

Supplier Summit 2018

Engaging our Partners in Success



Opening Remarks & Introductions



Engaging our Partners in Success

Supplier Summit 2018: Agenda

Tuesday

7:00 am – 8:00am	Registration <i>located near Eucalyptus</i> Breakfast & Networking opportunities <i>Foxtail Room</i>
8:00 am – 8:30 am	GENERAL SESSION I: <i>Eucalyptus Room</i> Opening Remarks – Danny Hughes Agenda Review & Safety Share – Cynthia Barber Safety Share: Andeavor – Mike Siner
8:30 am – 9:15 am	Keynote Address: State of the Company Red Conger, President & COO Freeport McMoRan Americas
9:15 am – 9:45 am	Presentation: Aviation and the use of Unmanned Aviation at FCX Morgan Lamb – Director of Aviation
9:45 am – 10:15 am	Break
10:15 am – 10:45 am	Guest Speaker: Safety at Freeport & You Mitch Kruger – Director Health & Safety - Operations
10:45 am – 11:30 am	Presentation: Test & Trial Policy, Supplier Code of Conduct & Business Ethics Discussion Audrey Mertes – Manager GSC Policy/Audit/Fraud
11:30 am – 12:30 pm	Lunch <i>Foxtail Room</i>

11:30 am – 12:30 pm	Lunch	<i>Foxtail Room</i>
12:30 pm – 1:30 pm	Panel Discussion: Insight from the GSC Operations Team James Seballos (Morenci), Eric Wiese (Colorado), Mona Ogas (Safford), Steve Sedillos (New Mexico)	
1:30 pm – 3:30 pm	Breakout Session Day 1 (<i>pick one of these sessions</i>)	
	<ul style="list-style-type: none"> Contractor/Services <i>Acacia Room</i> Roles & Responsibilities, KPI's / scorecards, Contract Controls Process, Contractor Onboarding & Safety, Contractor Badging, etc. Procurement <i>Bougainvillea Room</i> Roles & Responsibilities (Procurement, CM, Project Proc.) Selection & opportunities, lead-time & data trending, material preservation, KPI's & scorecards Transportation / Logistics <i>Copperwood Room</i> Roles & Responsibilities, goals & objectives, safety expectations, KPI's & scorecards, mutual help & focus 	
3:30 pm – 3:45 pm	Break & head back to the General Session	<i>Eucalyptus Room</i>
3:45 pm – 4:00 pm	Closing Comments for the day	
4:30 pm – 6:00 pm	Happy Hour Reception <i>Sonoran Sky 1-3</i> <i>This is an opportunity for vendors to network with GSC Site Managers and Commodity Managers</i>	
6:00 pm to 8:00 pm	Buffet Style Dinner - be our guest! Dinner will be served <i>Sonoran Sky 1-3</i>	

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Opening: **Danny Hughes – VP Global Supply Chain**



What a 3 Years It Has Been



DID YOU KNOW?

- Over The Last 3 Years FCX has Processed:

Country	PO Line Item Count	PO Count	Contract Request Count	Spend
North America	1,404,153	594,573	31,137	\$ 17,546,281,482
Indonesia	652,238	187,615	13,204	\$ 10,140,178,085
South America	349,932	123,465	22,310	\$ 7,113,094,341
Europe	116,324	53,835	17,891	\$ 1,331,734,654
Total	2,522,647	959,488	84,542	\$ 36,131,288,562

WHAT AN OPPORTUNITY!!!

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Tuesday Safety Share: Andeavor Fuel – Mike Siner



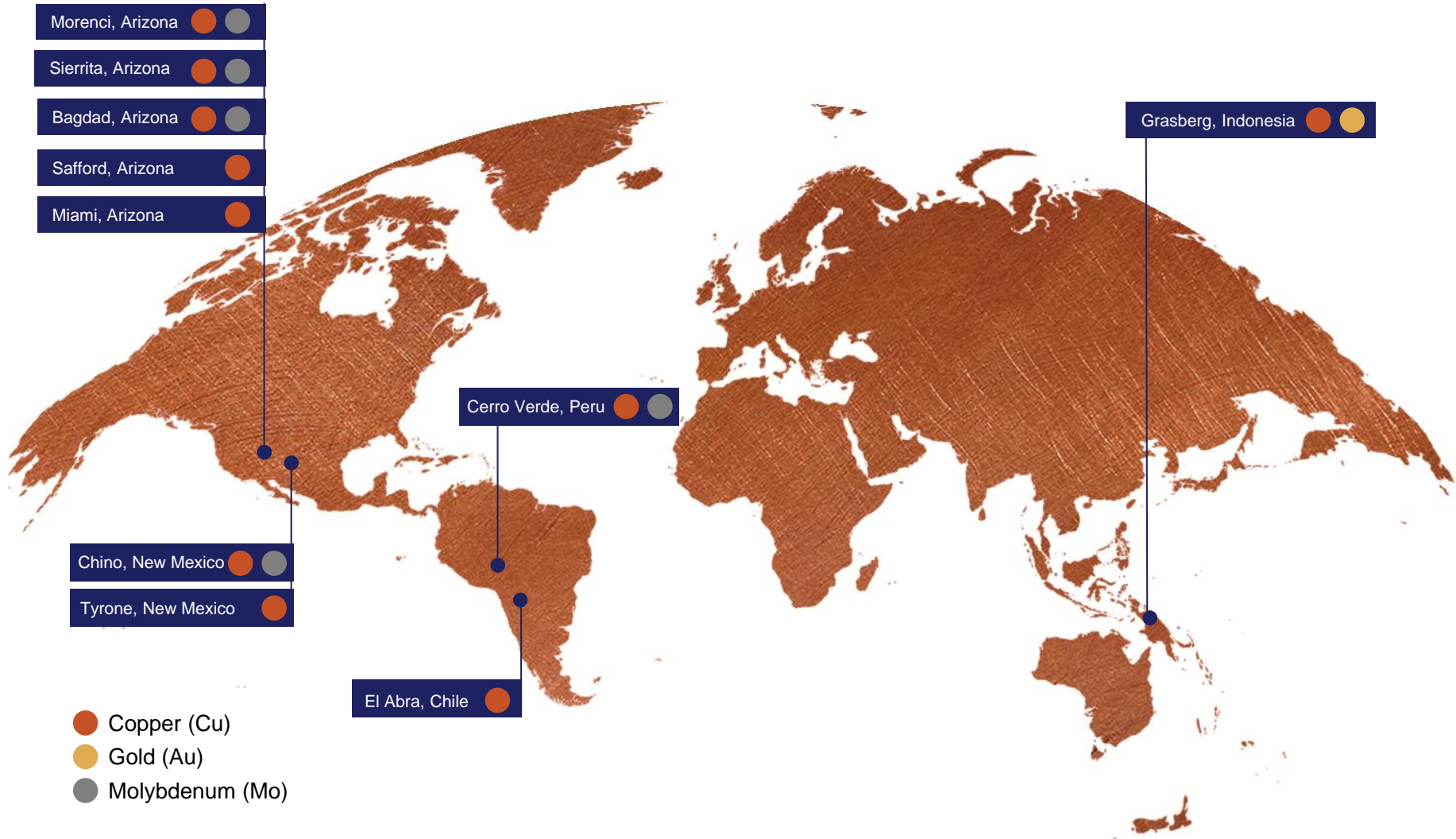
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Keynote Address: State of the Company
Red Conger – President & COO Americas

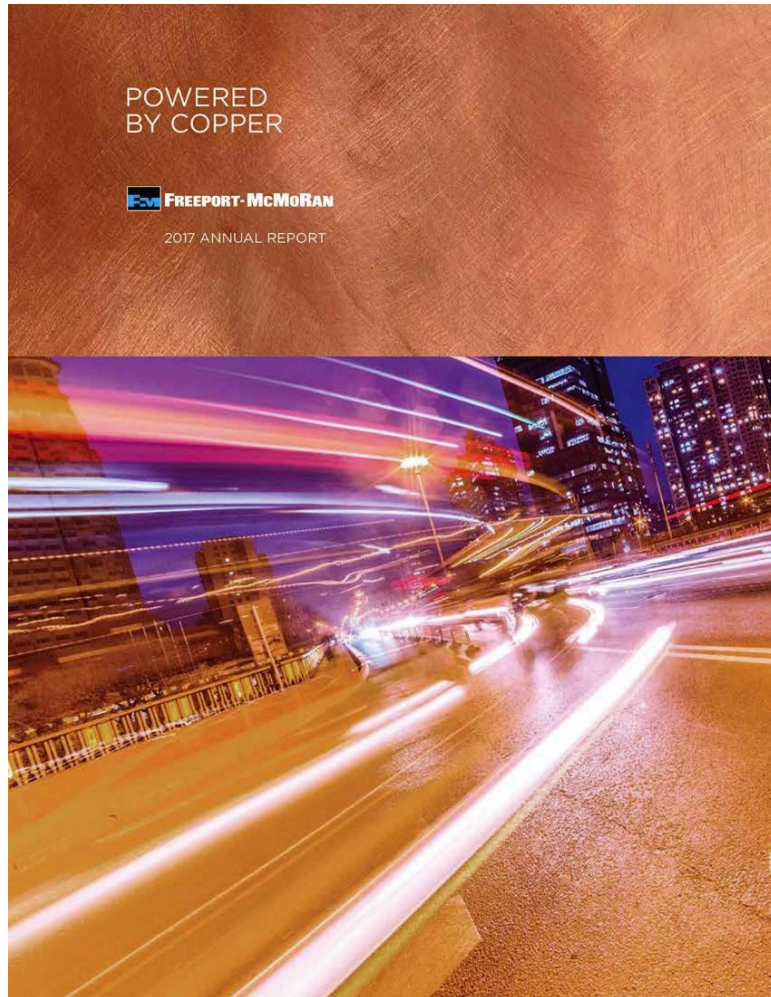


Freeport McMoRan (FCX) Copper Mining Operations

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“Powered by Copper”



- Well-Placed to Benefit from Industry-Leading Position in Copper
- Long-Lived, Geographically Diverse Reserves and Resources
- Strong Cash Flows Underpinned by Large-Scale Production Capacity and Ongoing Cost Management
- Attractive Inventory of Potential New Low-Risk Development Projects Largely Focused in the Americas
- Highly Qualified and Proven Technical Team to Execute Strategy
- Focused on Generating Long-Term Values for Shareholders

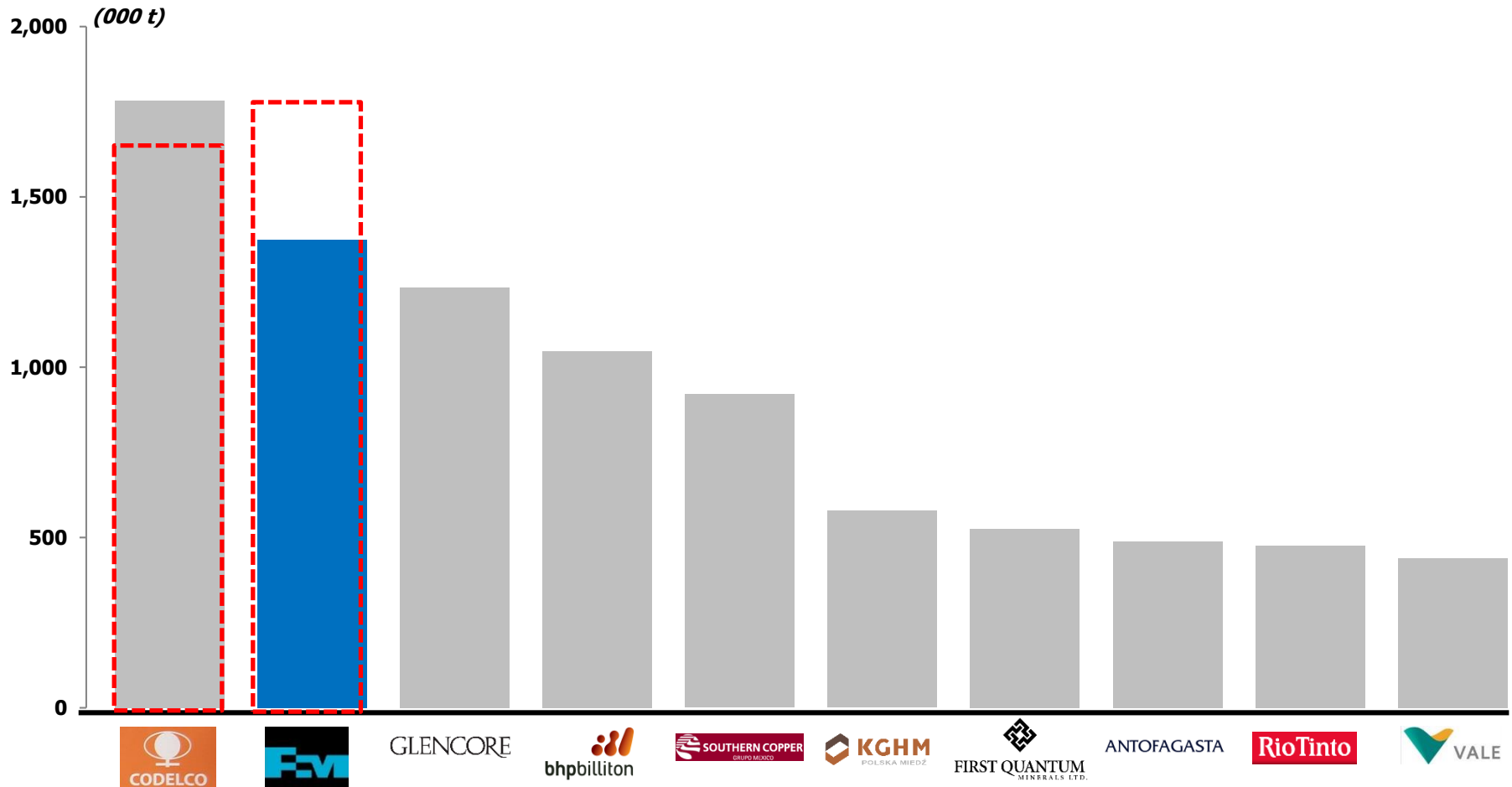
World's Leading Copper Producers

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Top 10 Copper Producers

(2017e)

Total Operated Production

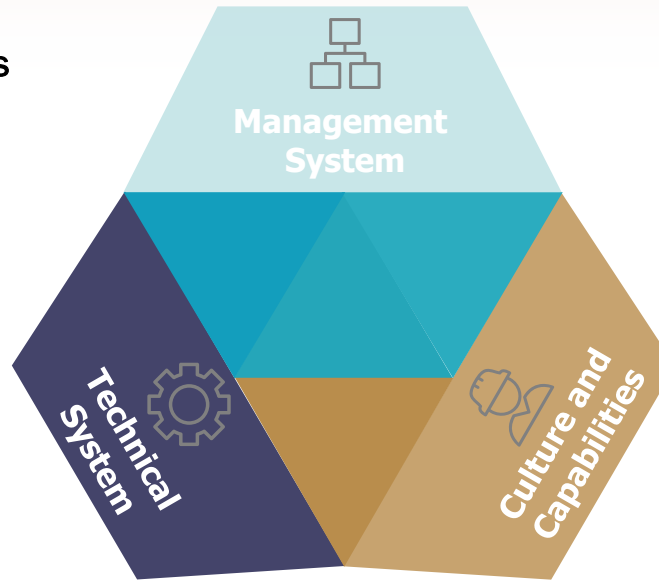


Source: Wood Mackenzie December 14, 2017. Rankings based on net equity ownership; e = estimate

FMC Operating System Delivers Results

The structures, processes, and systems to deliver on objectives

- Aggressive performance targets
- Flat and non-hierarchical
- Decentralized decision making
- Digitally enabled supervisors
- “Single source of truth”



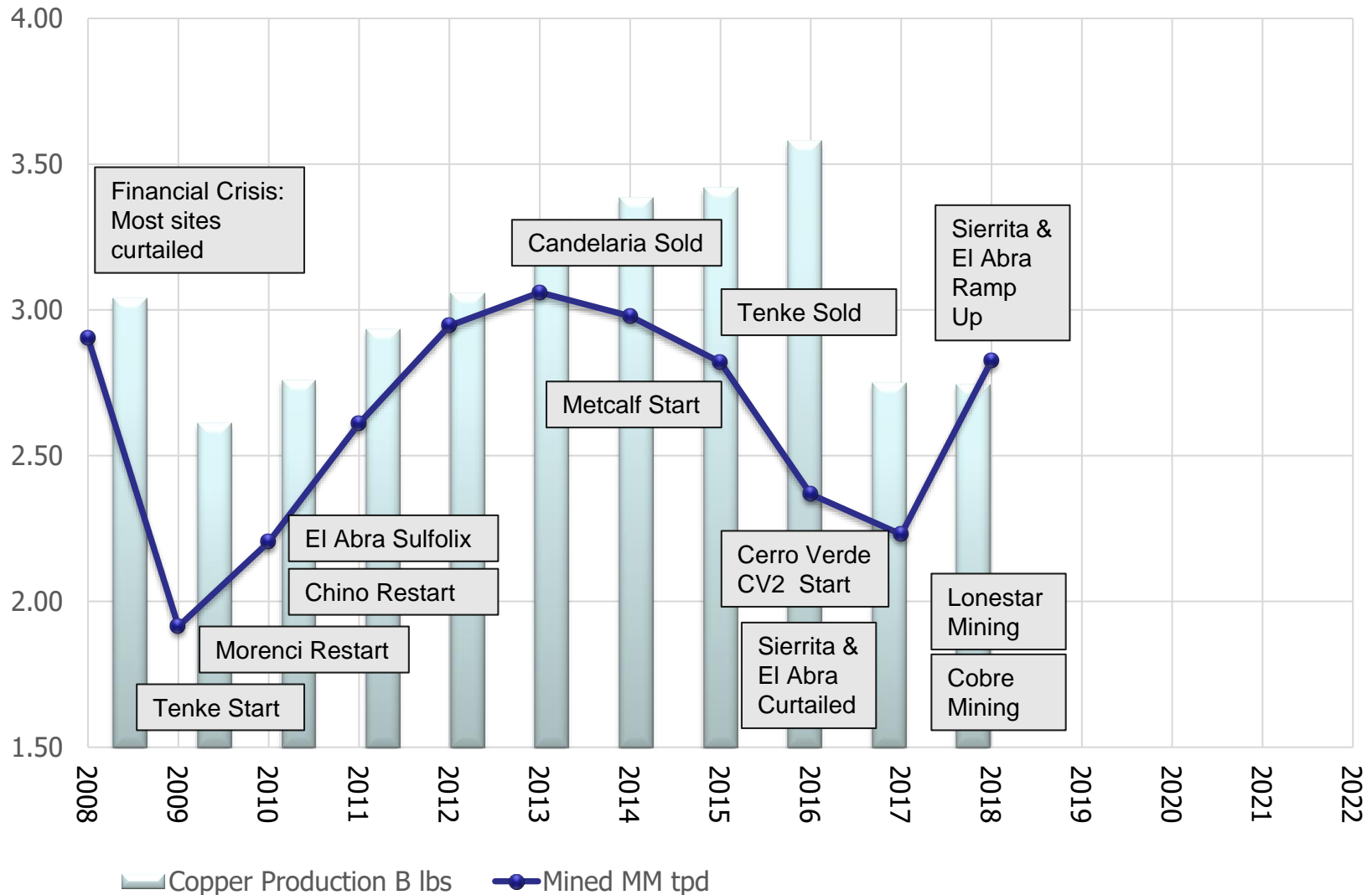
The way people think, feel, and conduct themselves

