

# Freeport-McMoRan Inc.

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## Charter of the Audit Committee of the Board of Directors

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### I. Purpose of the Audit Committee

#### A. General.

The purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of Freeport-McMoRan Inc. (the “Company”) in fulfilling the Board’s oversight responsibilities relating to: (1) the effectiveness of the Company’s internal control over financial reporting, (2) the integrity of the Company’s financial statements, (3) the Company’s compliance with legal and regulatory requirements, (4) the qualifications and independence of the Company’s independent registered public accounting firm, and (5) the performance of the Company’s independent registered public accounting firm and internal audit firm. In addition, the Committee will prepare the Audit Committee Report required by the United States Securities and Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement.

#### B. Relationship to Other Groups.

1. *Allocation of Responsibilities.* The Company’s management is principally responsible for developing and consistently applying the Company’s accounting principles and practices, preparing and maintaining the integrity of the Company’s financial statements and maintaining an appropriate system of internal controls. The Company’s independent registered public accounting firm is responsible for auditing the Company’s financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Company’s unaudited interim financial statements. In this regard, the independent registered public accounting firm must develop an overall understanding of the Company’s accounting principles and practices and internal controls to the extent necessary to support their reports and obtain reasonable assurance that the financial statements are free from material misstatement. The internal audit firm is responsible for objectively assessing management’s accounting processes and internal controls and the extent of compliance therewith. The Committee, as the delegate of the Board, is responsible for overseeing these processes.

2. *Accountability of the Auditors.* The Committee has the ultimate authority and responsibility to select, evaluate the performance of, and, if necessary, replace the independent registered public accounting firm and the internal audit firm. The independent registered public accounting firm and internal audit firm will be advised that they are ultimately accountable to the Committee.

3. *Communication.* The Committee will strive to maintain an open and free avenue of communication among management, the independent registered public accounting

firm, the internal audit firm, the Committee and the Board, and will make regular reports to the Board concerning the activities and recommendations of the Committee.

4. *Access to Company Records and Personnel.* The Committee shall have full access to all Company books, records, facilities, personnel and outside advisors, and may request that any officer or employee of the Company, or the Company's independent registered public accounting firm or internal audit firm, attend a meeting of the Committee, or meet with any member of or consultants to the Committee, as the Committee deems necessary or appropriate.

## **II. Composition of the Audit Committee**

The Committee will be comprised of three or more directors appointed by the Board upon the recommendation of the Nominating and Corporate Governance Committee. Each member of the Committee will be a director determined by the Board to be independent within the meaning of the Director Independence Standards established by the Nominating and Corporate Governance Committee, which meet or exceed the independence requirements of the New York Stock Exchange ("NYSE") corporate governance listing standards and shall meet the experience and any other qualifications required by the NYSE (or, if the Company's common stock is listed or traded on some other exchange or trading system, the standards of independence and any other qualifications required by the other exchange or system), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the applicable rules and regulations of the SEC.

Each member of the Committee shall, in the judgment of the Board, be "financially literate" in accordance with NYSE corporate governance listing standards. At least one member of the Committee shall, in the judgment of the Board, be an "audit committee financial expert" in accordance with the rules and regulations of the SEC, and at least one member (who may also serve as the audit committee financial expert) shall, in the judgment of the Board, have accounting or related financial management expertise in accordance with NYSE corporate governance listing standards. No member of the Committee may serve simultaneously on the audit committees of more than two other public companies. The Board will appoint a chair (and, if recommended by the Nominating and Corporate Governance Committee, a vice chair) of the Committee. The Board may appoint or remove any member of the Committee (or fill any vacancies on the Committee) by the vote of a majority of the directors.

## **III. Meetings of the Audit Committee**

The Committee will meet at least quarterly, or more frequently if the Committee determines it to be necessary at such times as the chair of the Committee shall designate. Meetings may be held at any time, any place and in any manner permitted by applicable law and the Company's By-Laws. The Committee will meet periodically in executive sessions with the independent registered public accounting firm and the internal audit firm, and will request that the independent registered public accounting firm and the internal audit firm bring any matters they deem to be pertinent to the attention of the Committee in such sessions. The Committee may also meet separately with management, or separately with the internal audit firm, in each case from time to time as the Committee deems appropriate. To foster open communications, the Committee may invite other directors or representatives of management, the independent registered public accounting firm or the internal audit firm to attend any of its meetings, but

reserves the right in its discretion to meet at any time in executive session. The Committee will maintain written minutes of all of its meetings, which will be available to every member of the Board.

