

Voluntary Principles on Security and Human Rights 2019 Annual Report to the Plenary

Freeport-McMoRan Inc. (“Freeport-McMoRan” or “the Company”) maintains a strong, unequivocal commitment to respecting human rights. We are a leading international mining company with headquarters in Phoenix, Arizona. We operate large, long-lived geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. Our portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world’s largest copper and gold deposits; and significant mining operations in the Americas, including the large-scale Morenci minerals district in North America and the Cerro Verde operation in South America.

The Company’s Human Rights Policy commits us to implementing both the UN Guiding Principles on Business and Human Rights (UN Guiding Principles) and the Voluntary Principles on Security and Human Rights (Voluntary Principles). Freeport-McMoRan has been a member of the Voluntary Principles Initiative since it was first established in 2000. The Voluntary Principles have been an important cornerstone of our 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 workforce and with our government and community partners. As part of our UN Guiding Principles implementation, we are advancing site-level Human Rights Impact Assessments (HRIAs). These assessments use a comprehensive and dedicated HRIA methodology to identify and prioritize an operation’s human rights risks and impacts, including those related to security and human rights.

Freeport-McMoRan is a founding member of the International Council on Mining and Metals (ICMM). Implementation of the ICMM Sustainable Development (SD) Framework across the company results in site-level sustainability programs that meet responsible sourcing objectives for the global marketplace and includes site-level external assurance in accordance with the ICMM SD Framework Assurance Procedure. The framework includes a commitment to uphold human rights. This commitment was strengthened in 2018 with the adoption of multiple Performance Expectations (PEs) that are to be implemented and validated at the operating site level. One of these PEs commits members to supporting the implementation of the UN Guiding Principles and another to implementing, based on risk, a human rights and security approach consistent with the Voluntary Principles. We completed a site-level self-assessment of the PEs for our global mining and metals facilities in 2019 and independent assurance of self-assessments is occurring at certain operations.

Furthermore, we continue to participate in multi-industry dialogue on respect for human rights via the Business for Social Responsibility human rights working group. We also continue to participate in and engage with the Corporate Human Rights Benchmark (CHRB), which assesses our performance related to a set of human rights indicators based on publicly available information, which includes our participation in the Voluntary Principles Initiative and implementation of the Voluntary Principles.

While under the Voluntary Principles’ revised reporting guidelines we are only required to submit an update report to the Plenary for 2019, we have chosen to prepare a full report. This report sets out developments in our human rights programs as well as implementation activities during 2019 unless otherwise noted. While much of the background information does not differ from previous years’

reports, it is provided here for new members of the Voluntary Principles and other stakeholders. Country implementation details are provided for Indonesia and Peru, as these countries represent our higher risk operating environments in terms of security and human rights.

A. Commitment to the Voluntary Principles

1. Public Statement of Commitment or Endorsement of the Voluntary Principles, Engagement in the Voluntary Principles Initiative, and Transparency

In 2000, Freeport-McMoRan joined other extractive companies, governments and human rights organizations in endorsing the joint U.S. Department of State-British Foreign Office Voluntary Principles. Since that time, we have worked closely with our affiliate operations to assist in the implementation of the Voluntary Principles. Our endorsement of the Voluntary Principles is set forth on our website (www.fcx.com/sustainability/human-rights) as well as in our Annual Report on Sustainability (<https://www.fcx.com/sustainability/reports-and-documents>).

We have incorporated our commitment to the Voluntary Principles into our Human Rights Policy as well as our Principles of Business Conduct (PBC). Our Human Rights Policy and PBC apply to all of our employees and our Board of Directors. We also expect our suppliers (including contractors and other partners with whom we conduct business) to uphold and abide by the same standards, which are reflected in our Supplier Code of Conduct. Both documents can be found at: www.fcx.com/sustainability/approach/policies.

In 2019, Freeport-McMoRan participated in country-level Voluntary Principles activities in Indonesia and Peru (please see the country-level reports below in Part C). At the Initiative-level, we attended the 2019 Voluntary Principles Plenary in London, United Kingdom and participated in Corporate Pillar and Secretariat meetings throughout the year.