- “Win as a team” culture
- Talent development factory
- Continuous improvement mindset

Configure and operate assets to create value

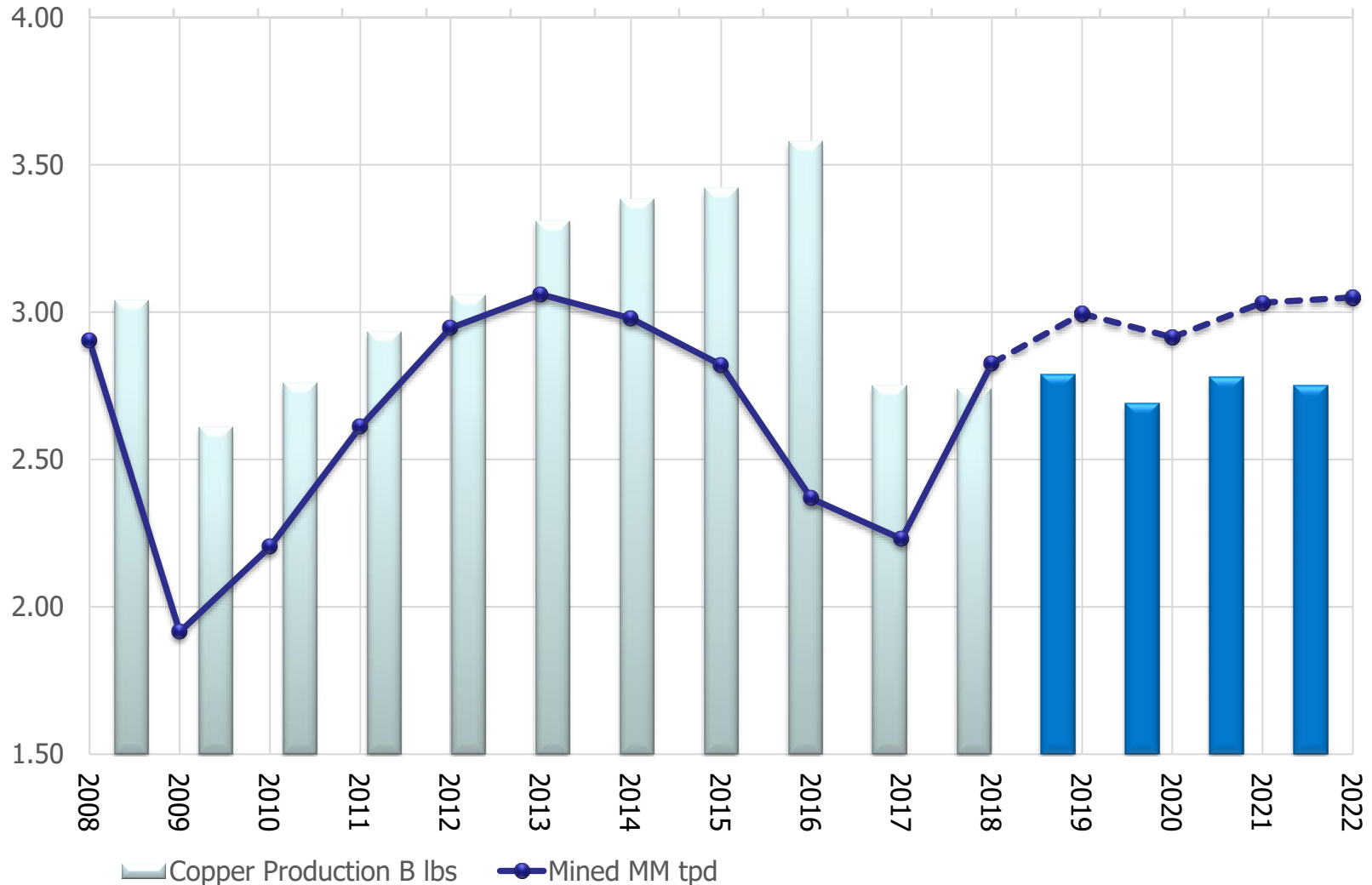
- 100% standardized mining fleet
- Rigorous cycle time tracking and travel analytics
- Cutting-edge remote asset maintenance program
- Strong community and labor relations

FMC Mining and Copper Production



FMC Mining and Copper Production

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Note: Forecast based on 2018 Plan

FMC Copper Mining Process – 2018

3.0 MM tpd Mined



**Drilling
& Blasting**



**Loading
& Hauling**



**Crushing
& Conveying**



Concentrating



Smelting



Refining



Leaching



Extraction



Electrowinning



To Market

752k tpd Crushed and Milled

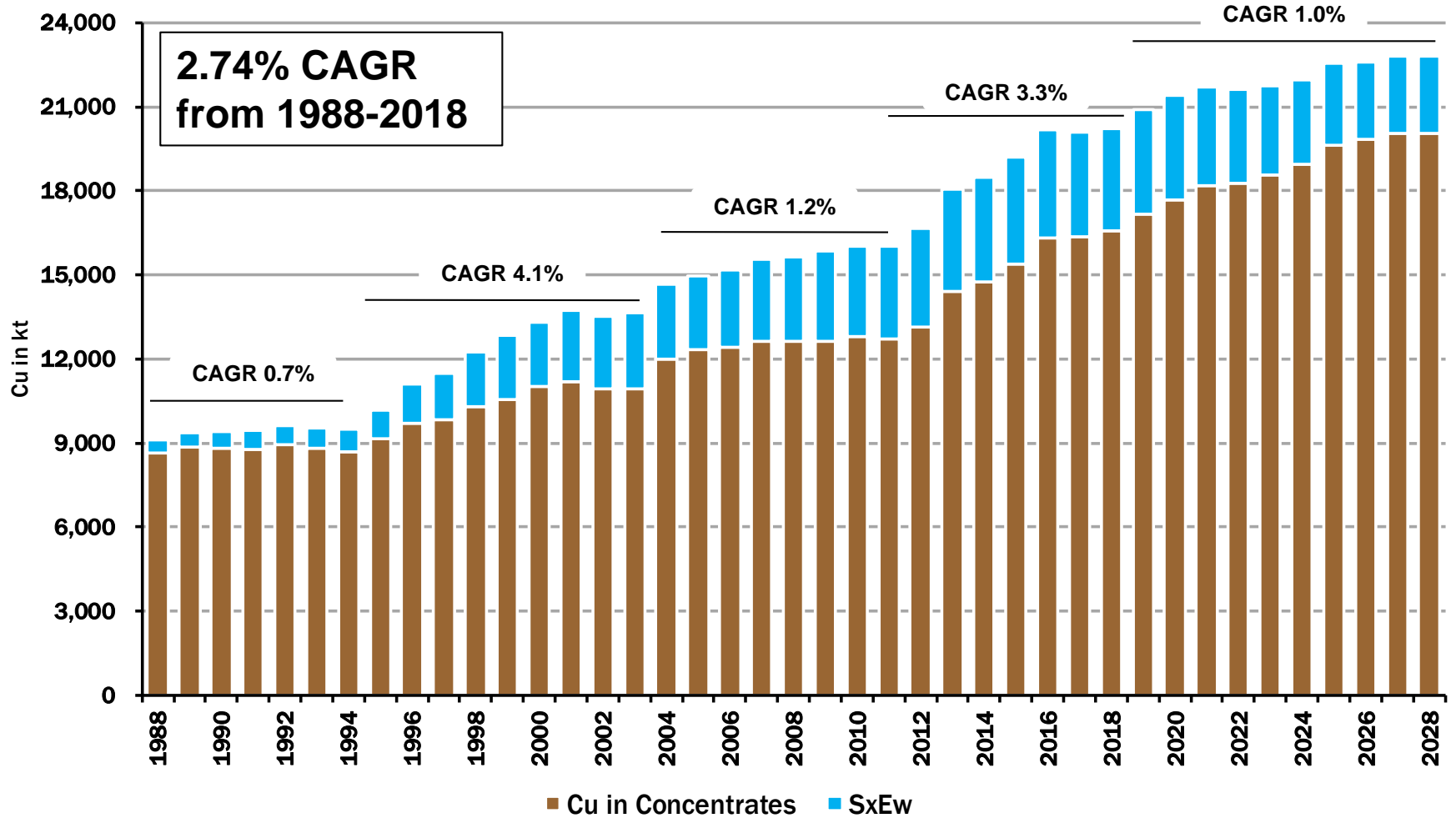
Refined Cathode (58%)

**295k tpd Crush Leach
613k tpd ROM Leach**

SXEW Cathode (42%)

- 8 mine sites
- 16,250 employees
- 6,500 contractors

Global Mine Supply Growth Comes in Waves



Source: WoodMackenzie

Electric Vehicles Use 3-4x More Copper

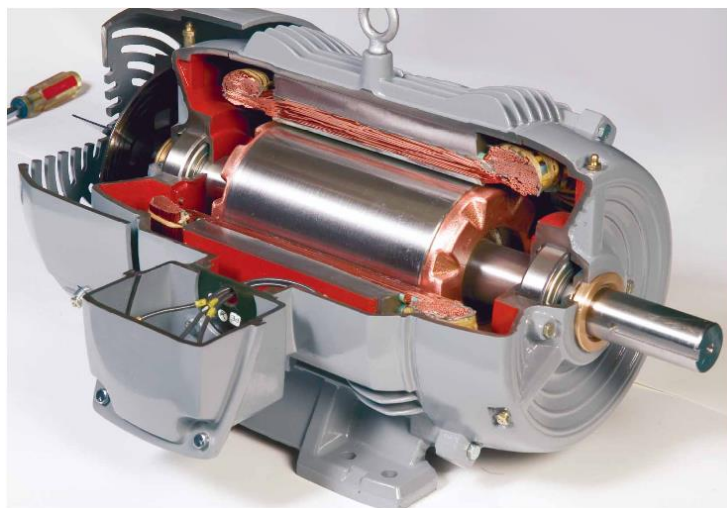
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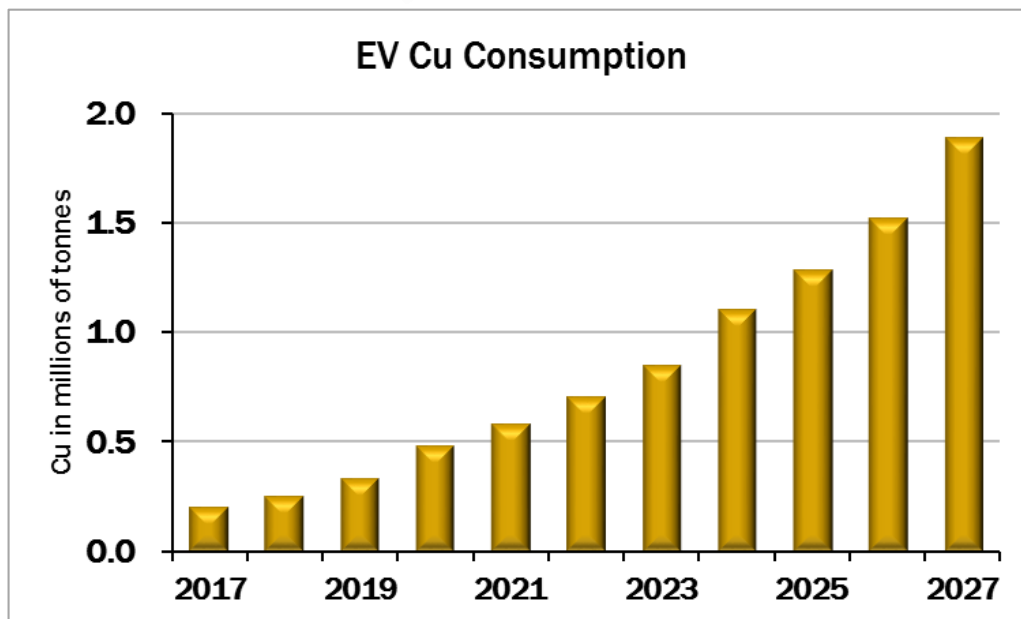
Chargers contain
2kg-20kg of Cu



20% of the battery is
Cu foil (40kg)