#### **IV. Authority and Responsibilities of the Audit Committee**

##### **A. Activities and Powers Relating to the Independent Registered Public Accounting Firm Audit and Internal Audit Firm Audit.**

1. *Planning the Independent Registered Public Accounting Firm Audit and Internal Audit.* In connection with its oversight functions, the Committee will monitor the planning of both the independent registered public accounting firm's audits of the Company's financial statements and internal control over financial reporting and the internal audit process, including taking the following actions:

a. select, retain and approve the independent registered public accounting firm, including selection of the lead audit partner, and preapprove all audit services, audit-related services and other services permitted by law and Committee policy (including the fees and terms of such services) to be performed for the Company by the independent registered public accounting firm, subject to the de minimis exception for services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit;

b. select, retain and approve the internal audit firm and preapprove all services permitted by law and Committee policy (including the fees and terms of such services) to be performed for the Company by the internal audit firm;

c. discuss with the independent registered public accounting firm and internal audit firm the nature and amount of fees relating to services performed for the Company and confirm with its independent registered public accounting firm that such services (i) do not violate the Committee's policy against its independent registered public accounting firm performing business consulting services and (ii) do not impair the independence of its independent registered public accounting firm under applicable professional standards and regulatory requirements;

d. as required, form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of permitted services, provided that decisions of such subcommittees to grant preapprovals will be presented to the full Committee at its next scheduled meeting;

e. ensure the rotation of all audit partners (as defined by the SEC) of the independent registered public accounting firm having primary responsibility for the audit, including the lead audit partner and the reviewing audit partner of the independent registered public accounting firm, as required by law;

f. discuss with the independent registered public accounting firm and internal audit firm the scope and comprehensiveness of their respective audit plans prior to their respective audits; and

g. discuss with the independent registered public accounting firm and internal audit firm the results of their processes to assess risk in the context of their respective audit engagements.

2. *Review of the Audit of the Independent Registered Public Accounting Firm.* The Committee will review the results of the annual audits of the independent registered public accounting firm with the independent registered public accounting firm and will:

a. obtain and review timely reports by the independent registered public accounting firm describing:

i. all critical accounting policies and practices used;

ii. all material alternative treatments of financial information within generally accepted accounting principles (“GAAP”) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm;

iii. other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences;

iv. at least annually, the independent registered public accounting firm’s internal quality-control procedures;

v. at least annually, any material issues raised by the most recent internal quality-control review, or peer review, of the independent registered public accounting firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent registered public accounting firm, and any steps taken to deal with any such issues; and

vi. at least annually, all relationships between the independent registered public accounting firm and the Company. The Company will also discuss with the independent registered public accounting firm the potential effects of those relationships on independence and obtain a written affirmation that the independent registered public accounting firm is independent, both as required by Public Company Accounting Oversight Board Rule 3526, *Communication with Audit Committees Concerning Independence*, as may be modified or supplemented from time to time;

b. review and discuss the Company’s annual audited financial statements, quarterly financial statements and related footnotes with the independent registered public accounting firm and management, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;

- c. beginning with audits of fiscal years ending on or after June 30, 2019, review and discuss with the independent registered public accounting firm any critical audit matters (CAMs) identified during the audit of the Company's financial statements that (i) relate to accounts or disclosures that are material to the financial statements and (ii) involved especially challenging, subjective or complex auditor judgment;
- d. review other sections of the Company's annual report on Form 10-K that pertain principally to financial matters;
- e. review management's process for and report on its assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year and the independent registered public accounting firm's report on the effectiveness of internal control over financial reporting;
- f. review with management, the independent registered public accounting firm and the internal audit firm the following:
  - i. the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management in connection with its required quarterly and annual certifications under Section 302 of the Sarbanes-Oxley Act; and
  - ii. any significant changes in internal control over financial reporting;
- g. review and discuss the type and presentation of information to be included in the Company's earnings press releases, including any pro forma, adjusted or other non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies;
- h. review and discuss with management, the internal audit firm and the independent registered public accounting firm any guidelines and policies relating to risk assessment and risk management, and the steps management has taken to monitor, control and minimize the Company's major financial risk exposures, if any;
  - i. review with the independent registered public accounting firm any audit problems or difficulties and management's response, including: (i) any restrictions on the scope of activities or on access to requested information and any significant disagreements with management and (ii) any recommendations made by the independent registered public accounting firm as a result of the audit;
- j. review the accounting implications of significant new transactions;
- k. review and discuss with management and the independent registered public accounting firm any significant changes required in the independent registered public accounting firm's audit plan for future years;

l. review the extent to which the Company has implemented changes and improvements in financial and accounting practices or internal controls that the independent registered public accounting firm previously recommended or the Committee previously approved, and any special audit steps taken in light of control deficiencies noted;

m. review and discuss with the independent registered public accounting firm (i) the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company and (ii) whether any member of the Committee has concerns regarding relationships or transactions with related parties and, if so, the substance of those concerns;

n. review and discuss with the independent registered public accounting firm the independent registered public accounting firm's evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties and other significant matters arising from the audit regarding the Company's relationships and transactions with related parties and

o. discuss with the independent registered public accounting firm any other matters required to be discussed by Public Company Accounting Oversight Board Auditing Standard No. 1301, *Communications with Audit Committees*, and Auditing Standard No. 2410, *Related Parties*, that have not otherwise been discussed.

