FREEPORT-McMoRan

SUSTAINABILITY PROGRAM OVERVIEW

OUR APPROACH

The nature of our business impacts the environment and communities surrounding our operations. We mitigate impacts to the extent practicable through advanced control and remediation measures. We develop infrastructure, support health, safety and education efforts, and provide local employment and business development opportunities. The products we produce are critical for sustainability and higher standards of living. To supply essential natural resources to current and future generations, we are guided by our stated business objectives, principles and policies, and we continuously strive to improve our sustainable development programs.

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

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

Social: Operate safely, and uphold and respect human rights. Engage openly and transparently with internal and external stakeholders and keep our commitments in order to build trust. This enhances our ability to obtain permits to operate and ensures we have a dedicated workforce.

DID YOU KNOW?

▶ Third-party assurance of the International Council on Mining & Metals Sustainable Development Framework has been completed at all mining operations, and we maintain an ongoing site-level assurance program.

▶ We are reporting in accordance with the Global Reporting Initiative (GRI) G4 core option reporting guidelines for the first year and in accordance with the Mining and Metals Sector Supplement for the sixth consecutive year. Prior to our 2015 report, we have reported according to the GRI G3 A+ level since 2008.

▶ All operations maintain health and safety management systems certified to OHSAS 18001, which are independently audited on an annual basis.

▶ All operations maintain environmental management systems certified to ISO 14001, which are independently audited on an annual basis.

▶ Since 2007, we have directly invested approximately $1.6 billion in local communities including health, education and economic programs.

▶ We maintain formal stakeholder engagement programs near our operations, some of which include memoranda of understanding, foundations, community partnership panels and community investment funds.

▶ We are implementing the UN Guiding Principles on Business and Human Rights and have been an active member of the Voluntary Principles on Security and Human Rights since it was first established in 2000.

▶ We endorse and are active members of the Extractive Industries Transparency Initiative; in addition, we publicly report cash payments to governments in all countries where we conduct business.

▶ We regularly engage with investors, customers, analysts, banks and nongovernmental organizations on our sustainability programs.

TREND DATA

	2011	2012	2013	2014	2015
WORKFORCE[a]					
Employees	31,800	34,000	36,100	35,000	34,500
Contractors	27,800	27,100	38,400	46,300	37,500
Percent Employees Under Collective Bargaining Agreements	49%	48%	49%	48%	48%
SAFETY AND HEALTH[a]					
Fatalities	5	6	35	7	3
Total Recordable Incident Rate[b]	0.61	0.58	0.74	0.56	0.56
Occupational Illness Cases	16	25	41	46	43
ENVIRONMENT					
Direct Greenhouse Gas Emissions (million metric tons)	5.4	5.7	5.9	5.2	6.0
Indirect Greenhouse Gas Emissions (million metric tons)	4.6	4.0	4.3	4.3	4.6
Total Water Consumption[c] (million cubic meters)	600	665	690	1,325	1,460
Percent Recycled Water[c]	66%	71%	69%	79%	80%
Reportable spills or releases of hazardous or toxic chemicals	11	12	16	14	13
Notices of Violations related to permit exceedances, spills, releases or other compliance matters	6	4	10	11	2
Environmental Penalties[d] ($ in thousands)	$ 75	$ 47	$ 80	$ 124	$ 43
SOCIAL					
Community Investments ($ in millions)	$ 191	$ 173	$ 173	$ 198	$ 165
Cash Payments to Governments[a,e] ($ in millions)	$ 4,838	$ 2,984	$ 2,814	$ 3,355	$ 1,993
Direct Economic Contributions[a,e] ($ in millions)	$16,559	$14,470	$17,283	$17,030	$14,475

a. Includes FM O&G beginning June 1, 2013
b. TRIR = [(Fatalities + Lost Time Incidents + Restricted Duty Incidents + Medical Treatment) x 200,000] / Total Hours Worked
c. Excludes all facilities located in Arizona for years 2011-2013 due to water rights litigation
d. Penalties are typically paid in periods subsequent to the year of the environmental event and/or enforcement action
e. Please see detailed information in our WTSD reports published on fcx.com/sd

SUSTAINABILITY GOVERNANCE

CORPORATE RESPONSIBILITY COMMITTEE

The Corporate Responsibility Committee of our board is responsible for overseeing our policies and programs related to management of risks associated with the company's safety and health policies and programs, environmental policy and implementation programs, human rights policy and practices, community health programs and related public health and medical matters, community policy and practices, governmental and stakeholder relations and social investment and sustainable development programs, charitable contributions, and political activity and spending practices. The committee examines key performance data and receives briefings concerning challenges and emerging issues in these areas.