Motors contain 5kg to 13kg

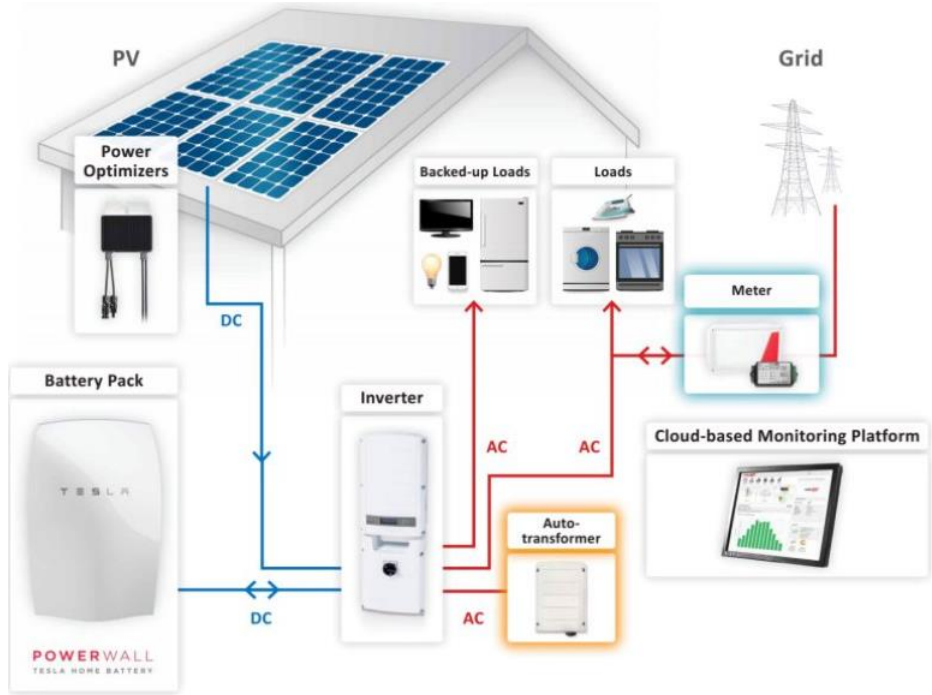


Sources: IDTechEx, ICA, WoodMac, and

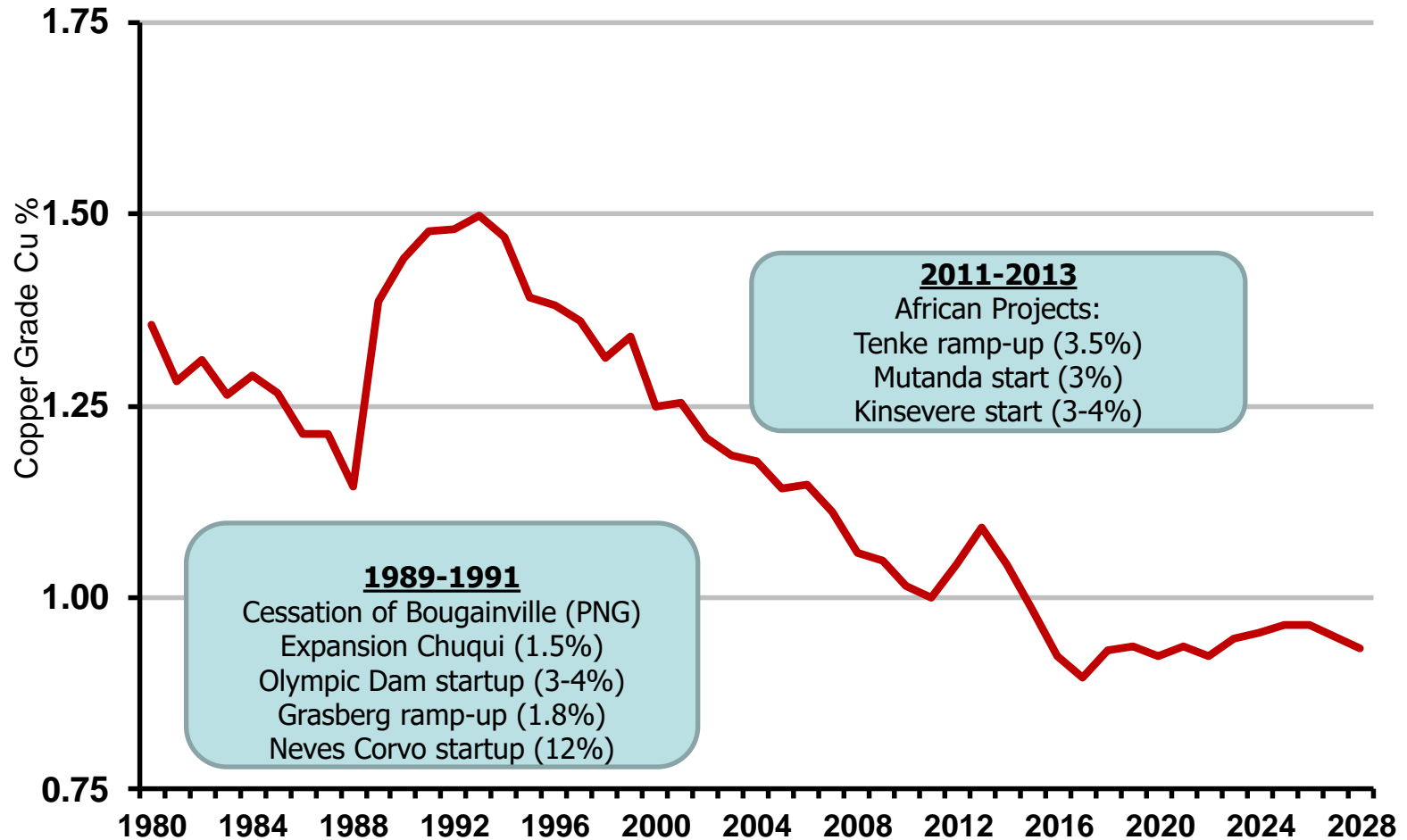
*IDTechEx forecast - excludes charging

Renewables, Infrastructure & Energy Efficiency

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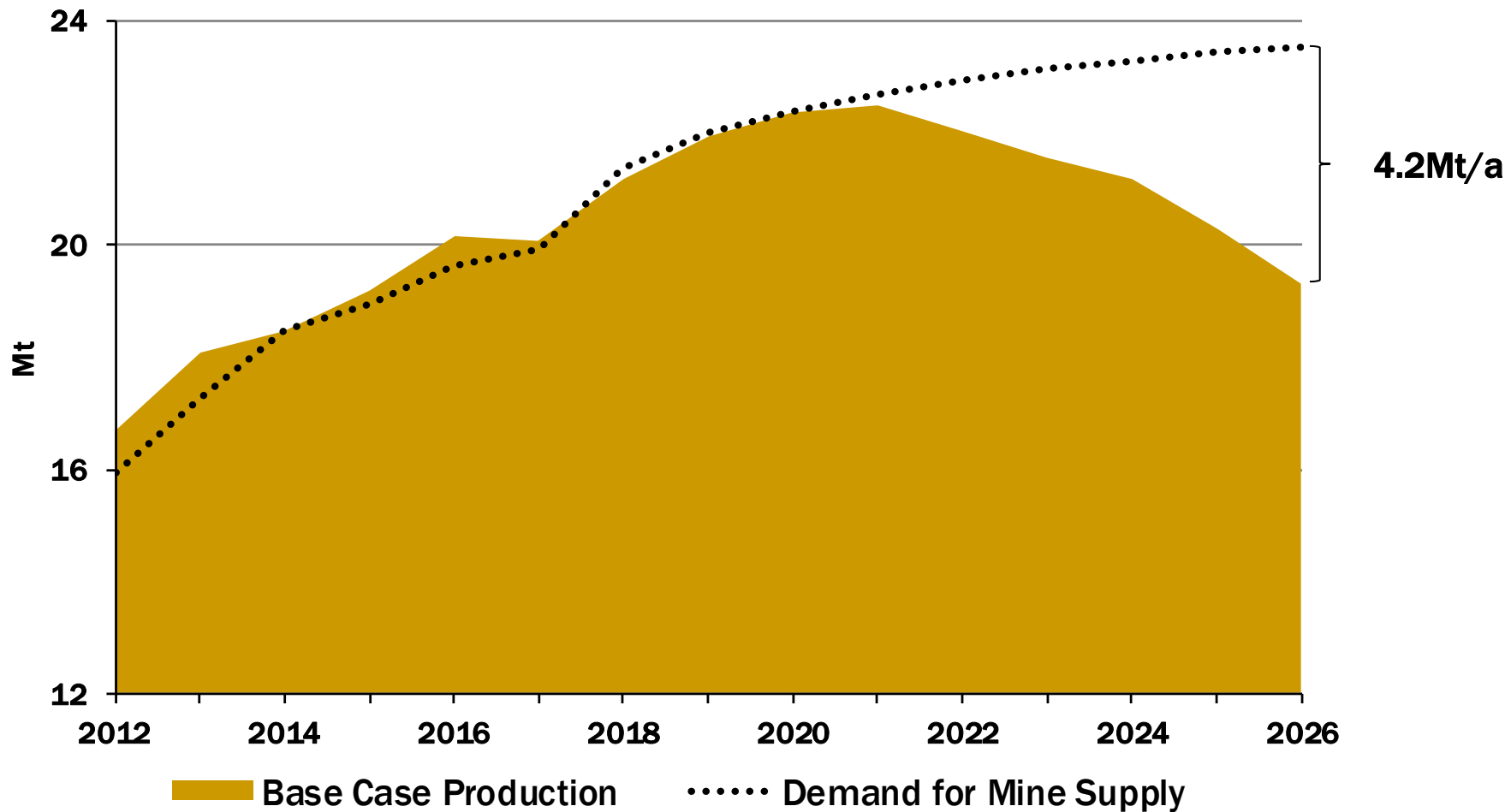
Resource Depletion & Declining Grades



Sources: WoodMac 1Q17

Cu Production: Lack of New Investment

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Source: WoodMac 1Q18

Americas Development Opportunities

U.S.

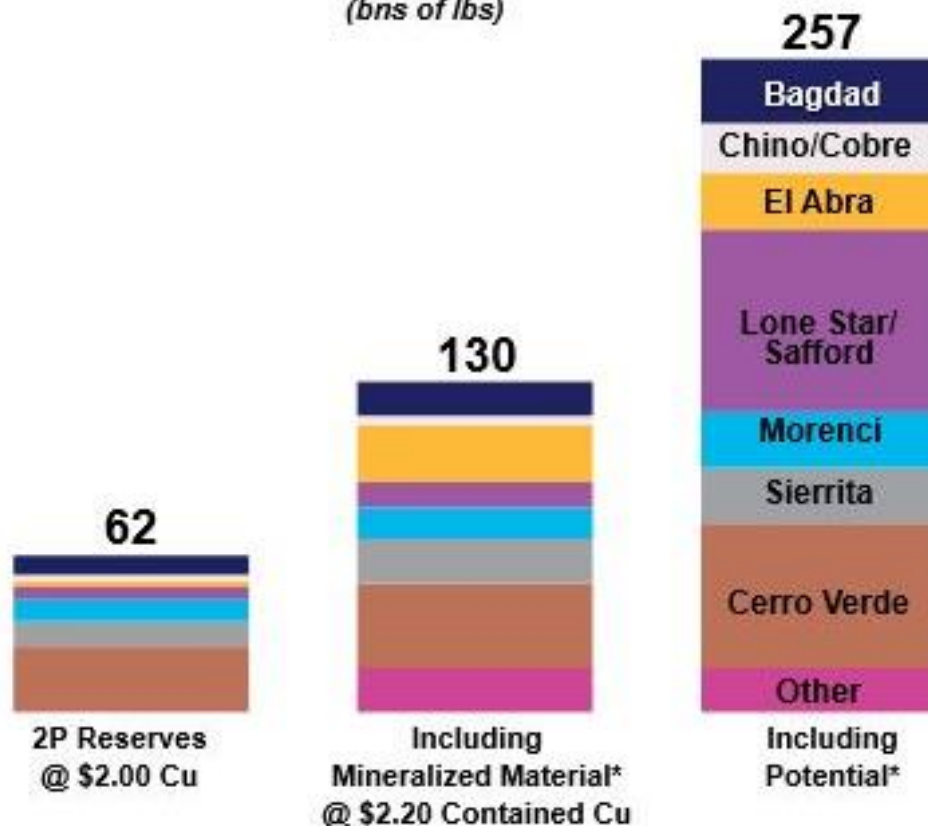
- Large footprint with substantial undeveloped sulfide resources
- Significant existing infrastructure provides for Brownfield expansions
- District extensions include:
 - Bagdad
 - Chino/Cobre
 - Lone Star/Safford
 - Morenci
 - Sierrita

South America

- El Abra mill project to develop large sulfide resource
 - Advancing technical studies for concentrator similar to Cerro Verde expansion
- Large footprint at Cerro Verde

Future Development Subject to Market Conditions

(bns of lbs)



* Mineralized material and potential resources are not included in reserves and will not qualify as reserves until comprehensive engineering studies establish their economic feasibility. Accordingly, no assurance can be given that the estimated mineralized material and potential resources will become proven and probable reserves. See Cautionary Statement.

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Aviation Update

Morgan Lamb – Director of Aviation



The Aviation Team – Global Responsibilities

■ Team Make Up

- **Aviation Director: 1 X Global Requirements**
- **Aviation Standardization and Training: 1 x Global Requirements**
- **Aviation Managers & support team: 3 x Indonesia**
- **Aviation Consultant Team: 3 x Indonesia**

■ Functional Alignment:



Aviation Team – Safe, Efficient, & Affordable Operations

- **What we do**
 - **Overall management of the FCX aviation fleet world wide to include unmanned aerial systems (UAS).**
 - **Oversee Corporate Aviation Safety Policies and Procedures in regards to all Aviation Movements & Support**
 - **Ensure Aviation Standards and Regulatory Compliance**
 - **Provide expertise in the direction and management of contracting for aviation services.**

- **Why we do it**
 - **To ensure safe and efficient aviation transport of all Freeport related personnel and equipment/supplies to their intended destinations.**

Aviation Team – Safe, Efficient, & Affordable Operations

- **What it means to FCX**
 - **Management of Owned Manned Aircraft Fleet**
 - **Indonesia: 2 X MD 82, 2 X MD 83, 2 x MIL 171, 2 X Bell 412, Bell 212.**
 - **Africa: Beech 1900D**
 - **NA: King Air 300**
 - **Management of over 24 UAS/drone systems**
 - **Management of Airport and Aviation Support Systems.**

- **Operational Impact**
 - **Globally we average over 40 air movements a day**
 - **We move over a quarter million passengers annually.**
 - **Over 60 different aviation contracts valued over \$140M.**

Timika Airport (Mozes Kilangen International Airport)

Mozes Kilangin Airport, located 1,800 miles East of Jakarta, Indonesia

- **Freeport provides fuel services at airport**
 - **+/- 15,500,000 liters to airlines, general aviation, and military aircraft.**
 - **Type of fuel sold: JET FUEL A1 , No AVGAS**
- **Vehicles/ Mobile Equipment:**
 - AC Cart: 1
 - Ambulance: 1
 - Commando Car: 1
 - Conveyor belt baggage loaders: 2
 - Crew Passenger Car: 1
 - Fire Engines: 3 (2 Oshkosh Striker - capacity 12,000ltr/truck)
 - Fuel Trucks: 2 (1 new in 2015, old one to be disposed off in 2016)
 - GPU: 1
 - GTC: 1
 - Hydrant Carts: 2
 - JCPL – Pallet loader: 1
 - Passenger busses: 3
 - Pickup Trucks: 2
 - Rapid Intervention Vehicle: 1
 - Sweeper: 1
 - Toilet truck: 1
 - Tow Tugs: 3
 - Utility Vehicle: 1
 - VIP Pax Car: 1

Airport Data

Country	Indonesia
ICAO ID	WABP
Time	UTC+9
Latitude	-4.528275
	04° 31' 41.79" S
Longitude	136.887375
	136° 53' 14.55" E
Elevation meters	103 feet / 31
Beacon	Yes
Near City	Timika


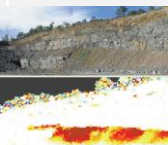
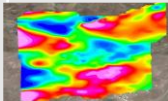
Communications

AWOS
KILANGIN TWR118.3

Runways

Dimensions 7841 x 148 feet
2390 x 45 meters

Unmanned Aerial Systems in Support of Mining Operations

Requirement	Product	Requirement Description
Videography		The process of capturing stationary and moving images on electronic media (e.g., videotape, direct to disk recording, or solid state storage) and streaming media. The term includes methods of video production and post-production based on the required product. Videography provides detailed video images based on the fidelity of the video device.
Photogrammetry		The measurements from photographs, recovering the exact positions of surface points. Used to recover the motion pathways of designated reference points, Utilizes high-speed photography and remote sensing to detect, measure and record 2-D and 3-D motion fields by feeding measurements and imagery analysis into computational models to create 3-D relative models and maps
Thermography		The use of thermograms to study heat distribution in structures or regions, Thermographic cameras usually detect radiation in the long-infrared range of the electromagnetic spectrum (roughly 9,000–14,000 nanometers or 9–14 μm) and produce images of that radiation, called thermograms
Lidar		A surveying method that measures distance to a target by illuminating the target with pulsed laser light and measuring the reflected pulses with a sensor. Differences in laser return times and wavelengths are used to make digital 3-D representations of the target.
InSAR		Interferometric synthetic aperture radar (InSAR) is used in geodesy and remote sensing. InSAR uses two or more synthetic aperture radar images to generate surface map deformations using differences in the phase wave returns. The technique can detect millimeter-scale changes in deformation over time. Ideal for monitoring large areas for subsidence and structural stability
Magnetometry		The measurement of perturbations in the ambient magnetic field caused by contrasts in magnetic susceptibility – the ability of a substance to take on an induced magnetism caused by its immersion in the Earth's magnetic field.

UAS Mission Profiles

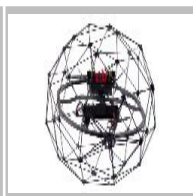
Mission Profiles	Blast Video	Surveys	Measurements	Inspections	Security	Other Underground
Requirements	Aspect Angle Analysis of Timing Video/Still Shots 4K HD Video	Stockpiles Reclam. Areas Haul Road	Tailings Monitor Pit Wall Map GEO-Tech	Power Lines Substations Tower Comp. Buildings	Identify Armed Threats on MSR Monitor Facilities	Survey no human zones Access Areas
Locations	B, C, Ce, CH, G, H, M, S, SI, T	B, Bi, Ce, M,	B, C, Ce, CH, G, H, M, S, SI, T	G, M	G	H, G,
Platforms	DJI Phantom IV DJI Matrice 210	DJI Phantom IV Alti- Airplane	DJI Phantom IV Alti- Airplane	DJI Phantom IV Inspire I, II NAVI	DJI Phantom IV Inspire I, II NAVI	DJI Phantom II ELIOS
Commitment	N. America - Daily PTFI – 4 Days Week	N. America - Monthly PTFI – Daily Pit Insp. Yapen 2 Days Wk	N. America - Monthly / Qtr PTFI-11 Days /Qtr Daily Pit Insp. Yapen 2 Days Wk	N. America - Semi-Annual PTFI- PWR Grid Annual,	PTFI - Daily, MP 69 MSR Critical threats Brimod: Observ. posts	N. America - Monthly Access Points Desig.Propertie s

B-Bagdad; **Bi**-Bisbee; **C**-Climax; **Ce**-Cerro Verde; **Ch**-Chino; **G**-Grasberg; **H**-Henderson; **M**-Morenci; **S**-Safford; **SI**-Sierrita; **T**-Tyrone

 Indicates outsourced contractor

UAS/Drone Capability/Configurations

 Indicates outsourced contractor



Manuf./Model	DJI Phantom IV/Pro	DJI Matrice 210	DJI Inspire I/II	Yuneec H-520	Alti- Transition	Flyability Elios	Aeronavics NAVI
Price	\$900 / \$1,500	\$5,300	\$2,000/\$3,000	\$3,300	\$110,000	\$30,560	\$4000 /\$7000
Camera Type /Sensor	12.4 MP 20 MP/1" (CMOS) Mech. Shutter	20 MP / 1" Elec. Shutter	12.4 MP Electronic Shutter	20 MP Gimbel 1" High Res	24 MP Electronic Shutter	Low Light Thermal Video	24 & 46 MP 2 Axis Tray Gimel
Weight	3.04/3.06 lbs	1.62 lbs	7.58 lbs	3.5 lbs	26.4 lbs	1.54 lbs	3.5 lbs
Max Flt Time	28/30 min	38 min	27 min	28 min	6+ hrs	10 min x 3	40 min
Max Speed	44/45 mph	51 mph	58 mph	38 mph	44 mph	14-20 mph	40 mph
Bat Type	LiPo	LiPo	LiPo	LiPo	LiPo-Vert 20cc 4 stroke	LiPo	LiPo
Opn Range	4.3 miles	4.3 miles	4.3 miles	4.3 miles	21.7 miles	.3 / .6 miles	4.5 miles
Obst. Awareness	Front/5 directional	5-directional	3-/4- directional	5-directional	N/A	Hardened Shell	5-directional

What is your takeaway from this brief.....

- We have aviation operations throughout the world in the form of owned, contracted, and day to day movement operations.
- We conduct aviation operations through the lens of being Safe, Efficient, and Affordable.
- We are always looking to improve our operations through process improvement, innovation, and industry analysis.

Not that you know who and what we do, do not hesitate to offer any product or service that could make aviation operations better.

Morgan M Lamb – Aviation Director mlamb1@fmi.com

Mike McKenny – Standardization/Training & UAS Management – mmckenny@fmi.com

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Break time!!



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Safety at Freeport & You

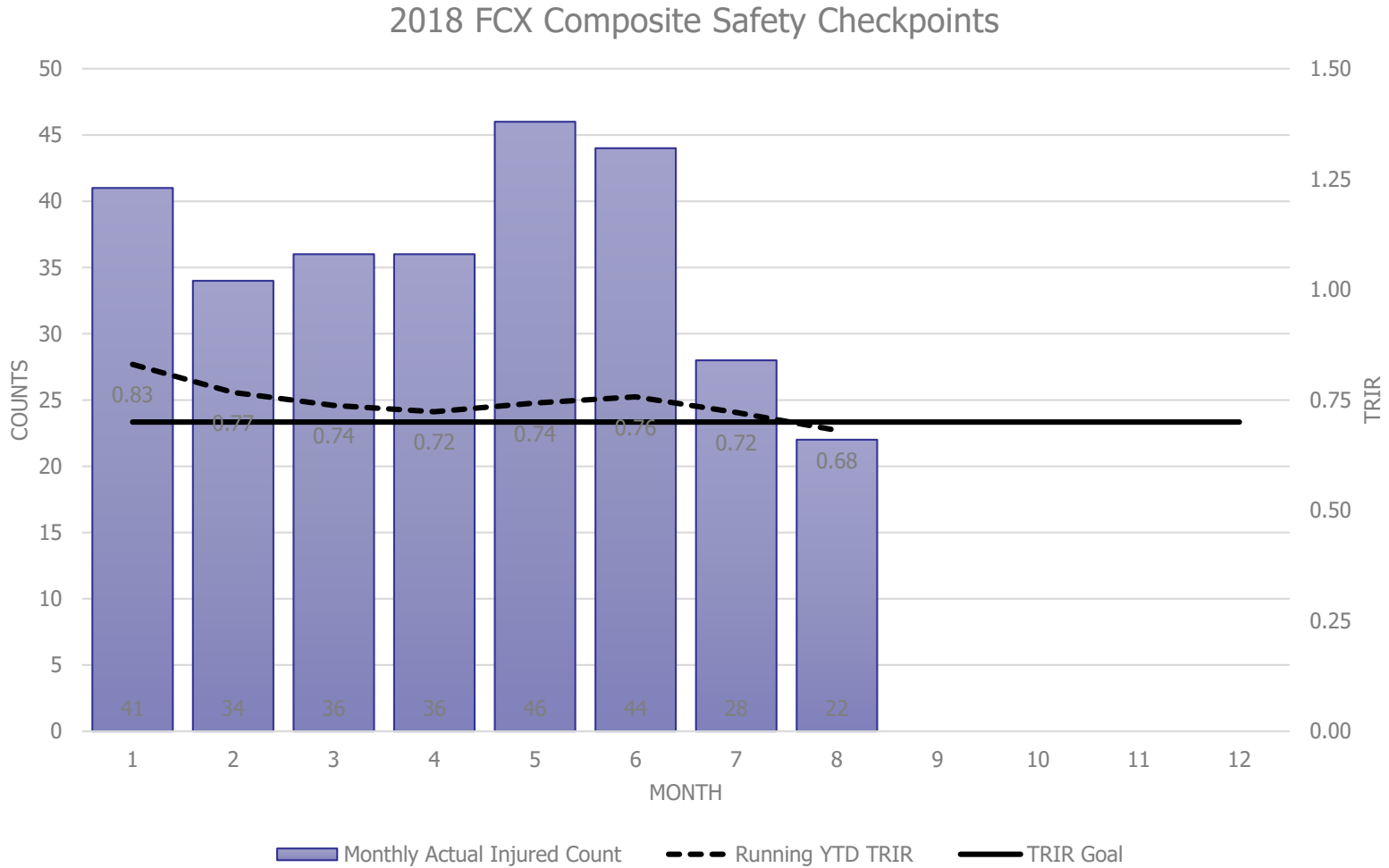
Mitch Kruger– Director of H&S – Fatality Prevention