3. *Review of Internal Audit.* The Committee will review the results of the internal audit process with the internal audit firm, including the following matters:

- a. significant audit findings;
- b. the integrity and adequacy of the Company's management reporting processes, internal controls and corporate compliance procedures;
- c. review with the internal audit firm any audit problems or difficulties with management's response;
- d. significant changes required in the internal audit firm's audit plan for future years; and
- e. the extent to which the Company has implemented changes and improvements in management reporting practices or internal controls that the internal audit firm previously recommended or the Committee previously approved.

4. *Post-Audit Review Activities.* In connection with or following the completion of its review of the independent registered public accounting firm's audit and internal audit firm's audit, the Committee or its chair may in their discretion meet with the independent registered public accounting firm, internal audit firm or management to discuss any changes required in the audit plans for future periods and any other appropriate matters regarding the audit process.

5. *Funding.* The Committee will determine the appropriate funding to be provided by the Company for payment of:

- a. compensation to the independent registered public accounting firm and internal audit firm;
- b. compensation to any independent legal, accounting or other consultants employed by the Committee as necessary to advise the Committee; and
- c. ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

B. Other Powers.

To the extent the Committee deems necessary or appropriate, it will also:

1. retain and consult periodically with independent legal, accounting or other consultants as it determines necessary to carry out its duties ;
2. establish and periodically review procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
3. establish clear hiring policies for employees or former employees of the current or former independent registered public accounting firm that meet SEC regulations and applicable stock exchange listing standards;
4. review with management and the independent registered public accounting firm the effect of regulatory and accounting changes on the financial statements during the prior year, including material off-balance sheet transactions, complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and in instances where alternative accounting treatments are permitted, reasons for the accounting treatment selected;
5. discuss with the independent registered public accounting firm the nature of disagreements among audit engagement personnel, between audit engagement personnel and the independent reviewing partner and/or any other audit firm personnel consulted regarding appropriate accounting and disclosure for significant events or transactions;
6. request management or the independent registered public accounting firm to provide analyses or reports regarding (1) any “second opinion” sought by management from an audit firm other than the Company’s independent registered public accounting firm, or (2) any other information that the Committee deems necessary to perform its oversight functions;
7. discuss with the independent registered public accounting firm their views regarding the completeness and clarity of the Company’s financial disclosures, the quality of the Company’s accounting principles as applied, the underlying estimates and other significant

judgments that management made in preparing the financial statements, the compatibility of the Company's principles and judgments with prevailing practices and standards and, to the extent permitted by their professional standards, their assessment of the overall degree of quality of the Company's reported financial results based on the results of their audits;

8. discuss with the independent registered public accounting firm the nature and amount of all adjustments resulting from their audit, whether recorded by the Company or not, and discuss with management the reasons why any unrecorded adjustments were not included in results for the period;

9. conduct or authorize investigations into any matters within the Committee's scope of responsibilities, as the Committee determines to be necessary or appropriate to enable it to carry out its duties;

10. review periodically the effectiveness and adequacy of the Company's global compliance program and corporate compliance procedures, including the Company's principles of business conduct, and consider and recommend to the Board any proposed changes that the Committee deems appropriate or advisable;

11. review periodically with the Company's legal counsel pending and threatened litigation, inquiries received from governmental agencies, or any other legal matters that may have a material impact on the Company's financial statements, internal controls, or corporate compliance procedures;

12. review the integrity and adequacy of, and if necessary, recommend changes and improvements in, the Company's disclosure policies, as well as in the internal controls of the Company; communicate recommended changes and improvements to management and the Board; and take appropriate steps to assure that recommended changes and improvements are implemented;

13. review periodically the adequacy and effectiveness of the Company's information and technology security policies and the internal controls regarding information and technology security and cybersecurity;

14. review summaries of the expense accounts of the Chief Executive Officer of the Company;

15. undertake any special projects assigned by the Board;

16. issue any reports or perform any other duties required by (a) the Company's Certificate of Incorporation or By-Laws, (b) applicable law or (c) rules or regulations of the SEC, the NYSE, or any other self-regulatory organization having jurisdiction over the affairs of the Committee;

17. consider and act upon any other matters concerning the financial affairs of the Company as the Committee, in its discretion, may determine to be advisable in connection with its oversight functions; and

18. approve or ratify transactions with any related persons (as defined in Item 404 of Regulation S-K under the Exchange Act).

**V. Evaluation of this Charter and the Audit Committee's Performance**

The Committee will annually review and evaluate the adequacy of this Charter and recommend any proposed changes to the Board. The Committee will also annually review and evaluate its own performance.

*While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent registered public accounting firm.*

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Approved by the Audit Committee and adopted by the Board of Directors on May 2, 2000; as amended through February 5, 2019.