

Voluntary Principles on Security and Human Rights 2014 Annual Report to the Plenary

**March 2015
London, United Kingdom**

Freeport-McMoRan has been a member of the Voluntary Principles on Security and Human Rights (Voluntary Principles) since it was first established in 2000. The Voluntary Principles have been an important cornerstone of Freeport-McMoRan's human rights and security program, providing guidance for our operations as well as a mechanism to promote engagement, awareness, and respect for human rights within our employee base and with our government and community partners. Freeport-McMoRan is also a founding member of the International Council on Mining and Metals (ICMM) and implements the ICMM Sustainable Development Framework, which includes a commitment to uphold human rights.

Freeport-McMoRan is a leading international natural resources company with headquarters in Phoenix, Arizona. The company operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold, molybdenum, cobalt, oil and gas. The company has reserves in geographically diverse operations including Indonesia, Democratic Republic of Congo (DRC), Chile, Peru and the United States. In some of these challenging locations, education levels, poverty, in-migration, diversity of culture, and weak rule of law have combined to create a need for improved security and human rights programs.

This report includes an explanation of changes or new developments in our human rights programs as well as implementation activities in 2014. While much of the background information does not differ from previous years' reports, it is provided here for new stakeholders and members of the Voluntary Principles. Country implementation details are provided for Indonesia and the DRC, as our operations in these locations represent our most significant security and human rights challenges.

A. 1. Statement of Commitment or Endorsement of the Voluntary Principles

In 2000, Freeport-McMoRan joined other mining and oil and gas companies, governments and human rights organizations in endorsing the joint U.S. Department of State-British Foreign Office Voluntary Principles on Security and Human Rights. Since 2000, as the company has grown in scope internationally, we have worked closely with our affiliate sites throughout the world to assist them in the implementation of the Voluntary Principles. The company's endorsement of the Voluntary Principles is set forth on our website and can be found at the following link:

<http://www.fcx.com/sd/security/index.htm> as well as in our annual Working Toward Sustainable Development report which can be found at: <http://www.fcx.com/sd/sustain/index.htm>

Freeport-McMoRan has incorporated our commitment to the Voluntary Principles in the Freeport-McMoRan Principles of Business Conduct, in which employees are trained. We also hold our contractors and other partners with whom we conduct business to the same standards, as set forth in our Supplier Code of Conduct. Both documents can be found at: <http://www.fcx.com/sd/approach/policies.htm>

B. Policies, Procedures and Related Activities

2. Relevant Policies, Procedures and Guidelines to Implement the Voluntary Principles

Freeport-McMoRan has made strong, unequivocal commitments to human rights. These commitments are expressed in our Human Rights Policy (<http://www.fcx.com/sd/approach/policies.htm>), which incorporates the Voluntary Principles and was recently updated and approved by the Freeport-McMoRan Board of Directors in February 2015. The policy has been updated to reflect our commitment to integrating the UN Guiding Principles on Business and Human Rights (UN Guiding Principles) into our human rights approach. The Freeport-McMoRan Human Rights Policy requires the company and all of our contractors to conduct operations in a manner consistent with the Universal Declaration of Human Rights, to educate employees about human rights and to protect any employee who reports suspected human rights violations. With regard to employees, the policy prohibits discrimination, forced and child labor, and ensures fair working conditions, including freedom of association and collective bargaining. Moreover, in the area of security, the Voluntary Principles serve as the guidelines for the company's security programs, interactions with host government police and military personnel, and private security contractors.

In 2014, we continued to further our work to integrate the UN Guiding Principles on Business and Human Rights into our existing human rights programs. We contracted Verisk Maplecroft, a global advisory firm, to facilitate a corporate-level human rights impact assessment to help identify impacts across our portfolio. As part of the assessment, we conducted international-level stakeholder verification meetings in 2013 and 2014 with more than 20 entities representing academia, investors, business partners, NGOs and government to receive input on the assessment's methodology and findings. The impact assessment results allowed the company to initially determine that our greatest actual impacts are related to community and employee issues. For both potential and actual impacts, the company's operation in the DRC is our highest ranking site, followed by our operation in Indonesia. While this global, high-level assessment helped to prioritize areas of focus, it did not include a site-level verification of impacts. As a next step, Freeport-McMoRan is planning to conduct a site-level assessment at its Tenke Fungurume Mining operation in the DRC.