We publish our Annual Reports to the Plenary on the Freeport-McMoRan public website (www.fcx.com/sustainability/reports-and-documents) as part of our broader sustainability reporting and are committed to engaging with fellow Voluntary Principles members and observers to facilitate greater understanding our Voluntary Principles implementation.

2. Examples of Promoting Awareness of the Voluntary Principles Throughout Our Organization, Including Within the Value Chain

The Company has incorporated standard language on human rights into our corporate contract templates. Suppliers receive, and are expected to perform in accordance with, our Supplier Code of Conduct. Our Supplier Code of Conduct is based on our PBC and sets forth our expectations for suppliers in areas such as safety, human rights, anti-corruption, community and environment. For the purpose of the Supplier Code of Conduct, supplier is defined as a business that provides goods or services to our company, their subcontractors, and any other contracted third parties.

To assess potential human rights risks in our supply chain, we utilize an online due diligence system, the Freeport Compliance eXchange (FCeX), for suppliers (including contractors). The system issues a risk assessment questionnaire, which must be completed before new business partners at higher risk operations (including PT Freeport Indonesia (PT-FI), Cerro Verde and El Abra) are approved. The

questionnaire includes topics related to a range of legal, regulatory and reputational risk areas, including human rights and security risks.

As in recent years, we are including some information on our site-level Voluntary Principles implementation at our El Abra operation. El Abra is an open-pit copper mining complex located 47 miles north of Calama in Chile's El Loa Province. We continue to evaluate a large-scale expansion at El Abra.

During 2019, Chile experienced significant and prolonged civil unrest unrelated to our operations. Social unrest, and in many cases violent protests, emerged in October 2019. These protests caused broad disruptions across Chile, but had relatively little impact operationally at El Abra.

In 2019, the El Abra operation provided training on Human Rights and the Voluntary Principles to its two security employees and 84 of its 88 security contractor personnel. In addition, approximately 300 employees and contractors received a brochure and training on our Corporate Human Rights, Community and Environmental policies. The human rights policy was also posted in various locations throughout the operation. El Abra employs one private security contractor company, which deploys unarmed personnel to assist with the protection of company assets. Government security personnel are not directly assigned to the site.

We advanced a Human Rights Impact Assessment at El Abra in 2019. The conduct of security personnel is within the scope of this assessment. A desktop assessment of the sites' potential human rights risks and impacts was completed, as was planning for field interviews by Verisk Maplecroft. Fieldwork, initially scheduled for November, was deferred due to the outbreak of social unrest throughout the country, including in Santiago and Calama where meetings were scheduled. We are deferring fieldwork until after COVID-19 recovery and safe conditions exist. These assessments help us test the effectiveness of our human rights relevant management systems, including the degree to which they are effective in addressing human rights and security issues.

For other examples of how we promote awareness of the Voluntary Principles in Indonesia and Peru, including with host governments and authorities, please see the country-level reports below in Part C.

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

We frequently engage with financial and other stakeholders on security and human rights issues, including our implementation of the Voluntary Principles. This engagement is conducted both proactively and by request. In 2019, this included:

- Participating in an engagement call regarding a DCAF, OECD and ICRC research project aiming to promote policy coherence between the OECD Due Diligence Guidance and the Voluntary Principles.
- Engaging with minerals suppliers on their human rights and security performance, including their implementation of the Voluntary Principles.
- Continuing to serve as an Observing Member of the International Code of Conduct Association (ICoCA).
- Continuing to participate in a Business for Social Responsibility (BSR) human rights working group, which provides a forum for gaining insight from companies representing multiple

industrial sectors on methods for integration of the UN Guiding Principles into our business practices.

For other examples of how we promote awareness and advance implementation of the Voluntary Principles in Indonesia and Peru, please see the country-level reports below in Part C.

B. Policies, Procedures and Related Activities

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

Our Human Rights Policy (www.fcx.com/sustainability/approach/policies), which incorporates the Voluntary Principles, outlines our dedication to respecting and promoting human rights wherever we do business. We respect the rights of all individuals, including employees, suppliers, community members and others who may be potentially impacted by our business. The policy, first established in the late 1990s and most recently updated in 2017, requires us to conduct business in a manner consistent with both the Universal Declaration of Human Rights and the UN Guiding Principles, to educate employees about human rights, to maintain grievance mechanisms to record and address human rights allegations and incidents, and to protect anyone who reports suspected human rights violations. The policy also includes a commitment to prohibiting discrimination; forced, compulsory or child labor; and human trafficking; and ensuring 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, including interactions with host government police and military personnel and private security contractors. Furthermore, we expect all suppliers of goods and services to operate in accordance with this policy. Refer to our Human Rights Policy for more detail.

