achievements in 2011 including its implementation of the ICMM SD Framework. This involved VP-level management interviews and documentation reviews in support of corporate level reported information as well as an interview with the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer.
6. Review and selective testing for accuracy of qualitative statements made in the 2011 WTSD report and information referenced by the GRI G3 Content Index.
7. Assessment of the self-declared application level of reporting against the GRI G3 Sustainability Reporting Guidelines and the Mining and Metals Sector Supplement Final Version 2011– self-declared at the A+ Level.

Limitations of the Work Performed

This work has been carried out by checking samples of information and documents that have been made available during the period of assurance activity by Freeport-McMoRan Copper & Gold Inc.

Information provided that has been deemed to be independently verified by other third parties has been considered to be appropriately verified, and was not subjected to re-verification by Corporate Integrity.

The PT Freeport Indonesia operations were not visited. The assurance for this operation was based on a document review of selected information made available prior to and during the Head Office visit and interviews with relevant personnel including the President-Freeport-McMoRan Indonesia.

Our evidence gathering procedures have been designed to obtain a limited level of assurance on which to base our conclusions.

The assurance statement provided by Corporate Integrity is not intended to be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Statement of Independence

The independence of our team has been reviewed and none of the Corporate Integrity assessors involved in this project presents a conflict of interest to the integrity of this assurance statement.

Standard Applied to This Engagement

International Standard on Assurance ISEA3000 (revised) – Assurance Engagements other than Audits & Reviews of Historical Financial Information issued by IIAASB.

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