The Voluntary Principles serve as a key component of our broader human rights program, which includes implementation of the UN Guiding Principles. Not all human rights issues are security issues, and not all security issues are human rights issues; it is at the nexus of human rights and security where our Voluntary Principles implementation resides. In 2014 we also continued to participate in a Business for Social Responsibility (BSR) multi-industry human rights working group which has provided us with a forum for gaining insight from companies representing multiple industrial sectors on best practices on the integration of human rights due diligence into our business practices and support of our Voluntary Principles implementation.

We report on our human rights performance in our annual Working Toward Sustainable Development (WTSD) report, which has been prepared in accordance with the Global Reporting Initiative (GRI) G3 reporting guidelines for the sixth consecutive year and in accordance with version 3.0 of the Mining and Metals Sector Supplement for the fourth consecutive year. A GRI content index is located on our website (<http://www.fcx.com/sd/sustain/index.htm>). We have self-declared our 2013 WTSD reporting at the A+ level of the GRI G3 guidelines. External assurance 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. We are continuing

site-level external assurance at major operations at least once every three years, with more frequent assurance engagements at operations with higher sustainability risks or opportunities and increased stakeholder interests.

Our Voluntary Principles report and performance verification is also included in the assurance process (this report will be included in the 2014 period review process conducted in the first half of 2015). This external assurance includes meetings with our security and human rights teams to discuss and review their risk assessments and mitigation plans, including training programs, grievance mechanisms, and management systems. The results of the annual ICMM assurance process include a public assurance statement located within our annual WTSD report. We also publish our Voluntary Principles report as part of our public sustainability reporting (http://www.fcx.com/sd/sustain/vol_principles.htm). On a periodic basis, sites also continue to use the Voluntary Principles key performance indicators (KPIs) developed by a volunteer group of Voluntary Principles companies in 2011, as a self-assessment tool to identify gaps and progress. The KPI tool has been helpful as a reference when site staff changes take place. It allows new managers to understand the various areas of implementation and identify where strengths and weaknesses lie.

3. Company Procedure to Conduct Security and Human Rights Risk Assessments

Freeport-McMoRan uses a sustainable development risk register process that was established in 2009 for all our mining operations. Human rights and security are included in this register as risk areas for sites to assess, and any risks ranked as actionable require development and implementation of action plans. Our human rights teams at high risk sites conduct risk assessments specific to human rights and security and record and track any actionable risks in the site's sustainable development risk register. In 2014, we developed a new template for sites to conduct specific human rights and security risk assessments to help ensure that risks relevant to the Voluntary Principles are included in the site risk assessment process. This new risk assessment template was implemented in the DRC and Indonesia in 2014. Site-level risk registers are submitted to the corporate office at least annually for review by an inter-departmental team. Resulting, sustainability focus areas identified, including human rights and security, and are outlined in our annual Working Toward Sustainable Development report (<http://www.fcx.com/sd/sustain/index.htm>). The report also includes an explanation of the risk register process (page 8).

Additionally, we implement a Project Development Sustainability Review process for new or expansion projects. The process includes an assessment of risks and opportunities associated with the project, including security and human rights factors. This process is being used to embed sustainability strategies, such as strategies to recognize and respect human rights, early in project plans. In 2014, we also developed a high-level Voluntary Principles risk assessment for new sites, such as exploration projects, to help us to quickly assess security and human rights risk levels and determine if a more in-depth assessment is required.

4. Company Mechanism to Report Security-Related Incidents with Human Rights Implications by Public/Private Security Forces Relating to the Company's Activities

Freeport-McMoRan established Human Rights Compliance Officer positions for our high risk sites whose role is to receive, document and follow up on any reported human rights allegations. The role of the Human Rights Compliance Officer is communicated to community groups as well as employees and

contractors. Some sites have drop-boxes available for anonymous reporting and, as part of the Freeport-McMoRan Principles of Business Conduct, anonymous¹ compliance hotlines managed by third parties have also been established. Human rights have also been incorporated into our corporate Community Grievance Management System Procedure, which is implemented at each site, to ensure that there is a mechanism for collecting human rights grievances (security-related or other) from the community. The site Human Rights Compliance Officers report any human rights incidents, grievances, or allegations to site-level management, as well as to the corporate sustainable development group and legal counsel. Any human rights allegations associated with host government security are also reported to the appropriate government institutions for investigation. For examples of how the reporting mechanism was implemented in 2014, please see the country-level reports below in Part C.