H&S Overview

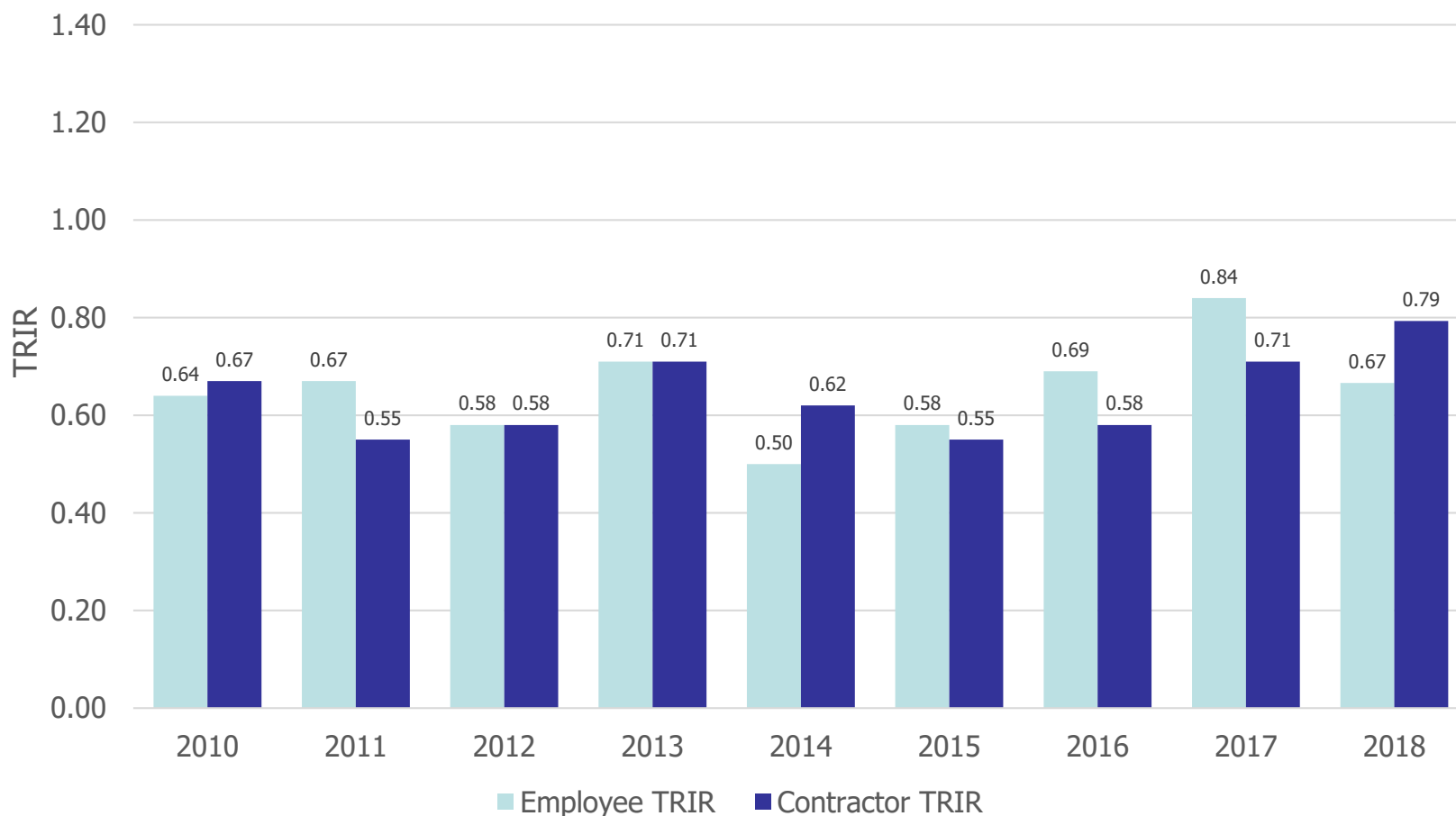
- **H&S of all FCX Employees, Visitors, etc..**
 - **All for Safe Production**
 - **Focus on collaborating to improve our systems**
- **Incident Data**
- **H&S Policy**
- **Fatal Risk Management**
- **Site Entry Processes**

FCX Year to Date Safety Stats- update this



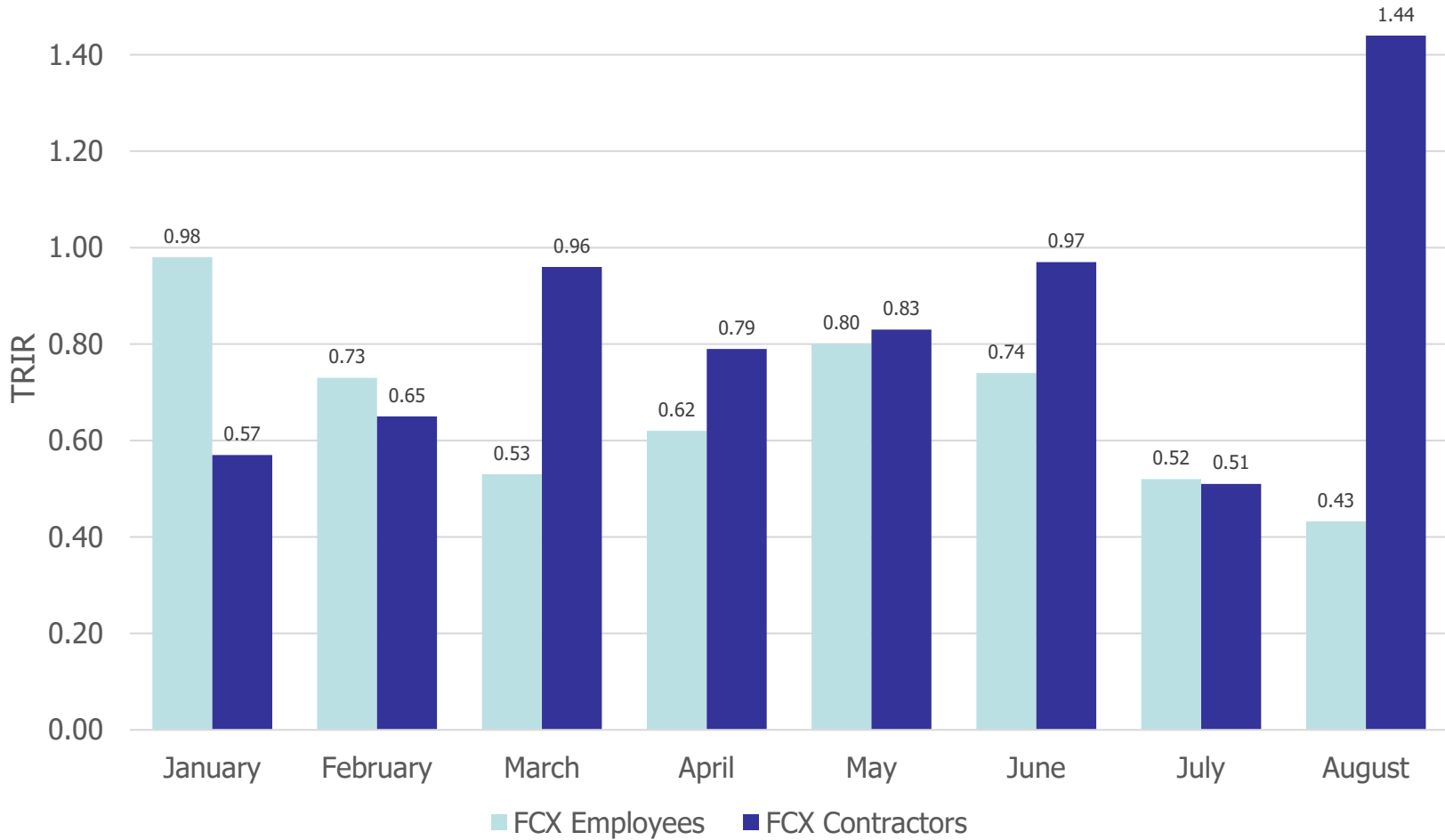
August 2018 incident rates are estimated as of August 16, 2018.

Historical FCX – Contractor TRIR



FCX includes employee and contractors. 2018 includes an estimated August TRIR.

2018 FCX – Contractor TRIR



2018 includes an estimated August TRIR.

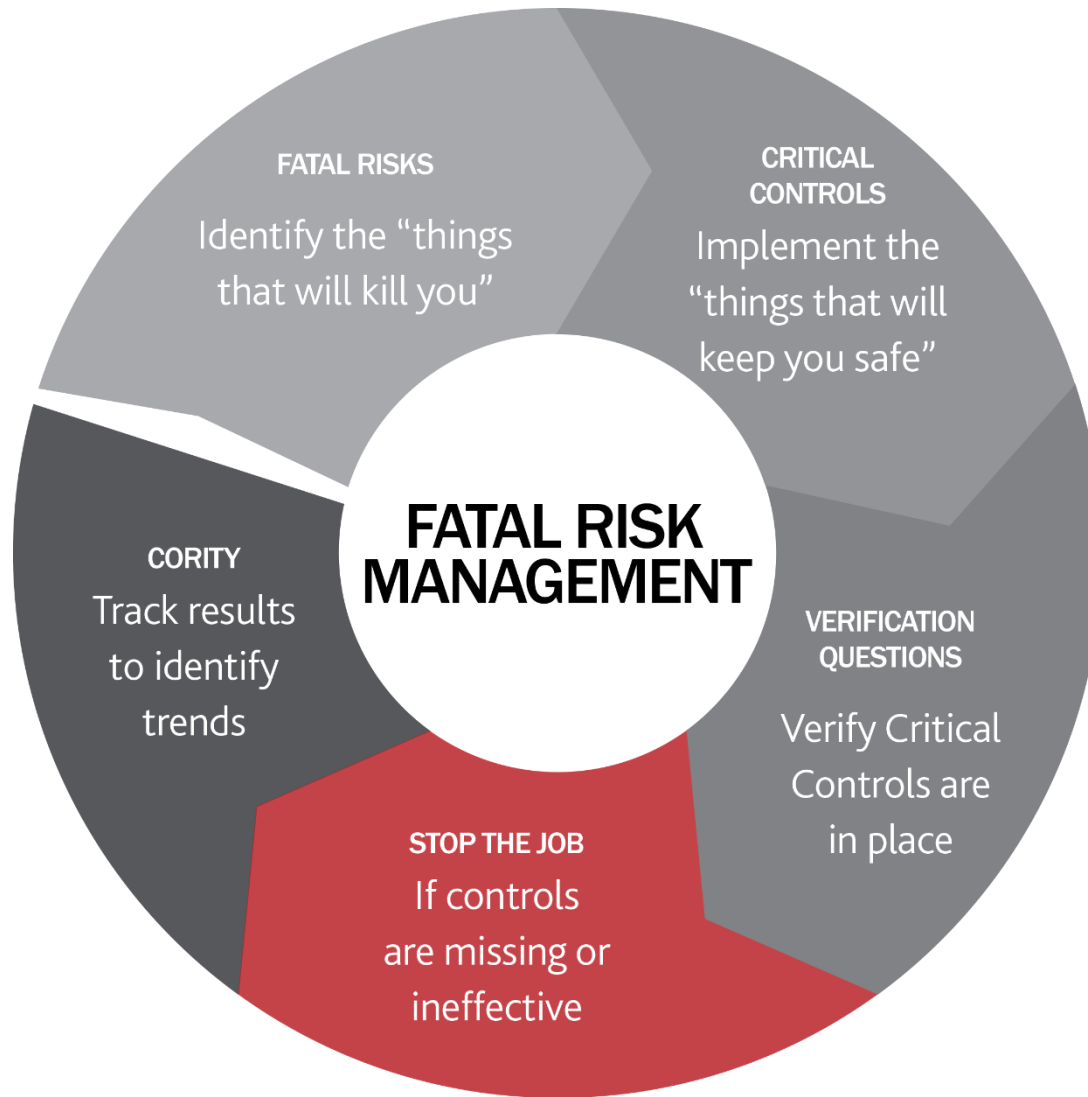
H&S Policy Updates

- **2018 Policy Streamlining Process**
 - **Feedback from Operations**
 - **Improve overall understanding of risks and eliminate potential confusion in the field**
- **Not dramatic changes of content but layout/organization**
- **Recent Policy Release:**
 - **Confined Space Policy**
 - **Hotwork Policy**
 - **Working from Heights**
- **Future Releases**
 - **HDPE**
 - **Acid Handling**
 - **Flagging and Barricading**
- **Comments or Concerns with our policy communication?**

Fatal Risk Management

- 1. Fatal Risk Management is the next step in the Fatality Prevention Program**
- 2. It builds on the core elements presented in Fatality Prevention Training**
- 3. Focused on improving communication of fatal risks and their prevention**
- 4. It consists of several tools to be used in the field.**
- 5. Focus is on pre-task communication and field verifications**

Fatal Risk Management Concept



FCX Fatal Risk Icons

Present at all sites



Vehicle Collision or Rollover



Falling Objects



Vehicle Impact on Person



Fall from Heights



Entanglement and Crushing



Uncontrolled Release of Energy



Lifting Operations



Fire



Contact with Electricity



Exposure to Hazardous Substances - Chronic



Exposure to Hazardous Substances - Acute

Present at many sites



Confined Space



Blasting



Drowning



Ground Failure



Rail Collision



Rail Impact on Person

Present at few sites



Underground Rock Fall



Underground Hazardous Atmosphere



Underground Inrush



Personnel Hoisting



Contact with Molten Material



Aircraft Operation

Site Entry Requirements

- **Site Specific training- Hazard Recognition Video**
- **Site MSHA requirements for training**
 - **Those potentially exposed to Mine hazards**
- **North American Operations**
 - **Language barriers- contractors, truck drivers**
- **Concerns about site access requirements or training?**

Other comments, questions or concerns about our H&S Management System?

Supplier Summit 2018

Test & Trial Policy, Supplier Code of Conduct & Business Ethics Discussion

Dale Patterson – GSC Leader: GSC Policy, Audit & Fraud



Supplier Code of Conduct

- Updated February 2018
- No major content changes; mainly formatting change to align with Principles of Business Conduct
- All Suppliers are asked to abide by the Code as a condition of doing business with FCX

“We expect our Suppliers to make ethical decisions, which requires a commitment to do the right thing regardless of the cost, and to act consistently with and apply the Code and our values each day.”

Strength in Our Values: Our People

- **We make every effort to ensure the health and safety of our employees and Suppliers**
- **We expect Suppliers to follow all FCX safety standards and procedures, as well as provide their employees with a safe and healthy workplace**
- **If at any time Suppliers do not feel that they can perform their job in a safe manner or a safety incident occurs, they should stop work immediately and notify the Site Safety Department**
- **Suppliers must report to work free from the influence of any substance that could impair or impede work performance, or create an unsafe work environment**

“We report to work fit for duty, take responsibility for our own safety and look out for the safety of others.”

Strength in Our Values: Our Company

- **Suppliers are expected to make business decisions, on behalf of the company, solely based on sound business judgment**
- **Any potential conflicts of interest, actual or perceived, should be disclosed immediately to the local Contract Administrator or Buyer**
- **Relationships with Suppliers must be based on sound business decisions and fair dealings**
- **Suppliers are required to provide complete, accurate and timely information about financial transactions and results of operations in accordance with applicable accounting regulations, securities laws and professional standards**
- **Suppliers with access to confidential information or intellectual property are obligated to protect it as they would protect their own and in accordance with any applicable confidentiality agreements. Suppliers may not share**

Strength in Our Values: Our Company

Gifts & Entertainment

- **Gifts are not necessary to do business with FCX**
- **Suppliers may not offer gifts, entertainment or travel to FCX employees in procurement-related positions or to those participating in a sourcing event.**
- **Suppliers should not offer personal gifts, favors, unusual hospitality, loans, entertainment or any other form of compensation or benefit to FCX employees if doing so might impair, or appear to impair, an FCX employee's ability to exercise judgment in a fair and unbiased manner**
- **Suppliers should respect any FCX employee's refusal to accept gifts or entertainment.**

What's Ok?

- | | |
|----------------------|----------------------------|
| • Nominal Value Gift | • Promotional Items (Swag) |
| • Business Lunch | • Golf Tournament |
| • Business Dinner | • Donuts for office |

Strength in Our Values: Our Stakeholders

- **We expect Suppliers to operate in a way that respects local communities and in accordance with FCX policies**
- **We encourage Suppliers to maximize local development opportunities by hiring and procuring locally to the extent feasible to maximize the positive impacts of our supply chain in the local economy**
- **FCX expects Suppliers to operate in accordance with FCX environmental policies and to comply with environmental laws, regulations and specifications while on FCX property**
- **We expect our Suppliers to treat everyone in and around our operations with dignity and respect**
- **We expect Suppliers to abide by international and local laws and regulations that forbid bribery of government officials and others, including the U.S. Foreign Corrupt Practices Act**

Strength in Our Values: Our Market

- **Suppliers are prohibited from participating in any type of unfair business practice aimed at limiting or impairing full and open competition for products and services provided by Suppliers to FCX.**
- **We are a global company, which requires us and our Suppliers to know and comply with laws that govern international trade**
 - **Export & Import**
 - **Illegal boycotts**
 - **Economic Trade Sanctions**

We are honest, transparent and responsible when dealing with suppliers, competitors and customers.

The Importance of Speaking Up

Each of us has a responsibility to report suspected violations of the Code, FCX policies and procedures, and the applicable law to the appropriate personnel as quickly as possible.

For questions about the Code, to discuss issues or to report a concern:

- Review company policies available on www.fcx.com
- Contact your local Contract Administrator or Buyer
- Contact your corporate Commodity Manager
- Email the FCX Global Compliance team at compliance@fmi.com
- Contact the FCX Compliance Line:
 - United States 800-295-6783
 - <https://fcxcompliance.alertline.com>
 - Available 24 hours a day, seven days a week

Business Awareness

- **Ethics & Healthy Supplier Relationships**

- **Focus on:**
 - **Importance of following established GSC processes**
 - **Conflict of Interests**
 - **Gift & Entertainment**
 - **Roles & Responsibilities**

- **Next few slides from that presentation**

The need for goods or services impacts...

- **End User**
- **Supplier**
- **Global Supply Chain (Buyer, Contract Administrator, Inventory Control & Warehouse)**
- **Accounts Payable**

When the designed processes are not followed, we introduce additional risk and potentially additional work for other areas.