SUSTAINABLE DEVELOPMENT LEADERSHIP TEAM

The Freeport-McMoRan Sustainable Development Leadership Team provides long-term strategic and tactical operational guidance regarding our sustainability commitments and emerging issues. 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 all business unit Presidents and Vice President-level or senior staff from the safety, supply chain, human resources, sales, compliance, and land and water functions.

STAKEHOLDER ENGAGEMENT

In the mining sector, project life-cycles can span decades. That is why early, transparent and consistent engagement with stakeholders is critical. Doing so creates mutually beneficial opportunities and reduces sustainability-related risks to our plans. We always seek strategic partnerships with host governments, communities and development partners to ensure the viability of our projects while delivering meaningful benefits.

From a medium to longer-term risk radar perspective, Freeport-McMoRan's corporate Sustainable Development Department and senior personnel regularly work with the socially responsible investment community and NGOs to understand issues of concern or interest and where Freeport-McMoRan may have influence to advance sustainability progress such as contributions to the UN Sustainable Development Goals.

SUSTAINABILITY PROCESSES

PROJECT DEVELOPMENT SUSTAINABILITY REVIEW

Our Project Development Sustainability Review allows us to integrate sustainability considerations into mine development or expansion projects. The review is designed to help multi-disciplinary project teams identify risks, unintended consequences, trade-offs and opportunities so they may be adequately addressed early and continuously through each stage of project development. Project Development Sustainability Reviews may occur at the scoping, prefeasibility, feasibility and/or engineering/construction stages of projects, and are also applicable to exploration projects.

SUSTAINABLE DEVELOPMENT RISK REGISTER

This process prioritizes safety, environmental, social, economic and value chain challenges and opportunities based on our views of potential impacts to our business and the importance of these topics to our stakeholders. Our Sustainable Development Department works with operational management teams to review processes to ensure prioritization of key business risks and implementation of associated action and monitoring plans. This process enhances decision making regarding operational planning and resource allocation. We report to stakeholders on sustainability focus areas identified through this process.

Sustainability focus areas identified through this process are reviewed annually by our Sustainable Development Leadership Team and communicated to the Corporate Responsibility Committee of the board. The focus areas have not changed significantly over recent years and are listed below.

- Artisanal Mining
- Biodiversity
- Community Engagement and Development
- Corruption
- Energy Management
- Human Rights
- Labor Relations
- Product Stewardship
- Safety and Health
- Tailings and Waste Rock Management
- Water Supply and Management

POLICIES AND MANAGEMENT SYSTEMS

BUSINESS ETHICS

The overarching values detailed in our Principles of Business Conduct set forth the global system of principles that our workforce must follow in all activities – from complying with laws and avoiding conflicts of interest to developing positive relationships in local communities.

▸ We conduct comprehensive training on our Principles of Business Conduct, including annual certification of management-level employees. Non-management employees are trained on a rotational basis and training is mandatory for all new hires.

▸ We maintain a Compliance Line to guide and assist workforce members with questions or concerns related to our Principles of Business Conduct. We provide anonymous reporting through this system.

▸ Our Supplier Code of Conduct ensures that our standards and expectations are clearly communicated to our supply chain partners.

▸ Our Political Activity and Spending Practices statement sets forth our practices regarding political activity and spending. Our practice is to make information concerning all political contributions by Freeport-McMoRan and Freeport-McMoRan-affiliated political action committees publicly available by annually posting our political contributions on our website.

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.

▸ We do not tolerate the offering or payment of bribes, kickbacks or other similar payments to any person or organization or government official to secure advantages for our business. Likewise, we do not accept any of these payments.

▸ Our online due diligence platform, the Freeport Compliance eXchange is a survey-based software platform designed to assess risk in the areas of anti-corruption, international trade controls, and human rights.

SAFETY AND HEALTH

Our Safety & Health Policy establishes our objective of zero workplace injuries and occupational illnesses. The Policy addresses our commitment to providing a safe and healthy workplace, and to providing adequate resources through training programs, safety incentive programs, and occupational health programs to attain recognized leadership in matters of safety and health.

▸ All active mining operations maintain accredited OHSAS 18001 certification of health and safety management systems, which are independently audited on an annual basis.

▸ We draw no distinction between contractors and our own employees with regard to health and safety performance and reporting.