5. Company Procedure to Consider the Voluntary Principles in Entering into Relations with Private Security Providers

Contracts with private security providers in Indonesia, the DRC, and Peru include specific language related to the company's Human Rights Policy, including the Voluntary Principles. Security contractors are required to comply with the operations' Human Rights Policies, including receiving human rights training and instructions to immediately notify the company in the event of any human rights allegations. The company has also incorporated standard language on human rights into the corporate contract template.

In order to better assess potential human rights-related risks in our supply chain, we developed a web-based due diligence tool for contractors and suppliers. The tool issues a risk assessment questionnaire to contractors and suppliers for completion prior to being approved as a business partner with our company. Among several legal, regulatory, and reputational risk areas, the questionnaire includes questions related to human rights and security that we believe to be important to the integrity of our supply chain. New private security providers, new contractors and contractor renewals are required to go through this process.

Additionally, Freeport-McMoRan served as a member of the United States' Technical Advisory Group for the development of an ISO International Standard Management System for Quality of Private Security Company Operations in 2014.

6. Company Mechanism to Address Security-Related Incidents with Human Rights Implications by Public/Private Security Forces Relating to the Company's Activities

Human rights allegations, including security-related incidents, are referred to the site Human Rights Compliance Officer, who oversees the process of documenting allegations and assigning an internal team to conduct an assessment of the allegation. The process includes a comprehensive review of all relevant facts, as well as witness interviews. The outcome of the assessment process is reported to site management and the individual respondent, and for more severe cases, such as those involving fatalities, the outcome is also reported to the corporate sustainable development group and legal counsel. For those cases involving security-related incidents by public security personnel, the Human Rights Compliance Officer and site management ensure that these incidents are reported to the

¹ Spain's Data Protection Act (Organic Law 15/1999 on the Protection of Personal Data) prohibits anonymous reporting.

appropriate government institution for investigation. Cases involving private security personnel are investigated by the company and appropriate disciplinary action is taken. Cases may also be reported to the host government for investigation, as appropriate. For an example of how security-related incidents were addressed in 2014, please see the country-level report below in Part C.

7. Examples of Promoting Awareness of the Voluntary Principles Throughout Our Company

We promote awareness of the Freeport-McMoRan Human Rights Policy and the Voluntary Principles through a variety of mechanisms including training programs that reach all managers and employees on a periodic rotating basis. In 2014, 99 percent of global managers and 95 percent of non-managers certified their compliance with the Principles of Business Conduct and received refresher training. The Principles of Business Conduct Certification is required of management each year and managers and supervisors are responsible for ensuring that employees who report to them understand these Principles, which includes a section on human rights. In addition, an update on the company's human rights program and corporate-level impact assessment was presented to the corporate Sustainable Development Leadership Team. The team is sponsored by our Executive Vice President and Chief Administrative Officer, and is led by our Vice President of Environmental Services and Sustainable Development. The team includes business unit presidents and senior personnel from the safety, supply chain, human resources, sales, compliance, and land and water functions.

In 2014, additional outreach was conducted with our Cerro Verde mine site in Peru to increase promotion of the Voluntary Principles with security employees, contractors and host government security personnel working at the operation. With a large expansion project underway, additional outreach and awareness on human rights principles was required. As a result, Cerro Verde provided training on the Voluntary Principles and sexual harassment to 100 percent of security employees, 59 percent of security contractors, and 381 members of the Peruvian National Police. All new employees also received a booklet on human rights and professional conduct while working for Cerro Verde. The site is also developing an online human rights training course to be launched in 2015.

For other examples of how awareness of the Voluntary Principles is promoted, please see the country-level reports below in Part C.