Supply Chain's Responsibility is to:

Procure the goods & services at the lowest total end-use cost, while reducing risk to the Company

The authorization to perform these tasks on behalf of the Company is designated by Policy set by our Executives

This is done by working with:



- **Customer to understand needs and requirements**
- **Legal, Security & Risk Management to establish Contract Language, Terms & Conditions**
- **Health/Safety & Environmental to ensure we are communicating their requirements to our supplier**
- **AP, Treasury & Accounting to get suppliers paid**
- **Supplier to ensure goods and services meet requirements and policies are followed**

Supplier Responsibilities

- **Provide products and services based on agreed to terms, ONLY when a valid PO or SO was provided by GSC**
- **Adhere to our Supplier Code of Conduct**
 - **Abide by & operate in a manner that is in accordance with our policies and procedures, when on property or when doing work for or on behalf of FCX**
 - **Avoid conflicts of interest**
 - **Prohibited from promising, offering or paying bribes, kickbacks, illegal gratuities or similar payments to Company personnel for the purpose of obtaining or retaining business**
 - **Prohibited from engaging in anticompetitive business practice aimed at limiting or impairing full & open competition for products & services**
 - **Report compliance concerns**

<https://fmwebhome.fmi.com/sites/Policies>

Relationships with Suppliers

- **Avoid perception of impropriety**
 - Promotional items - where it is displayed or when worn may be sending messages you were not intending to send
 - Let your supervisor know when there is a conflict of interest
 - Management approved events (dinners, conferences, etc.)
- **Graciously decline gifts that do not comply with Supplier Code of Conduct & report individuals using gifts for gain**
- **Respect the supplier's & Company's proprietary information**



Impact of continuously having the discussion

- **According to Compliance department:**
 - **We are receiving fewer notifications regarding extravagant gifts/entertainment**
 - **Employees are reaching out to determine right move when presented with a questionable gift/entertainment**
- **GSC Internal Customers asking for clarification on what their relationship with the supplier should look like**
 - **Quotes should be requested by GSC**
 - **Ok to ask for technical assistance**
 - **Work together to get contracted services completed as per scope**

Test & Trial Policy

- **Last year rolled out Test & Trial tracking process**
- **Rolling out a new process to ensure all Test & Trials are approved before started.**
 - **Reduce risk that an end user is working with a supplier on a test and inadvertently committing the Company**
 - **Reduce redundancy of testing being performed (same test at multiple sites)**
 - **Ensure all suppliers are given a fair opportunity to participate when appropriate**
 - **Ensure we are spending limited resources on the right things with best chance for positive return**
- **Need your help - If operations or maintenance approaches you regarding a test, please advise that GSC needs to be involved**

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Lunch Foxtail Room



Supplier Summit 2018

GSC Regional Manager – Panel Discussion



GSC Regional Manager – Panel Discussion

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- **James Seballos**
 - **Regional GSC Manager Morenci Operations**
- **Mona Ogas**
 - **Regional GSC Manager Safford Operations**
- **Steve Sedillos**
 - **Regional GSC Manager New Mexico Operations**
- **Eric Wiese**
 - **Regional GSC Manager Colorado Operations**

Time to Move! Breakout Sessions – Day 1

There will be 2 days of duplicate sessions – giving you an opportunity to attend multiple sessions.

- **Services / Contractors** *Acacia Room*
- **Procurement** *Bougainvillea Room*
- **Transportation** *Copperwood Room*

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Closing Comments

Reception & Dinner
Begin at 4:30

Sonoran Sky 1-3



Supplier Summit 2018

Engaging our Partners in Success



Opening Remarks & Thoughts from Yesterday



Engaging our Partners in Success

Supplier Summit 2018

Wednesday Safety Share: Komatsu – Guy Horton

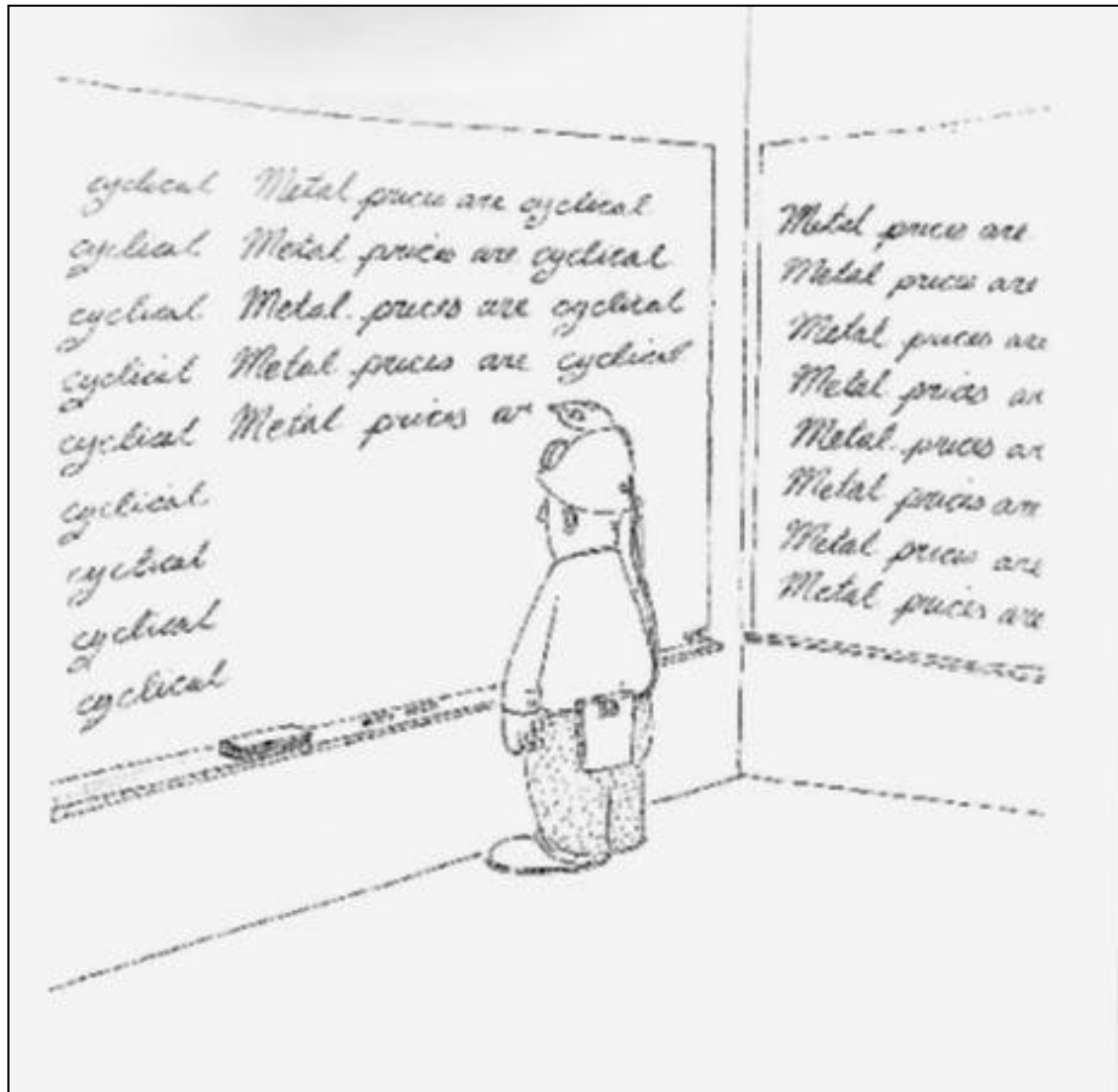


Supplier Summit 2018

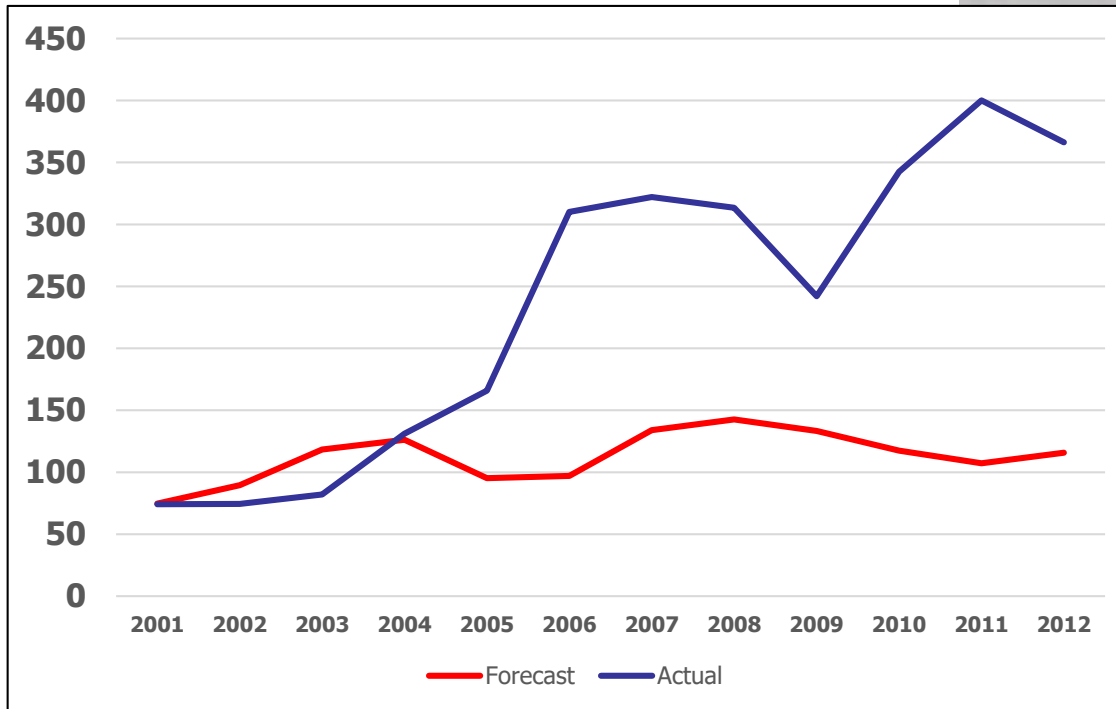
Keynote Speaker: FCX Maintenance
Cory Stevens – Vice President Operational Improvement



Fact: Copper Prices are Cyclical



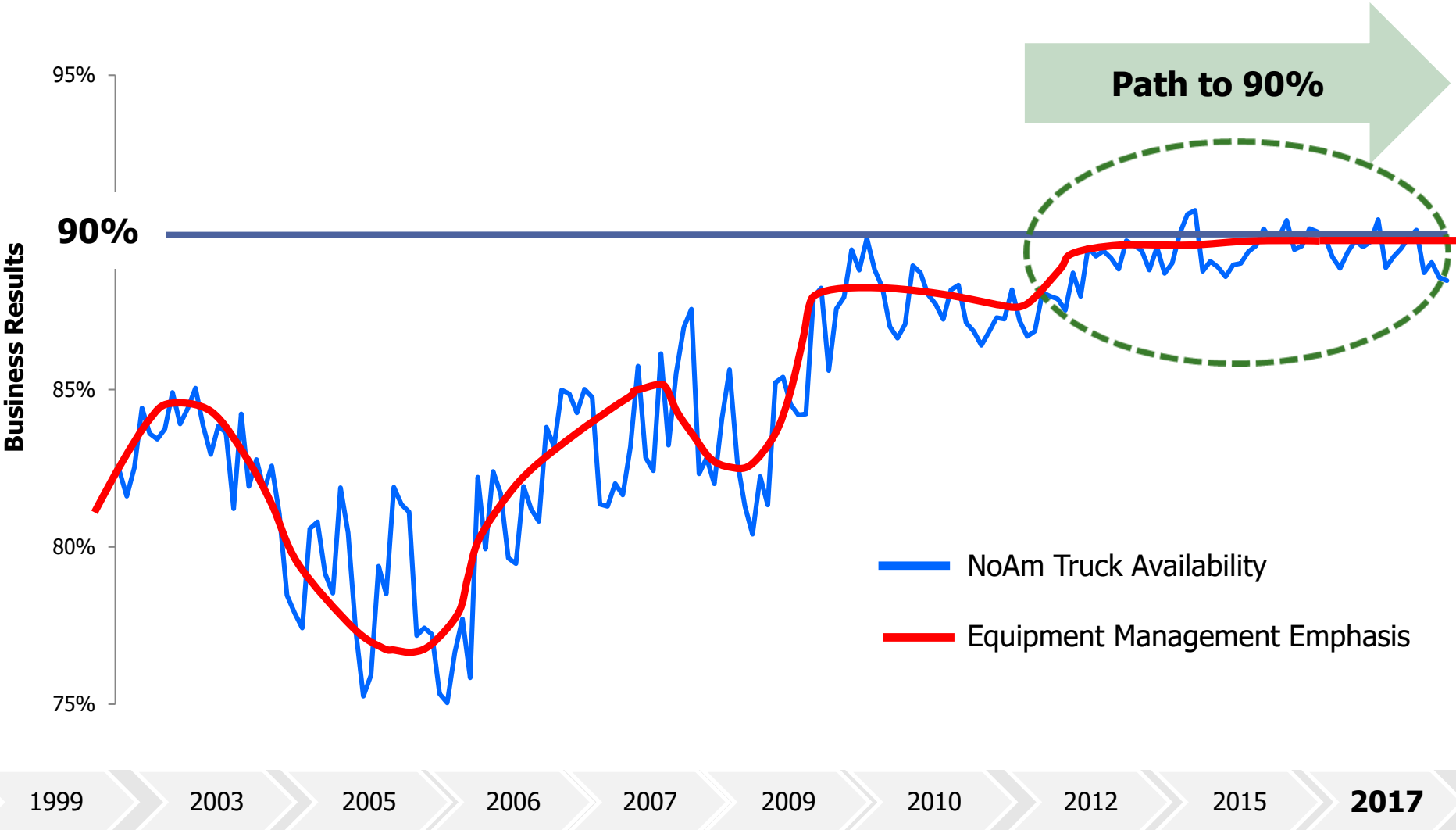
Fact: The Future is Unpredictable



FCX Maintenance Philosophy

- Start with a reliable piece of equipment
- Established and measured reliability standards
- A robust strategy for equipment life cycle
- Maintenance leadership and execution expertise
- World class diagnostics and measurement capabilities
- A maintenance plan aligned with business objectives
- The right components built to our specifications
- Engineering support, cooperation and continuous improvement capabilities from OEM's
- Appropriate inventory levels

Playing the Long Game

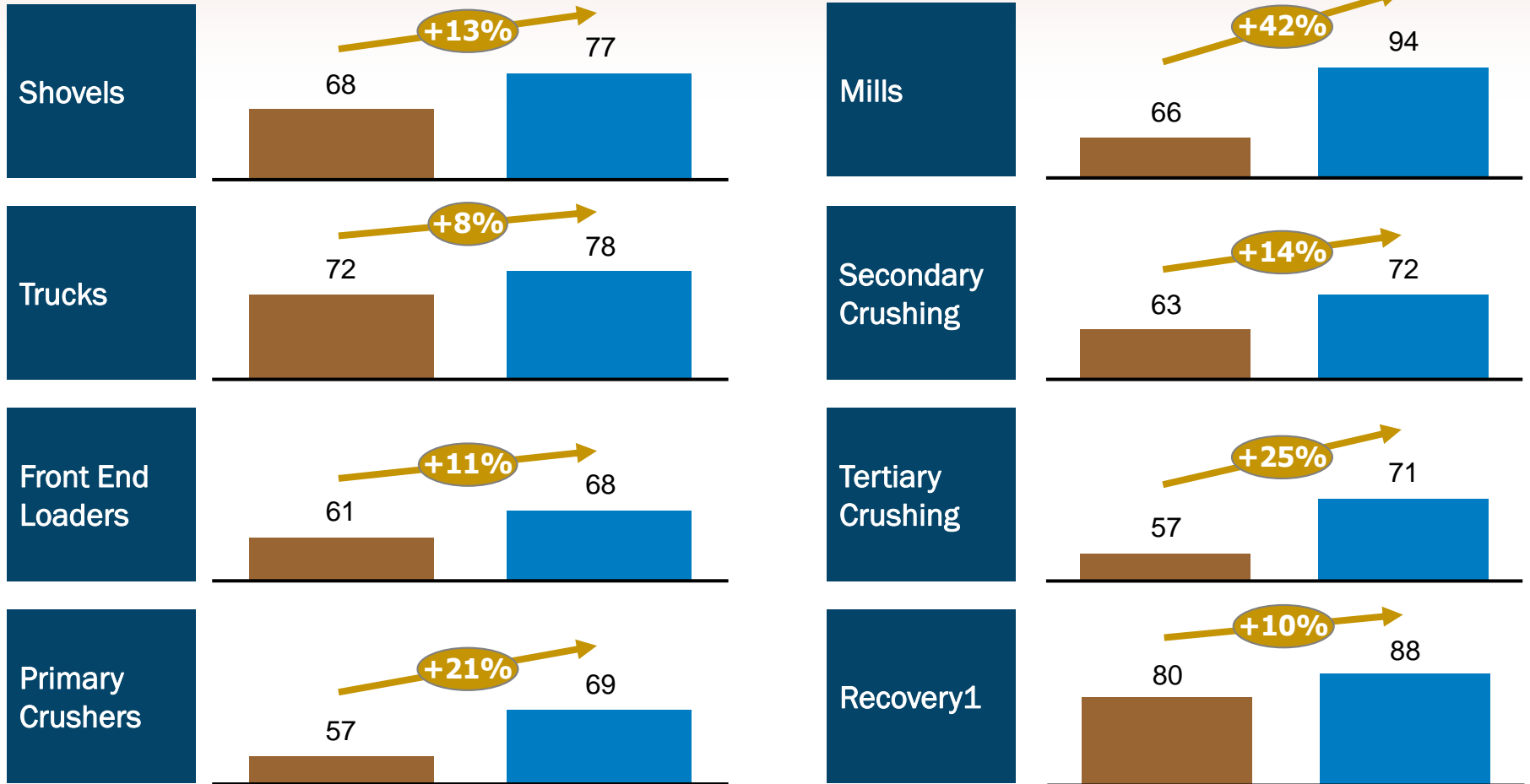


Continuous Improvement: Morenci Example

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Asset Efficiency metric by asset type, %