▸ We continue to aggressively refine and improve elements of our Fatality Prevention Initiative which emphasizes identification of potentially fatal risks and the utilization and effectiveness of critical controls.

▸ A key component of our Fatality Prevention Initiative is company-wide communication of potential fatal event (PFE) advisories, which describe in detail any incident that has occurred and had the potential for a fatal consequence. Each PFE is treated as if an actual fatality occurred and a full root-cause analysis is required.

▸ Our operations maintain comprehensive occupational health programs to assess the risk of exposure to occupational health hazards and implement adequate controls for the workforce.

POLICIES AND MANAGEMENT SYSTEMS

ENVIRONMENT

Our Environmental Policy addresses our duty to minimize the impact of our operations on the environment using risk management strategies based on valid data and sound science and, where practicable, to protect and enhance the quality of the environment in areas where we operate.

▸ All of our mining and mineral processing operations maintain environmental management systems certified to ISO 14001, which are independently audited on an annual basis.

▸ Water balance models are maintained at all operations in arid regions and these operations utilize a common format for water management plans, including scenario planning.

▸ We engage with energy management experts, industry peers and suppliers to discuss the potential for new mining system practices that could economically reduce the energy and greenhouse gas intensity of future projects.

▸ At tailings storage facilities located in arid areas, we implement measures to suppress fugitive dust emissions from the surface of impoundments, and increase reclaimed water capture to reduce freshwater consumption.

▸ All operating mines have developed Biodiversity Management Plans and Land Management Plans. We maintain 19 conservation and education based programs across our mining operations that are certified through Wildlife Habitat Council's *Wildlife at Work* and *Corporate Lands for Learning* programs.

COMMUNITY

Our Community Policy addresses our commitment to conduct our activities in a manner that promotes pro-active and open relationships with community, government and other stakeholders to maximize the positive impacts of our operations and mitigate potential adverse impacts throughout the life-cycle of a project. Engagement and consultation ensures communities have input into our projects and social investments, from development to closure. Our community development programs and investment objectives are significantly focused on indigenous Papuans in Papua, Indonesia; Native Americans in the United States; and the communities of Alto Loa in Chile (Chile's First People).

Our community engagement model is supported by management processes or guidelines, including:

▸ 5-year community engagement and development plans, updated annually, that align engagement methods and development objectives with risks and opportunities;

▸ Formal community grievance management systems for recording, processing and responding to community feedback or concerns;

▸ Formal stakeholder engagement programs near our major operations, some of which include memoranda of understanding, foundations, community partnership panels and community investment funds; and

▸ Social Investment Criteria 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.

HUMAN RIGHTS

Our Human Rights Policy outlines our dedication to respecting and promoting human rights wherever we do business. The Policy addresses our commitment to conduct business in a manner consistent with the Universal Declaration of Human Rights, and to align our human rights due diligence practices with the UN Guiding Principles on Business and Human Rights.

▶ We have established site-specific human rights policies and procedures consistent with the Freeport-McMoRan Human Rights Policy, in-country laws and regulations, the UN Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights (Voluntary Principles).

▶ 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.

▶ We have conducted a corporate-level human rights impact assessment to identify potential impacts across our portfolio and assess opportunities for further due diligence at the operating level using a risk-based approach.

▶ We have completed a site-level human rights impact assessment at Tenke Fungurume Mining, which built upon the methodology developed for the corporate-level human rights impact assessment, and included extensive local stakeholder engagement.

▶ We provide appropriate cultural and human rights education, training and guidance to all applicable staff and security personnel, including host government security where applicable.

▶ We have been an active member of the Voluntary Principles since it was first established in 2000, and publish our annual report to the Voluntary Principles Plenary on our website.
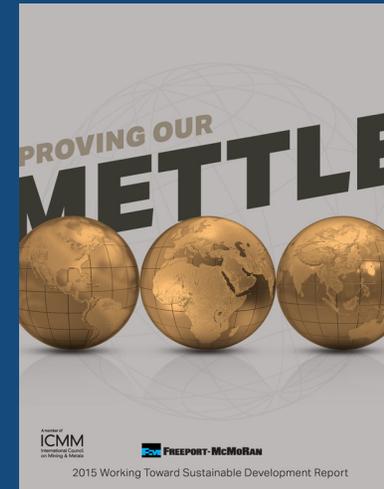
Find out more in our
2015 Working Toward Sustainable
Development Report.

We encourage users of this information to contact our Sustainable Development Department at sustainability@fmi.com with inquiries or visit www.fcx.com/sd for additional information.

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