8. Examples of Promoting and Advancing Implementation of the Voluntary Principles Internationally

In 2014, Freeport-McMoRan promoted Voluntary Principles implementation internationally by participating in country-level Voluntary Principles activities in Indonesia, the DRC and Peru which are each Voluntary Principles priority countries (See Part C. Country Implementation below for more details). In 2014, we also participated in Voluntary Principles Working Groups and participated on a panel at the 2014 Voluntary Principles Plenary in Montreux, Switzerland for invited governments and guests. In addition, we participated on a security and human rights panel with other Voluntary Principles members at a CSR conference in London.

We frequently engage with socially responsible investors on security and human rights issues, including our implementation of the Voluntary Principles. In 2014, we briefed investors on security-related human

rights incidents near our mine sites in Indonesia and the DRC and reported on follow-up action taken, as well as discussed approaches to human rights and security risk mitigation.

As previously mentioned, we publish our report to the Voluntary Principles Plenary on the Freeport-McMoRan public website at: http://www.fcx.com/sd/sustain/vol_principles.htm

C. Country Implementation

Indonesia

Overview of Country Operations

Freeport-McMoRan's Indonesian affiliate, PT Freeport Indonesia (PTFI), operates the Grasberg mining complex, which contains one of the world's largest single recoverable copper and gold reserves. PTFI has been operating in Papua, Indonesia since 1973 and implementing the Voluntary Principles there since becoming a signatory in 2000. Security risks in the area stem from the presence of in-migration, separatist activists and advocates in the region, 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. Via a presidential decree, the Government of Indonesia has identified the Grasberg mine as a "vital national object" and has assigned host country security (police and military) to safeguard the site.

In 2009, a series of shooting incidents targeting company personnel, contractors and host government security personnel occurred within the PTFI project area, primarily along our remote access road and east levee. These shooting incidents have continued on a sporadic basis with the last shooting incident occurring on January 9, 2014 resulting in two deaths and one injury to members of the armed group believed to be perpetrating the attacks. From the beginning of 2009 through January 2014, there were a disturbing 17 fatalities and 59 injuries to employees, contractor employees, host government security personnel, and civilians from shooting incidents within our project area. To date, no one person or group has claimed responsibility for the shootings and investigations by the Indonesian authorities remain ongoing.

A recent shooting incident occurred January 1, 2015 in the Highlands village of Utikini, near the company's mine site town of Tembagapura, killing two members of the Indonesian police Mobile Brigade and one PTFI security employee. The police have arrested two men suspected of being directly involved in the attack and suspected of stealing police weapons during the attack. No formal links have been made between this incident and previous shooting incidents on the company's roads. As a result of this incident, the police also closed off access to illegal panning activities in the village and evicted non-resident panners from the area. Police suspect that the panning camps have been responsible for harboring armed insurgents and criminal elements. Although this incident occurred in 2015, we chose to include it in this report.

Due to the security situation at PTFI, approximately 1,350 host country security personnel (police and military) were assigned to the PTFI project area during 2014. In addition to the public security presence, the PTFI Security and Risk Management Department employs approximately 730 unarmed personnel and approximately 260 unarmed private security contractors and transportation/logistics personnel on a rotational basis. This security structure has been necessary to enhance protection of company employees, contractors, and assets, especially considering the remote and challenging terrain found in

the PTFI project area.

In 2014, 40 human rights allegations were formally or informally reported to the PTFI Human Rights Compliance Office. Nineteen of these allegations were human resource cases, three were verbal/sexual harassment, three were intimidation, two were discrimination, one was a community issue, and twelve cases were domestic issues, where spouses or domestic workers brought grievances against their spouse or employer, who are PTFI employees or contractors. While these domestic issues were not issues directly involving PTFI, the cases illustrate that the human rights grievance system is well communicated and known, not only by employees and contractors, but also by their families and others in the project area. In 2014, the PTFI Human Rights team worked to refer these domestic cases to a local NGO supporting women's and children's rights, as well as to inform complainants of their rights to file a report with the local police. By cooperating with a local NGO, PTFI hopes to decrease the number of non-company related grievances being reported.

Regardless of the types and credibility of the allegations above, all cases reported were documented, reviewed, and closed, or are in the process of being followed up by the PTFI Human Rights Compliance Office. Three of the cases reported were security-related or involved security personal, and they were all intimidation cases. One case involved a police officer, but the allegation was unconfirmed as the officer had already rotated off the site before the grievance was reported. One case involved a PTFI security employee and was related to a personal issue with another employee and resolved between the two parties. The third case was an informal grievance about a security contractor, but the complaint was unable to be substantiated.