2006 2017



Enterprise Wide – Sustainable Results

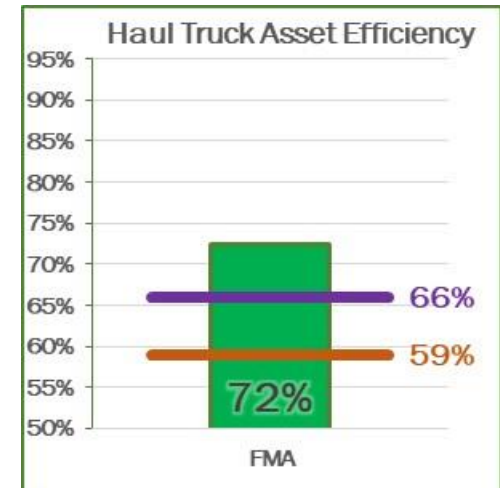
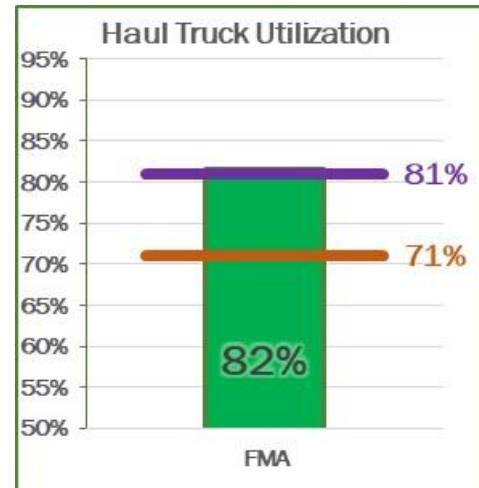
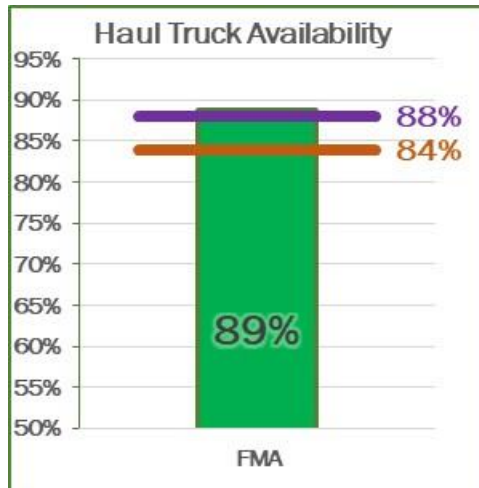
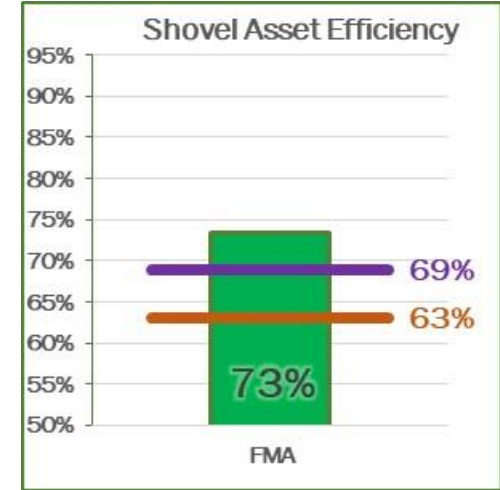
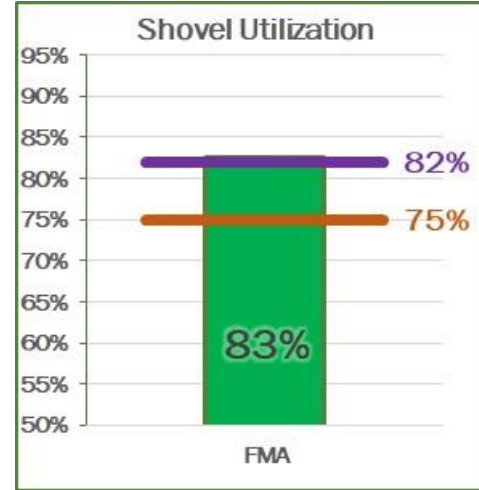
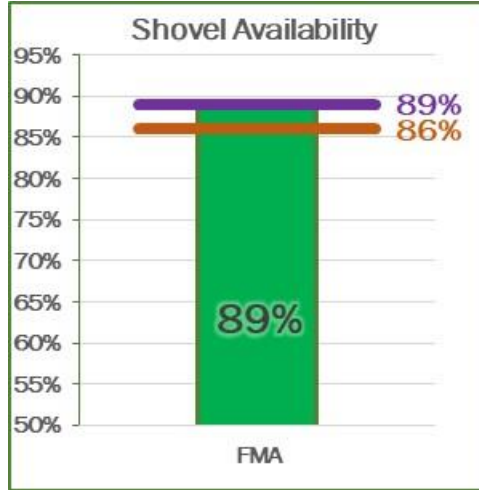
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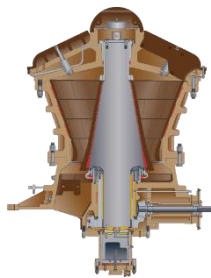
 FMA

 Median

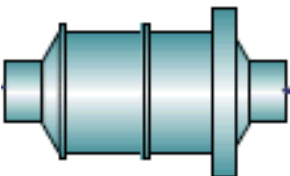
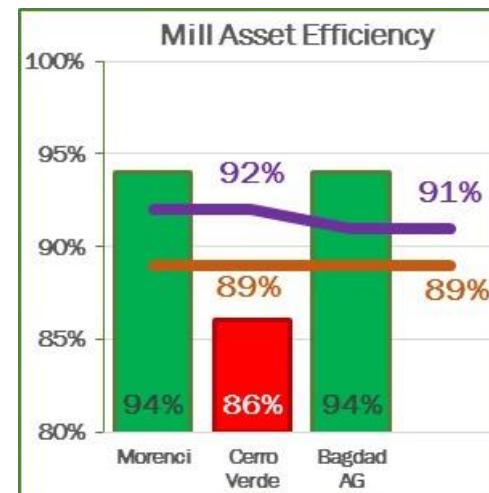
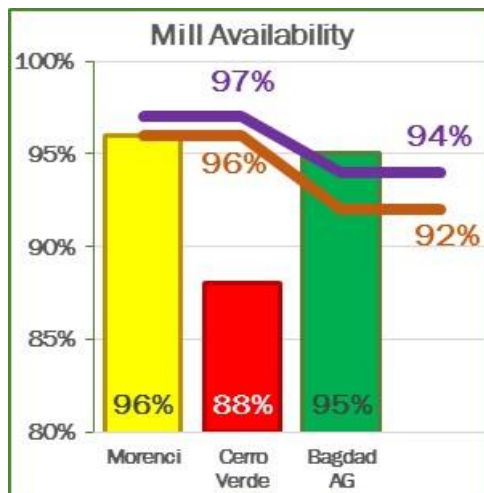
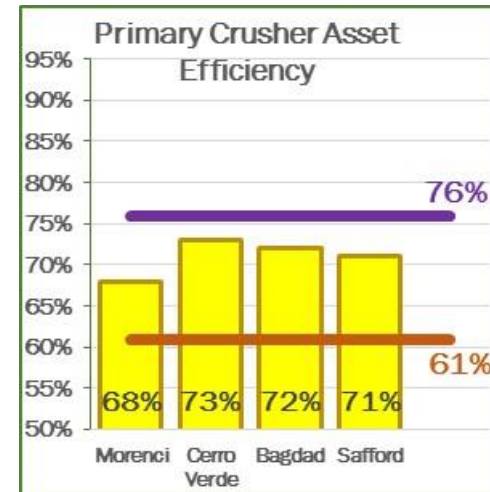
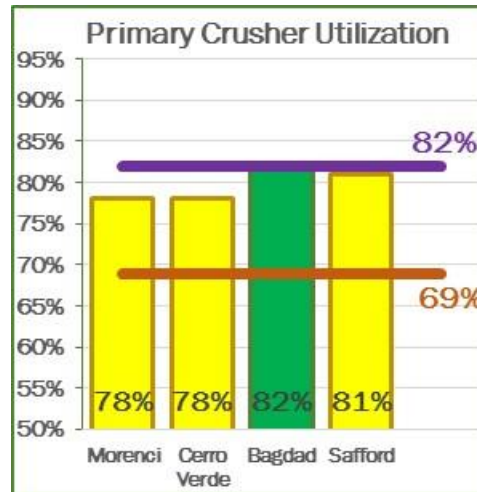
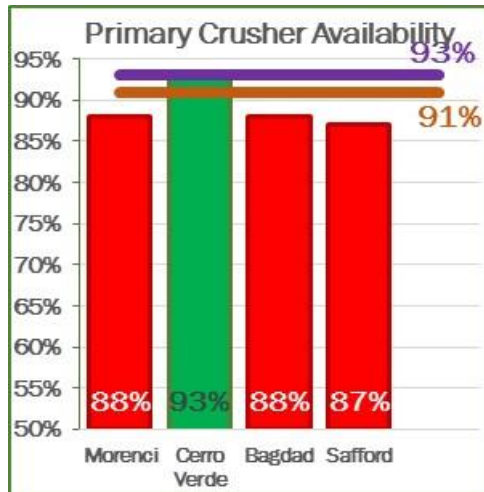
 Top Quartile



McKinsey Process Equipment KPI Results

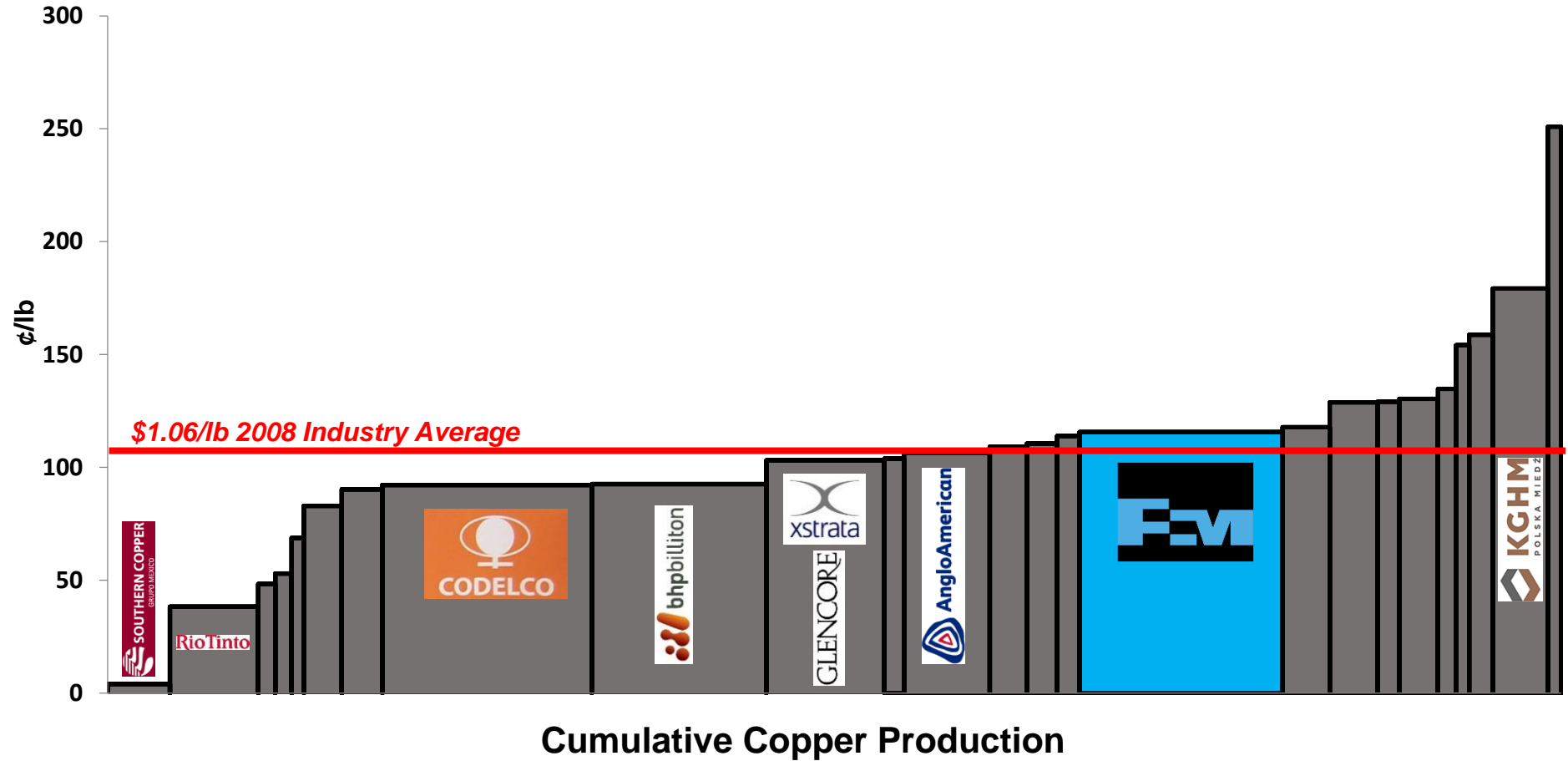


- Top Quartile
- Median
- Below Median
- Median
- Top Quartile



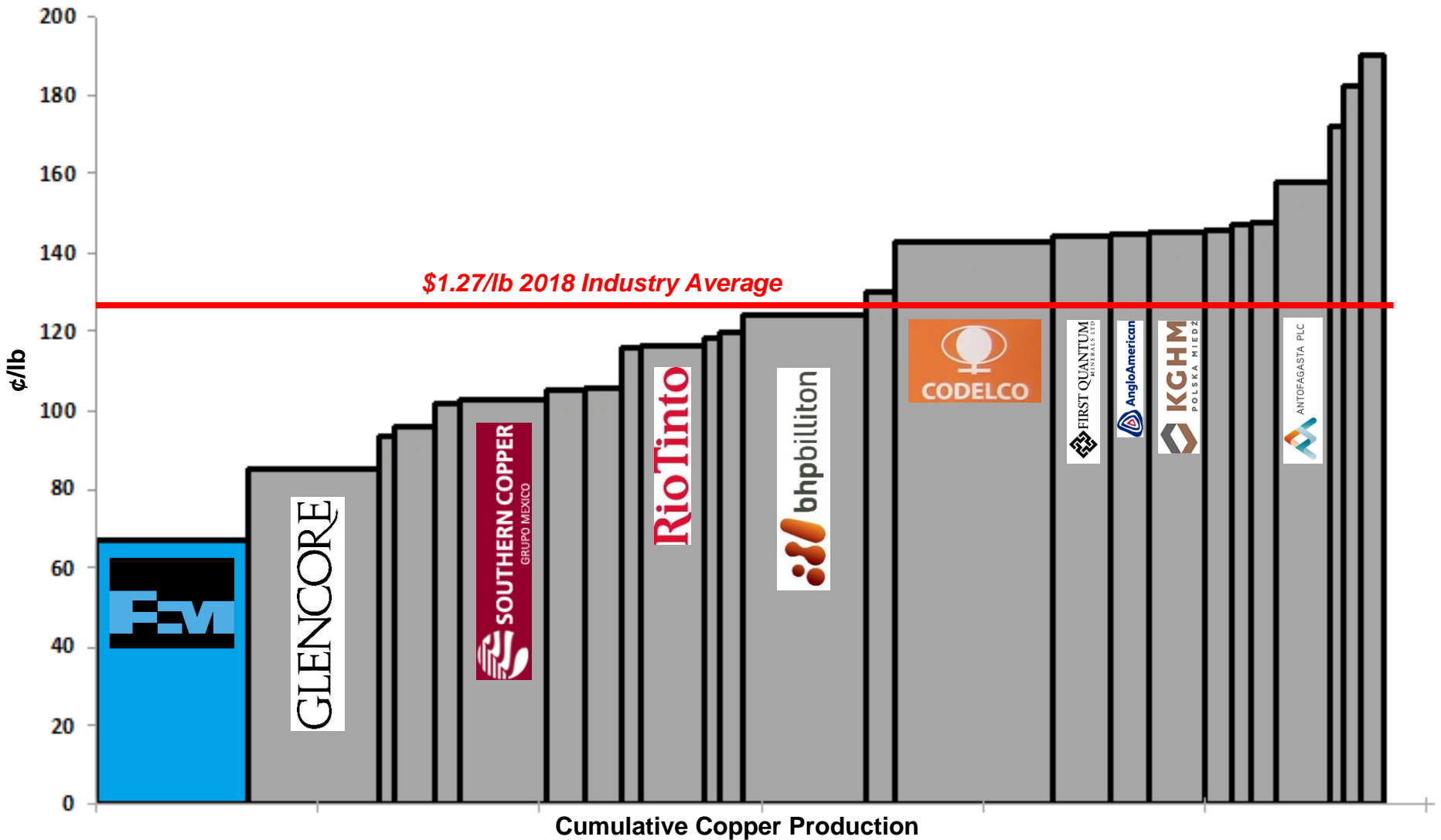
2008 Copper Cost League Top 25 Producers

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Source: Wood Mackenzie

2018 Copper Cost League Top 25 Producers

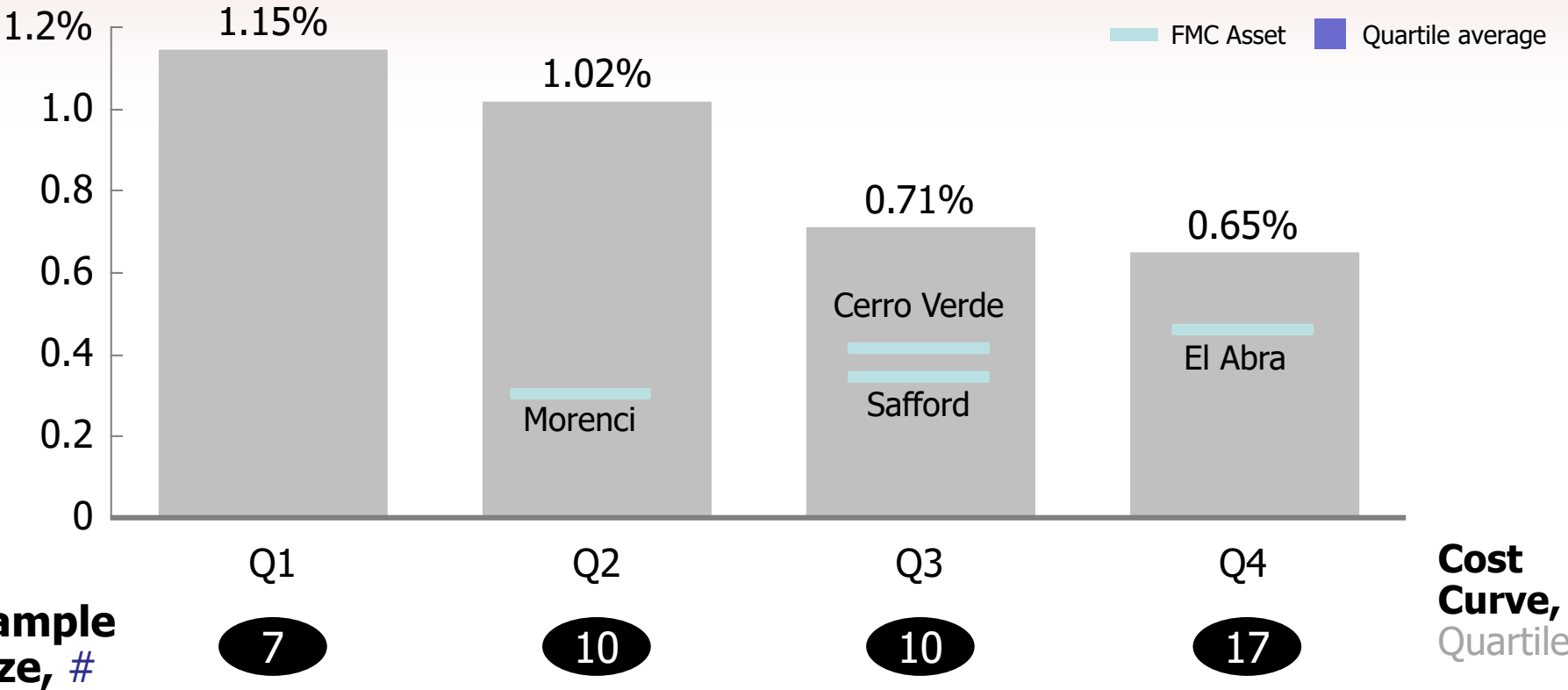


Source: Wood Mackenzie – Data Pulled on 5/2/2018

We Punch Above Our Weight Class

FMC asset grades against average open pit copper mines by quartile¹

Average Cu-eq. Grade
Percent



¹ 44 open pit copper mines in 2016 quartiled by estimated cash cost including royalties
FMC Mines: Safford: 0.31%, El Abra 0.45%, Morenci 0.27%, Cerro Verde 0.40% based on EOY reserves basis equivalent Cu

SOURCE: MineSpans by McKinsey, FMC Equivalent Cu-grade statements

What's Next?