Engagement with Stakeholders on Country Implementation

We continue to engage with a number of critical stakeholders at the international, national and local level regarding Voluntary Principles implementation and human rights issues related to our mine site. PTFI implemented a stakeholder engagement plan in 2014 aimed to increase proactive dialogue with key national, regional and local level stakeholders. During 2014, the PTFI Human Rights team held meetings with key national-level human rights NGOs, such as ICE, KONTRAS, and ELSHAM. PTFI met multiple times with the Indonesian Human Rights Commission (KOMNAS HAM) both in Jakarta and in Jayapura, Papua Province. These meetings included both proactive engagement, as well as meetings to discuss human rights related issues at PTFI, such as fatal industrial accidents at the mine site, an employee strike that occurred in 2014 and a community grievance related to compensation for alleged environmental impacts. PTFI also attended a roundtable discussion in Jakarta on the UN Guiding Principles attended by NGOs, companies, academics, and government representatives. The Freeport-McMoRan corporate office also started an ongoing engagement with Amnesty International regarding political, social and human rights issues at our PTFI site.

At the site level, PTFI engaged with community leaders, partner organizations and local authorities by conducting presentations on PTFI's human rights program and Voluntary Principles implementation. In addition, PTFI security staff and community liaison officers frequently meet with the local community and local authorities to discuss security-related issues, such as the concerns of the community following the recent security incident in Utikini village or a meeting held to discuss the increase in theft and criminal activities taking place at PTFI's port site with the community. More information on outreach and training activities is presented below.

Voluntary Principles Considerations in the Selection of Private Security Providers and Formulation of Contractual Agreements with Private Security Providers, as well as Arrangement with Public Security Forces

In 2014, PTFI employed three private security contractor companies and one transportation/logistics contractor company, each of which deploy unarmed personnel to assist with protection of company assets, airport security screening and passenger/supply convoy logistics. Two of the contractor companies are signatories to the International Code of Conduct for Private Security Providers. Contracts with private security providers state that contractors are required to comply with both the company's Human Rights Policy and the Voluntary Principles, including receiving human rights training.

PTFI has also established a Memorandum of Understanding (MoU) with the Provincial Commander of the National Police, which was last revised and signed in 2013. The MoU covers a three-year term and details the working relationship between the company and the public security personnel, including areas of support, coordination and commitment to PTFI policies and procedures, including business ethics and human rights. The Voluntary Principles are incorporated by reference and included as an attachment to the MoU.

From the outset of PTFI's operations, the Indonesian government has looked to PTFI to provide logistical and infrastructure support and assistance because of the limited resources of the Indonesian government and the remote location of and lack of development in Papua. PTFI's financial support for the Indonesian government security institutions assigned to the operations area represents a prudent response to its requirements to protect its workforce and property, better ensuring that personnel are properly fed and lodged, and have the logistical resources to patrol our roads and secure our operating area. In addition, the provision of such support is consistent with PTFI's obligations under our Contract of Work, reflects our philosophy of responsible corporate citizenship, and is in keeping with our commitment to pursue practices that will promote human rights.

PTFI's share of support costs for the government-provided security was \$27 million for 2014. The supplemental support consists of various 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.

Examples of Supporting Outreach, Education and Training

In 2014, PTFI conducted 22,400 hours of specific training on the company's Human Rights Policy and the Voluntary Principles. Over 4,200 PTFI employees and 3,700 contractor employees received training, as well as nearly 3,150 individuals representing community leaders and partner organizations, students, local contractors and police and armed forces personnel.

The PTFI Human Rights team provided training on the PTFI human rights program and the Voluntary Principles to 1,292 police and military personnel (included in the total training figure above). When feasible, military and police contingents not based in Papua receive a presentation on human rights two times before beginning their rotation within the PTFI project area; once at their home base and again upon arrival at the site. The security forces also receive training from the PTFI Security Department about professional conduct and protocols in the PTFI project area. The PTFI Human Rights team also coordinated a 'sports day' with outdoor activities organized to help foster good working relationships

between PTFI and the host government security forces. The event was well received by over 600 participants from PTFI and members of the police and military assigned to the PTFI project area.

PTFI has incorporated human rights awareness training into the induction materials for all new employees and made it a requirement before new employees are allowed to work. In addition, 100 percent of private security contract employees and 95 percent of PTFI security employees received new employee or refresher training in 2014. This level of training was a marked improvement over the level of training reported last year. In 2014 PTFI also distributed 450 copies of the Voluntary Principles (translated into Bahasa Indonesia) in the form of a pocket guide to host government security personnel and private security contractors, as well as other employees and community members.

PTFI conducted a number of human rights promotion activities in 2014, including human rights awareness presentations for students from elementary school to university level in Papua. The human rights team used banners, T-Shirts and other promotional items at the mine site to raise employee awareness.

Three employees on the PTFI Human Rights team attended training in Jakarta on mediation conducted by the National Mediation Center.

Company Procedure to Review Progress on Voluntary Principles Implementation at Local Facilities

Freeport-McMoRan corporate personnel review implementation of the Voluntary Principles at PTFI through visits to the site at least twice annually and meetings with the site Human Rights Compliance Officer and team, as well as the site security team. The PTFI Human Rights Compliance Officer also issues a monthly report to site management on human rights training activities and the status of any reported human rights grievances. Feedback forms and quizzes are collected after training to help the team assess training effectiveness, questions and suggestions for improvement. As part of Freeport-McMoRan's ICMM assurance commitment (see Section B. 2. above), PTFI underwent an external assurance review by a third party, which included a review of security and human rights risk management systems and recommendations for improvements.

Democratic Republic of Congo (DRC)

Overview of Country Operations

Freeport-McMoRan serves as the operator of the Tenke Fungurume Mine (TFM), whose ownership structure is comprised of Freeport-McMoRan (56%), Lundin Mining Corp (24%), and *La Générale des Carrières et des Mines (Gécamines)* (20%). TFM's copper and cobalt mining operations, located in Katanga Province, approximately 110 miles northwest of Lubumbashi, began commercial production in 2009. While TFM is far removed from the conflict areas in the eastern and northeastern parts of the country, recent incidents raise concerns about growing insecurity in Katanga. TFM currently faces a number of security and social risks, such as risks posed by illegal artisanal miners present on the TFM concession as well as a rapid population influx of migrants looking for economic opportunities.

TFM employs approximately 340 unarmed security employees and 725 unarmed private security contractors. In addition to these security personnel, the national government has assigned approximately 110 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. After unusually aggressive incursions by illegal miners in TFM's active mine pits in February 2014, the local authorities assigned reinforcements of Mines Police and *Legion Nationale d'Intervention* (LENI), a specially trained unit of the Congolese National Police. The LENI was removed in December 2014, and the Mines Police presence was in the process of returning to the standard detachment in early 2015.

In 2014, 34 human rights allegations were reported to and recorded by the TFM Human Rights Compliance Officer. This was an increase from 17 cases recorded in 2013 and may reflect the further development and growing maturity and trust of the system. Of the total cases reported, eleven were cases of verbal/sexual harassment, ten were human resource cases, seven were physical assault, two were health and environmental cases, one was discrimination, one was property damage, one was a community issue, and one was a case of child labor (contract truckers using children to run errands and wash trucks at a truck stop). All cases were documented, reviewed and closed, or are in the process of being followed up by the TFM Human Rights Compliance Officer or investigated by government authorities.

Seven of the allegations above were made against security employees or host government security personnel. One case was a security employee who alleged he was physically assaulted by colleagues for not supporting a criminal activity (theft of ore). The other six cases were from community members who alleged that they were physically assaulted, mistreated or had property seized by members of the Mines Police. Six of these cases were closed (five of them reported to the local Police as a criminal matter for further investigation) and one of them was concluded to be unsubstantiated and inconclusive.

In 2014, TFM also experienced a number of violent security incidents related to illegal artisanal mining occurring in the TFM concession. There were five incidents recorded in 2014 which together resulted in the deaths of one member of the National Police and three illegal miners, and non-life-threatening injuries to two illegal miners. Notably four of these incidents took place in areas near our operations, while one took place in the town of Tenke. In each of these cases, TFM called for an official investigation; however, in most cases no response was received or the case status has been reported as still in process. TFM also engages with local Congolese human rights NGOs, such as ACIDH and Justicia, to keep them informed and help call for transparency. In one case, TFM also engaged with MONUSCO, whose Human Rights Team had come to site to prepare an upcoming training, and took the opportunity to investigate a recent incident.