- Continue to build on the foundation of success that has already been established.
- Look to duplicate our successes across other business relationships
- Leverage technology to drive efficiency. Be deliberate – *not technology for technology sake*
- Partner with suppliers and vendors in new ways
- Execute on our growth strategy
- Collaborate for success

“What got us here won’t get us there” – *Red Conger*

Vendor – Supplier Commitment

- **Commitment to Safety**
- **Collaboration**
- **Shared vision**
- **Responsiveness**
- **Transparency**
- **Continuous improvement mindset**
- **Quality**
- **Integrity and honesty**
- **Lives up to promises made**
- **Competitive pricing**
- **Flexibility**
- **A partner in our journey**
- **Communication**
- **Accountable**

FCX Commitment to Vendors and Suppliers

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- **Safety**
- **Transparency**
- **Collaboration**
- **Communication**
- **Interact in a fair and deliberate manner**
- **Consistency**
- **Deliver forecasts where possible**
- **Integrity and honesty**
- **Accountable**
- **A partner that will do what is right**
- **Always look to generate a win-win**

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Building on our
mutual success
and partnering
for an even
better future.



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Break time!!



Supplier Summit 2018

**Collaborative Planning & Improvements on Material
Service Level**

Brian Buttram– Director of Materials Management



What is Collaborative Planning?

- **Structured end-to-end process that begins with identification of material requirements for maintenance work and ends with on-time delivery of parts**
- **Cross functional team working together to determine material fulfillment priorities and action plans**
- **Goal of maximizing parts availability and aligning expectations to better support operational needs**



Why was Collaborative Planning Developed?

- **SAP has the functionality to generate late arrival or past due alerts**
- **Inventory Control implemented functionality in stock replenishment processing**
- **Process failed due to poor communication and coordination**
- **Pilot implementations began in 2015 at Morenci and Climax**
- **Currently implemented at 11 different sites, >40 planning groups**

Who is involved?

- **Cross functional team consists of the following roles**
 - Maintenance Planner / Supervisor
 - Buyer
 - Inventory Controller
 - Warehouse Lead

- **The team meets weekly and discussions are structured using a report that flags requirements as on time, possible misses or late**

- **Action items are recorded and assigned based on the outcome of the discussions**

What are the primary roles of team members?

■ Maintenance Planner

- Plans work based on availability of replenishment stock and supplier lead times for non-stock materials
- Reschedules work and updates material requirement dates based on feedback

■ Buyer

- Provides timely updates of PO delivery date changes
- Maintains lead time changes on stock materials in master data

■ Inventory Controller

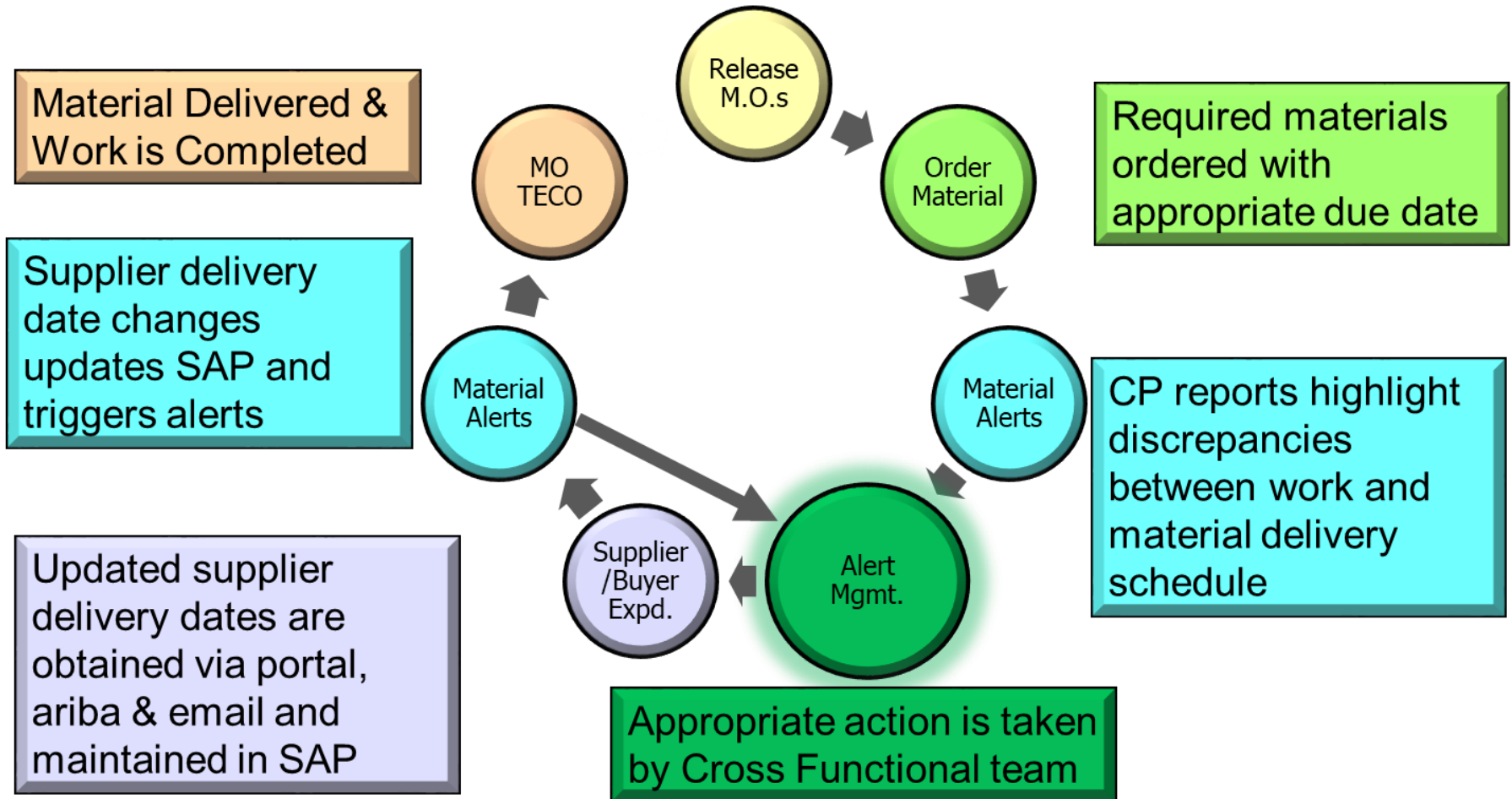
- Typically leads planning sessions and maintains action items
- Conducts root cause analysis on service level misses and works with team on developing solutions

■ Warehouse Lead

- Ensures expedient receipt and delivery of material to end user or staging area
- Follows up on stock misses to enhance execution

Collaborative Planning Process Overview

Maintenance and GSC collaborate and determine material availability **before** releasing MOs using Availability Check (ATP) and DC quotations



Collaborative Planning Report Review

- Report is segmented by maintenance work order and associated components
- Compares *required by dates* to the *delivery dates* and assigns a status
- Team discussions focus on resolving late items, past dues and potential misses
- Action plans determined based on urgency of work
 - Buyer expediting purchase orders
 - Planner rescheduling work orders

Data accuracy is a key component that drives decision making!

Sample Collaborative Planning Report



Order / CC / WBS No	Operation / Res / Preq No	Item	Detail	Reqmnt Qtys	Comp Rqmnt Date	Status	Deliv Date
400006827685	0010	0010	40027066 - BELT, CONVEYOR 48" WIDE, 500- 600 PIW, Resrvtn No: 10521863 Res Item No: 1 Plant: 3350 Storage Loc: MO45 Created: 10/4/17 Required: 8/22/18 Planning days: 322	Qty Required: 80 Qty Received: 0 Open Reqmnt Qty: 80	8/22/2018	SOH - Late	8/30/2018
400007922157	0080	0310	40454964 - RING, TORCH, HEAD ASSEMBLY Resrvtn No: 11736649 Res Item No: 31 Plant: 3350 Storage Loc: MOMA Created: 10/9/17 Required: 8/31/18 Planning days: 326	Qty Required: 2 Qty Received: 1 Open Reqmnt Qty: 1	8/31/2018	PO Past Due	8/10/2018
400007969068	0030	0010	40625986 - COVER, TRAY, PEAKED, STRAIGHT, 24" X 5', Resrvtn No: 11789451 Res Item No: 1 Plant: 3350 Storage Loc: MOMA Created: 7/16/18 Required: 8/30/18 Planning days: 45	Qty Required: 36 Qty Received: 0 Open Reqmnt Qty: 36	8/30/2018	No Stock - Due today	8/7/2018
400008722637	0010	0070	40456686 - ASSEMBLY, EXCITER DRIVE, LE 150, LESS Resrvtn No: 12665676 Res Item No: 7 Plant: 3350 Storage Loc: MOMA Created: 6/19/18 Required: 9/4/18 Planning days: 77	Qty Required: 3 Qty Received: 2 Open Reqmnt Qty: 1	9/4/2018	Possible miss	9/25/2018

Key Success Factors

Accuracy, Transparency and Timeliness are critical!

- Accurate material lead times
 - Based on normal business and not worst case scenario
 - Specific to material in question and not broad based
- Accurate required by dates on material reservations and requisitions
- Accurate purchase order delivery dates
- Timely confirmations of purchase orders
- Timely notifications of delivery date changes
- On-time purchase order deliveries



DATES MATTER!!!!

How is Success Measured?

Parts on Time Service Level

Measures how well GSC meets our internal customer's expectations for supplying parts

- ✓ The *correct material*
- ✓ in the *full quantity*
- ✓ by the *customers required by date*



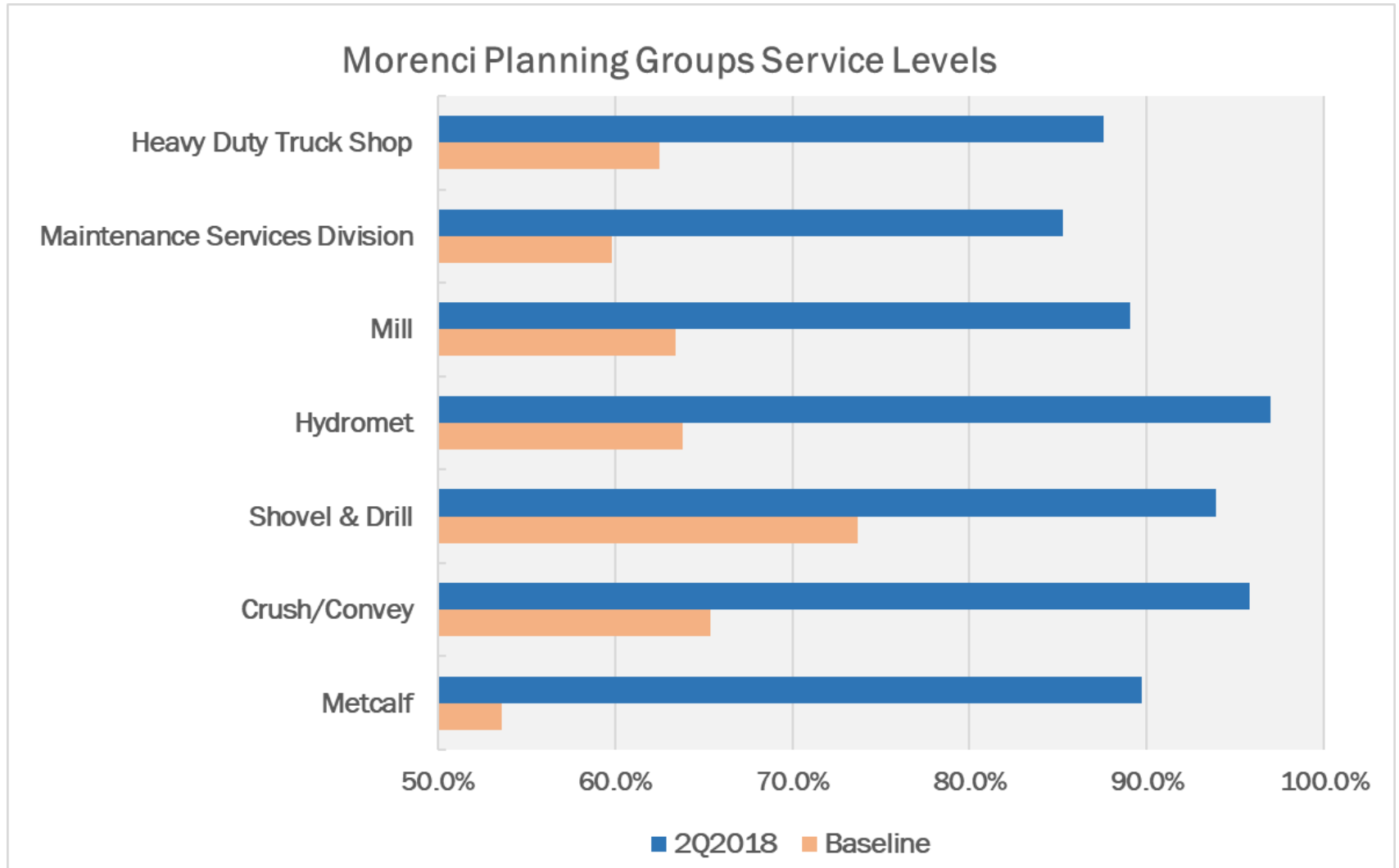
Benefits to Maximizing Service Level

- Minimizes disruption to maintenance and operations
- Reduces risk of lost production or extended equipment down time
- Results in more efficient and effective maintenance work

How are we performing?

Site	Baseline Service Level	Volume	2Q18 Service Level	Delta to Baseline
Bagdad	95.8%	5,351	95.1%	-0.7%
Cerro Verde	84.2%	35,773	90.8%	6.6%
Chino	94.7%	11,897	96.9%	2.2%
Climax	76.2%	5,323	89.5%	13.3%
El Abra	76.8%	3,235	88.7%	12.0%
Morenci	65.0%	11,017	91.3%	26.3%
Safford	79.7%	7,014	91.2%	11.6%
Sierrita	83.6%	3,003	78.7%	-4.9%
All Sites	82.6%	82,613	91.5%	8.8%

Morenci Service Level Improvements



What impact has it had on our organizational?

Collaborative Planning has been the catalyst for many improvements....

- Bridged the communication gap between maintenance and GSC
- Focused expediting based on group decisions during meetings
- Improved root cause identification for service level misses
- Reduced same day/next day requirements
- Improved effectiveness of warehouse staging and delivery
- Development of auto-notifications for staged or delivered parts
- Reduced the number of direct charge materials

How can you help us?

Update Ariba or Supplier Portal frequently and be transparent

- Ensure *accurate* lead times for both stock and non-stock materials
- Maintain *accurate* purchase order delivery dates
- Confirm receipt of purchase orders in a *timely* manner
- Provide *timely* notifications of delivery date changes
- Execute *on-time* purchase order deliveries

Accuracy, Transparency and Timeliness are critical!

Data Integrity Matters

Quality and accuracy of our master data is critically important

- The integrity of our master data directly impacts our customers and their business decisions

- Please communicate the following:
 - Any part number or part description changes as soon as possible
 - Complete descriptions when quoting new items
 - OEM name, OEM part number in addition to your supplier part number
 - Picture, specification sheet or drawing when submitting a quotation
 - Preservation strategy, understanding of mean time between failures

The wrong part can directly impact production!

Master Data Initiative

Master Data Standardization
(Cleanse/Enrich)

Enhance Customer Searching
(Tools/Training)

Master Data Process
Optimization
(Simplify/Integrate/Govern)

Equipment Master Data
Bills of Material, Task Lists,
“Digital Twins”

Master data is the foundation of everything we do!

Critical Data to Optimize Our Business

Basic	Consumption	Inventory	Sourcing	Specifications	Commercial
Material Number	Criticality	MRP Type	OEM	Description	Price
Material Group	Equipment BOM	Stock on Hand	OEM Part No.	Weight & Dimensions	Lead Time
Plant	Unplanned Usage	Reorder Point	Supplier	Picture & Specs	Incoterms
Storage Location	Set Size	Max Stock Level	Supplier Part No.	Preservation	Tax Codes & Tariffs
Unit of Measure					

This data set must be 100% accurate at all times!

Supplier Summit 2018

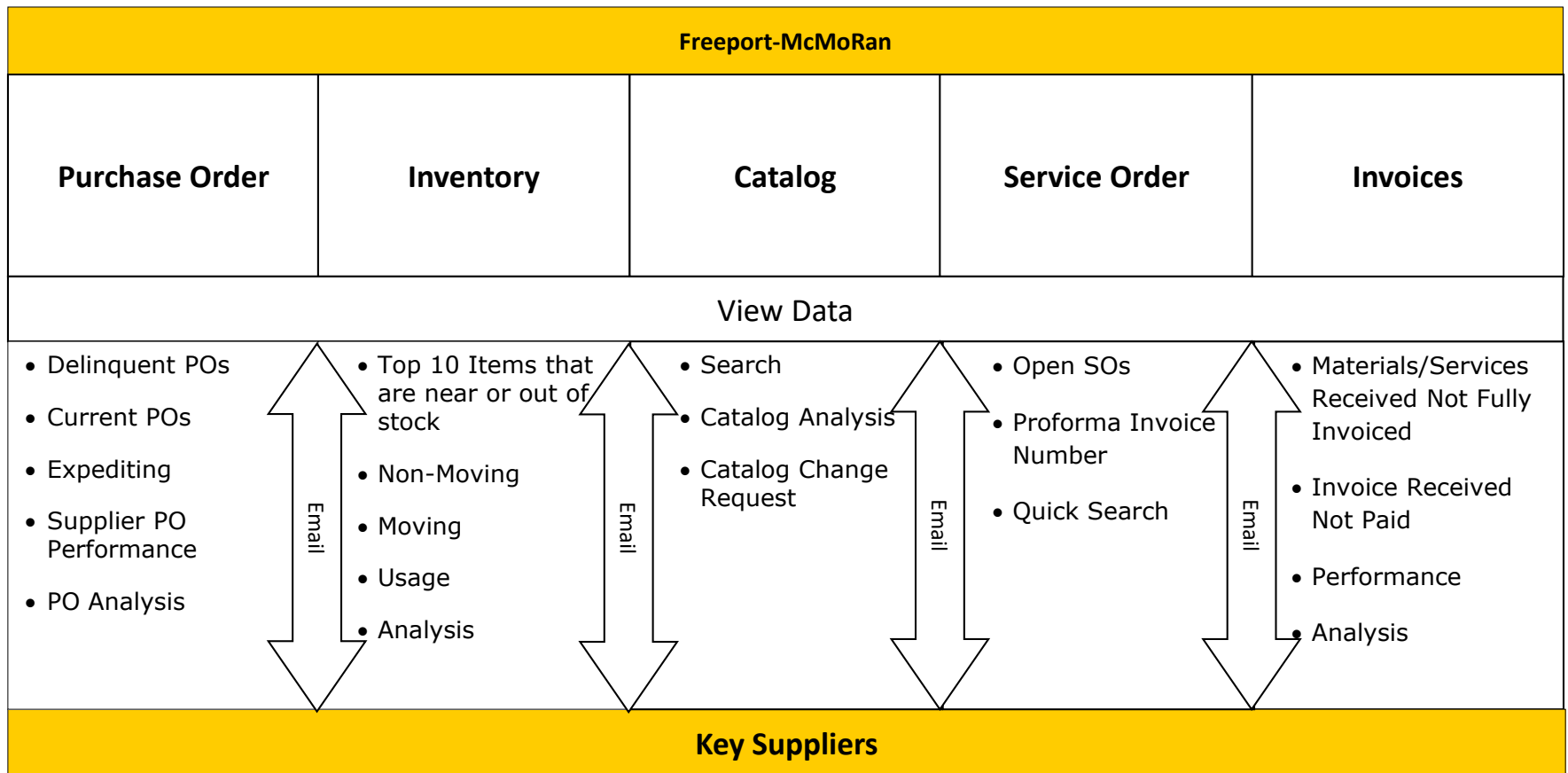
Business Process Discussion

Dave Prest – Director of Business Process



Overview

The Global Supplier Portal is an interactive web-tool used by suppliers and internal users to view and exchange business information. All users can view current and historical transactions, assist in inventory management, and have open communication between Freeport-McMoRan and suppliers.