TFM employees and contractors also have suffered injuries from attacks by trespassers seeking to steal equipment and fuel or access mining areas for illegal mining activities. Employees and contractors incurred a total of 47 injuries after being physically assaulted by trespassers over the past year, ranging in severity from those requiring minor first aid to more serious injuries resulting in hospitalization. The majority of the injuries (30 incidents) were incurred while unarmed security personnel (employees and contractors) guarded personnel and company assets. In addition, 39 injuries to Mines Police were reported. We are committed to a safe and secure workplace and continue to evaluate options to reduce risk to our security personnel while also ensuring that our operational area remains safe and secure.

The security risk posed by illegal mining in the TFM concession remains a significant risk to the site. The company's approach includes a combination of ongoing training on human rights and the Voluntary Principles, engagement with the local community security council, and investment in community economic development programs for long-term growth and livelihood alternatives. At the end of 2014,

TFM also launched a new project with Search for Common Ground to identify conflict drivers in the local community, such as illegal mining, and support TFM by conducting a communications and engagement program designed to help the company and community discuss challenging issues and search for common solutions. TFM hopes that a neutral NGO party can support the company to engage with illegal miners who often operate covertly.

In 2014, there was also a security incident in the town of Tenke when an off-duty Mines Police shot and killed a Tenke resident after an alleged dispute over a card game in the market area. While this incident did not occur at TFM's mining operations and the officer was not on-duty, TFM remains concerned about indirect impacts of host government security forces assigned to the area. As with all of the cases noted above, TFM called for investigation and engaged with the Police Commander on the need for improved professionalism. Training for Mines Police was also implemented (see below).

Engagement with Stakeholders on Country Implementation

TFM actively supports implementation of the Voluntary Principles at the international, national, provincial and local level. In 2014, TFM facilitated monthly meetings of a Security and Human Rights Discussion Group attended by security managers from other mining companies in Katanga Province, host government security personnel, international organizations and NGOs. This group discusses security issues as they relate to the mining industry, as well as provides a forum for discussion on the Voluntary Principles and human rights issues and to share best practices and resources. TFM is the only Voluntary Principles member company in this group, so it is also a forum to promote awareness of the Voluntary Principles with non-members. In 2014, the group discussed key issues, such as growing security threats and conflicts created by the presence of artisanal miners around industrial mine sites.

TFM is active in the country-level Voluntary Principles implementation in the DRC and participated in meetings held in Kinshasa hosted by the Embassy of Switzerland to share resources and discuss with other members steps that can be taken to promote the Voluntary Principles in the DRC. TFM also participated with the Swiss Government, Pax, and other Voluntary Principles members to conduct a workshop in Kisangani, Orientale Province, to share our experiences in implementation of the Voluntary Principles and encourage partners from all pillars to join the Voluntary Principles. Participants included representatives from the provincial government, public security forces, and human rights NGOs. In October, TFM hosted a delegation of 20 representatives on a US Department of State Study Tour looking to better understand issues regarding artisanal and industrial mining in the DRC. This delegation was a great opportunity for government stakeholders to visit an industrial mine site and better understand our achievements and challenges, many of which are related to security and human rights issues. TFM also hosted numerous visits for local and regional NGOs, and community members to visit the mine site and social investment programs.

Locally, TFM participated in monthly security meetings held by local authorities in Fungurume, where security and human rights issues are raised and discussed by local government and community leaders. TFM used this meeting venue to raise awareness about the Voluntary Principles and to discuss specific security-related incidents and concerns.

Voluntary Principles Considerations in the Selection of Private Security Providers and Formulation of Contractual Agreements with Private Security Providers, as well as Arrangement with Public Security Forces

In 2014, TFM contracted four private security companies, all of which are unarmed, to provide guards to support security with patrols and enhance the protection of company assets. Contracts with private security providers include specific language related to the Voluntary Principles, and state that contractors are required to comply with the company's human rights policy and the Voluntary Principles. In addition, contract employees undergo background checks, using the same procedures as applied for TFM security personnel. All four of the contractor companies are signatories to the International Code of Conduct for Private Security Providers.