Supplier Portal Business Objectives

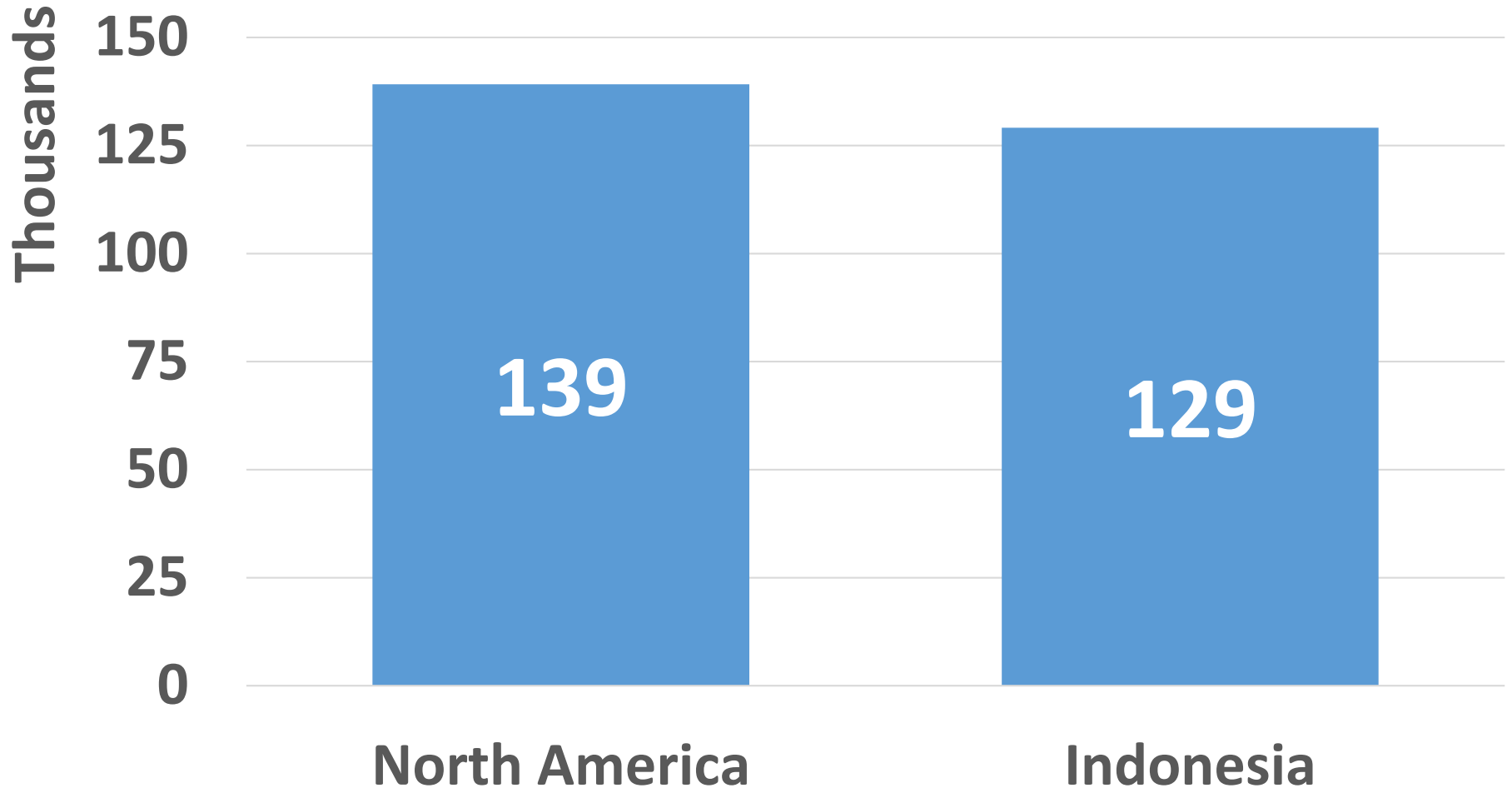
- **Minimize Freeport stock-outs while reducing inventory levels**
- **Provide better supplier visibility into Freeport-McMoRan supply chain**
- **Efficient management of purchase order and service order activity**
 - **(Including expediting)**
- **Ability for supplier to monitor invoice and payment progress**
- **Create a partnership between Freeport-McMoRan and suppliers in managing inventory to provide these efficiencies**

Report Card

▪ Minimize Freeport stock-outs while reducing inventory levels	C-
▪ Provide better supplier visibility into the Freeport-McMoRan supply chain	C
▪ Efficient management of purchase order and service order activity including expediting	B-
▪ Ability for supplier to monitor invoice and payment progress	B
▪ Create a partnership between Freeport-McMoRan and suppliers in managing inventory to provide these efficiencies	C-

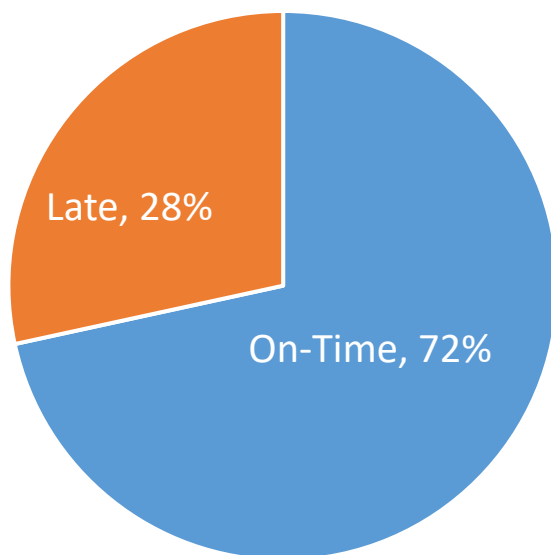
Opportunity

Purchase Orders (6 months)

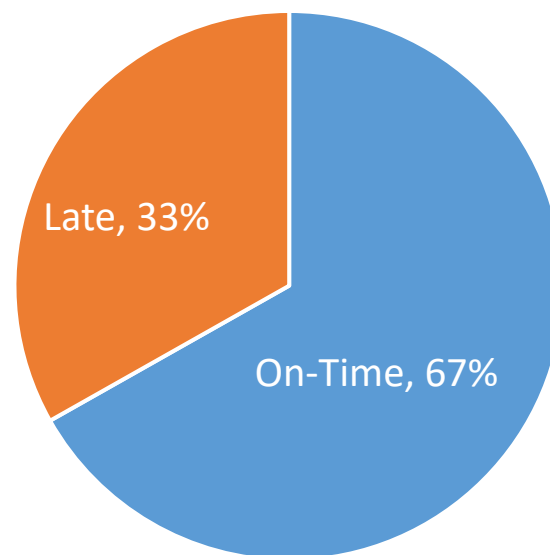


On-Time Delivery – Original Due Date

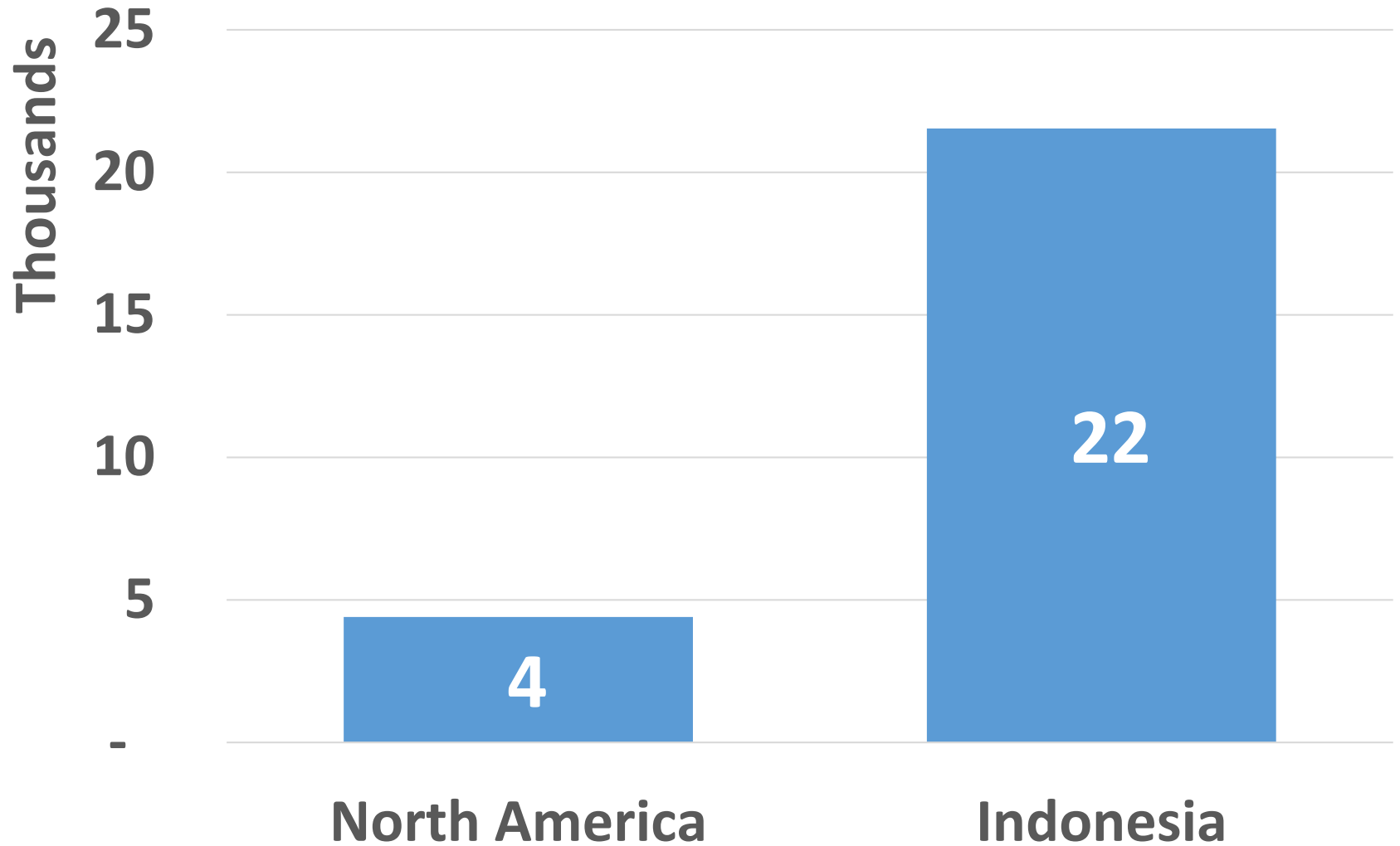
North America



Indonesia



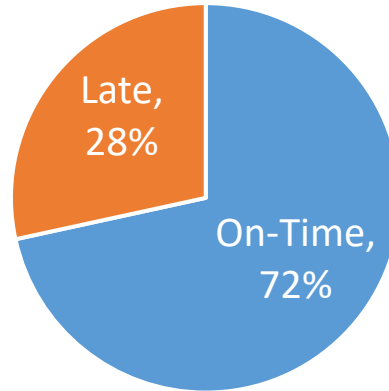
Delivery Date Changes



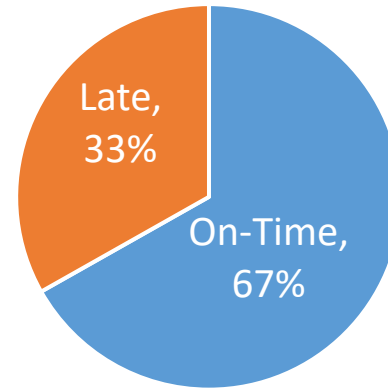
On-Time Delivery – Changed Due Date

Before
changes

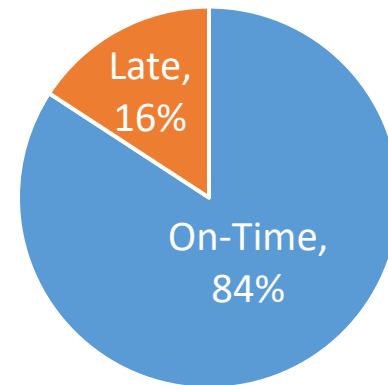
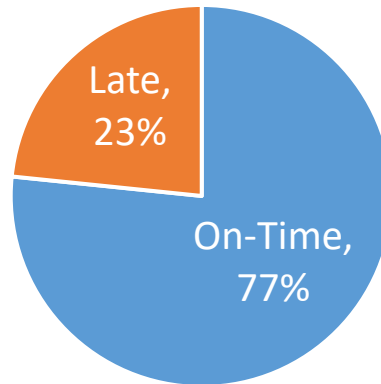
North America



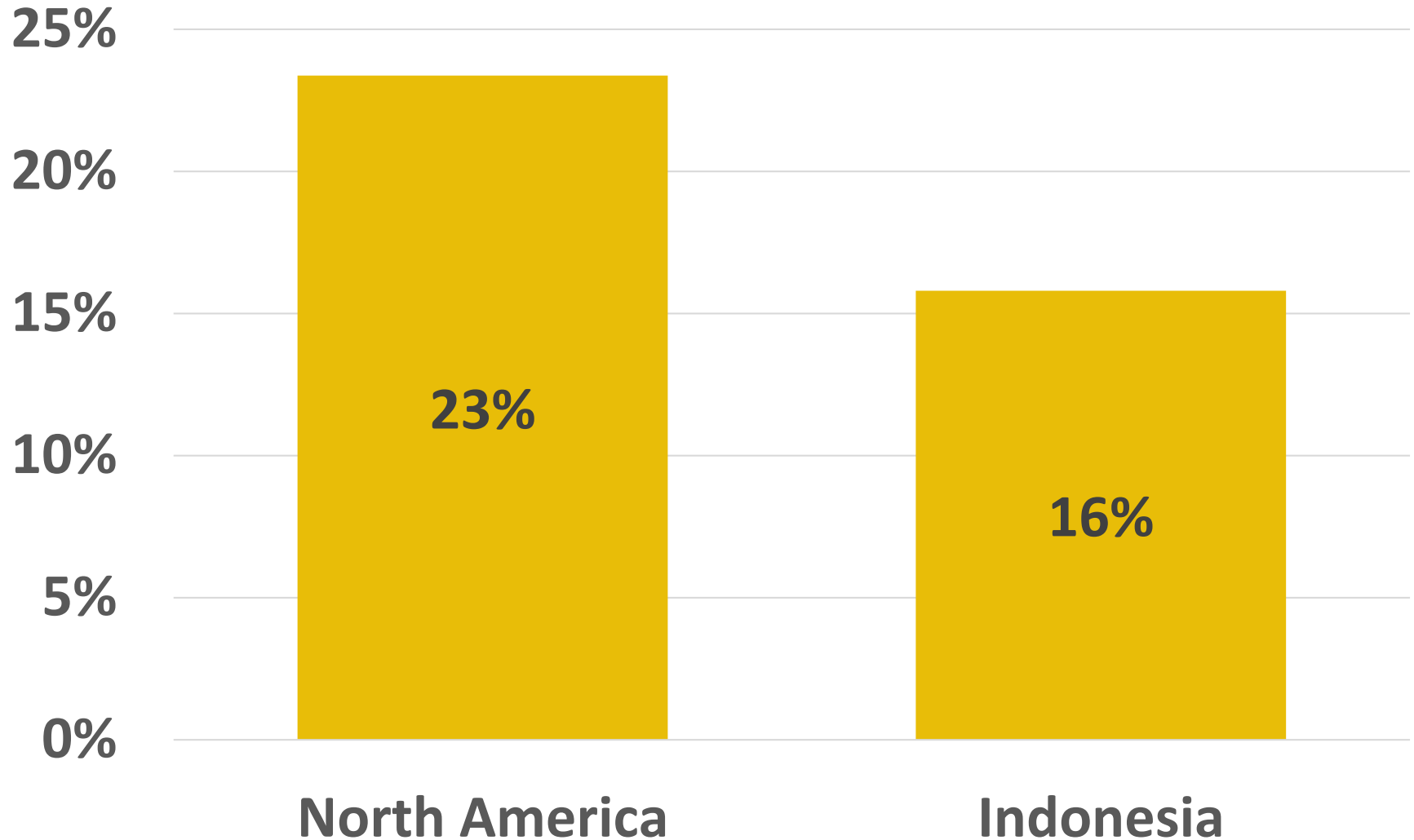
Indonesia



After
changes



Late Delivery – Changed Delivery Date



Your Recommendations

- **How can we improve the tool?**
- **How do you use the data?**
- **How do you exchange data with other customers?**
- **Is there data you'd like to see?**

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Account Management Discussion

Cynthia Barber – Director of Commodity Management & Contracts



What makes a great Account Manager



- **Timely Communication**
- **Transparency**
- **Clear Expectations**
- **Cohesive Collaboration**
- **Integrity & Honesty**
- **Understand Our Business**

Progression of Partnerships

What does it take to make a partnership work?

- Transparency
- Communication
- Mutual Trust
- Commitments
- Forecasting
- Continuous improvement



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Lunch Foxtail Room



Supplier Summit 2018

Partnerships: Mutual Expectations – Panel Discussion



Partnerships: Mutual Expectations

Panel Discussion

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- **Dennis Sorensen – Director Of Mining**
 - **Empire Southwest**
- **Ted Wilkinson - GM of Marketing & Technical Services**
 - **Southwest Energy**
- **Randy Mintz – National Account Manager**
 - **Vallen**
- **Tom Jones - President**
 - **CTI Inc.**

Time to Move! Breakout Sessions – Day 2

Please attend a different session than you attended yesterday

- **Services / Contractors** *Acacia Room*
- **Procurement** *Bougainvillea Room*
- **Transportation** *Copperwood Room*

Supplier Summit 2018

Workshop: Risk Management Case Studies
Daniel Christensen & Morgan Johnson





Risk Management Case Studies

- **Directions:** Each table will work together as a team on the scenario. The FCX employee can help facilitate. Spend the next 30 minutes working together to:
 - Review the case
 - Do a **SWOT** analysis on things to consider
 - Pick a team member to “hit the highlights” to the session

- **Case 1 (odd # tables):**

- **Case 2 (even # tables):**



Risk Management – What are you doing?

- **FCX looks at risk – Master Strategy Plans**
- **What are you doing?**
- **How are you managing your own supply chain?**
- **How are you communicating these risks to FCX?**



What's next for GSC & You all for 2019 and beyond?

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- **Material Preservation**
- **Centralized Storage**
- **Master Data Enrichment**
- **Critical Consumables**
 - **FCX Badging**

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Closing Comments