Since 2008, TFM has been a party to a Memorandum of Understanding (MoU) with the Mines Police assigned by the state to maintain public security in the TFM concession area. The MoU details the working relationship between the company and the Mines Police, including areas of support, coordination and commitment to TFM policies and procedures, including business ethics and human rights. The Voluntary Principles are incorporated by reference and included as an attachment to the MoU. TFM provides food, housing, medical services, supervised transportation, non-lethal equipment and monetary allowances 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 approximately \$2 million in 2014.

Examples of Supporting Outreach, Education and Training

Training and awareness on human rights is incorporated in company-wide training materials for new employees, as well as refresher training modules that reached a total of 7,682 TFM employees and contract employees in 2014. Overall training hours totaled over 4,900 hours. This training included TFM security employees and private security contractors.

TFM, as a private company, is not permitted to conduct formal training of state employees or governmental representatives, which includes government security personnel. However, as an outcome of the Security and Human Rights Discussion Group, in 2013, MONUSCO (United Nations Stabilization Mission in the DRC) offered to conduct additional human rights training for public security personnel assigned to the TFM concession area. TFM asked MONUSCO to continue the training program in 2014; however, due to increased demands on MONUSCO in Katanga Province and limited internal capacity, they were only able to conduct one three-day training workshop designed to "train the trainers." The workshop was attended by 22 participants comprised of TFM employees, representatives of the local government, and Mines Police. The training was featured on Radio Okapi, the MONUSCO-funded radio that is a primary source of news in the DRC. TFM is hoping that internal training opportunities can be increased following this training; however, the company will continue to request MONUSCO's support for ongoing training. Other mining companies in Katanga, who are not members of the Voluntary Principles, also requested MONUSCO's support for human rights training based on the training started with TFM in 2013. There is a continued need for expert human rights and security training resources in TFM's concession and beyond.

TFM coordinated with the Lubudi Court in 2014 to conduct a two-day training for 30 TFM and local Judicial Officers (*Officier Police Judiciaire*). The aim of the training was to build the capacity of the officers in criminal law and criminal procedure consistent with the proper preparation of court cases,

but also with the respect for human rights and child welfare laws. TFM also helped to sponsor local human rights NGOs and participate in events carried out on international Human Rights Day, as well as published articles on human rights issues in the TFM company e-newsletter.

Company Procedure to Review Progress on Voluntary Principles Implementation at Local Facilities

Freeport-McMoRan corporate personnel review implementation of the Voluntary Principles at TFM through visits to the site at least twice annually and meetings with the site Human Rights Compliance Officer and team, as well as the site security managers. The TFM Human Rights Compliance Officer issues monthly and annual reports to site and corporate management on human rights training activities and the status of any reported human rights grievances. Feedback forms and quizzes are collected after training to help the team assess training effectiveness, questions and suggestions for improvement. As part of Freeport-McMoRan's ICMM assurance commitment (see Section B. 2. above), TFM underwent an external assurance review by a third party, which included a review of security and human rights risk management systems and recommendations for improvements.

D. Lessons or Issues from this Reporting Year, as well as Plans or Opportunities to Advance the Voluntary Principles for the Organization

We continue to identify opportunities for continuous improvement in our Voluntary Principles implementation. At our Indonesian operations, proactive engagement with national and regional level stakeholders and NGOs in 2014 helped to increase awareness of security and human rights issues and challenges around our operations, as well as identify areas for potential partnership and collaboration. We look forward to further developing these opportunities in 2015. In the DRC, we have a great need for increased training with the Mines Police assigned to our concession area. MONUSCO was unable to provide the level of training we hoped for and we are monitoring to gauge the effectiveness of the train the trainer workshop. We will continue to seek MONUSCO's support in 2015, as well as look for other expert training resources for collaboration.

In 2015, we plan to continue to be active participants in Voluntary Principles implementation at the country level in DRC, Indonesia and Peru. In addition, we plan to further harmonize our Voluntary Principles implementation as part of our broader human rights strategy as we continue our implementation of the UN Guiding Principles on Business and Human Rights.