Our Human Rights Policy commits us to respect the rights of all individuals who may be potentially impacted by our business, engage with affected stakeholders in the development of our human rights approach and prohibit harassment. This includes human rights defenders. We do not condone any form of violence against those who peacefully promote and defend human rights in relation to our activities, and we expect our business partners to do the same. We recognize the value of an active and open society supported by the rule of law and believe it is important that our stakeholders are able to express their opinions in a safe manner without fear of reprisal or persecution.

The Corporate Responsibility Committee of our Board of Directors (Board) assists the Board in fulfilling its oversight responsibilities with respect to the implementation of our Human Rights Policy. The Corporate Responsibility Committee also oversees the Company's SD programs, including respect for human rights. During 2019, the Corporate Responsibility Committee reviewed our human rights program including our 2019 Corporate Human Rights Benchmark results, and adopted the company's UK Modern Slavery Act Statement and Responsible Sourcing of Minerals Policy.

Our corporate SD Leadership Team considers both imminent matters and emerging trends, while providing strategic guidance for our SD programs, including our human rights program. The team is sponsored by our Senior Vice President and Chief Administrative Officer, and is led by our Vice President of Environmental Services and Sustainable Development. The team includes our Chief Operating Officer and business unit presidents as well as executives from Safety, Supply Chain, Human Resources, Sales, Security, Legal/Compliance, and Land and Water. In 2019, the team received updates on our human rights program, including the status of HRIA planning for our operations in Arizona (USA) and Chile. The team also continued to review how the UN Guiding Principles intersect with addressing various

sustainability frameworks, including the Responsible Minerals Initiative Risk Readiness Assessment and ICMM's PEs, which include security and human rights. As conducted annually, site implementation and assurance planning for the recently approved ICMM PEs, which include UN Guiding Principles and Voluntary Principles implementation, were also deliberated by the team.

Our Human Rights Working Group, launched in 2018, further supports our implementation of the UN Guiding Principles and the integration of human rights considerations across our business. The team is sponsored by our Vice President of Environmental Services and Sustainable Development, and is co-lead by our Director of Sustainability and Manager of Business and Human Rights. The team is comprised of representatives from Safety, Supply Chain, Human Resources, Sales, Security, Legal/Compliance, Environment, Community Development and Product Stewardship. The scope of the working group is reflected in our Human Rights Dashboard, which summarizes the human rights issues relevant to our mining-related activities and includes security and human rights (refer to page 30 of our 2019 Annual Report on Sustainability (<https://www.fcx.com/sites/fcx/files/documents/sustainability/2019-annual-report-on-sustainability.pdf>)).

We promote awareness of our Human Rights Policy and the Voluntary Principles through a variety of mechanisms, including annual training through classroom and online training classes, distribution of pamphlets and other media for managers, and periodic training for non-managers on a rotating basis.

We conduct comprehensive training on the Company's employee code of conduct, the PBC, which incorporates our commitment to the Voluntary Principles and links to our Human Rights Policy. The PBC highlights our core values of *Safety, Respect, Integrity, Excellence* and *Commitment*, and they help guide how we conduct business, from top-level management to entry-level employees. It sets forth a variety of business principles, from promoting a safe workplace to complying with laws and avoiding conflicts of interest to treating each other and our stakeholders with respect and developing positive relationships with local communities. All employees receive training annually. This process consists of computer-based training for employees with network access and classroom training for employees without network access. Employees at the manager level and above sign a certification that the employee understands the PBC and is not aware of cases of non-compliance. Furthermore, managers and supervisors are responsible for making sure that the employees who report to them understand these principles.

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 implementation of the Voluntary Principles resides.

We report on our human rights performance in our annual Sustainability reporting (<https://fcx.com/sustainability>). Our 2019 Annual Report on Sustainability, in combination with a separate GRI Index available on our website (<https://fcx.com/sustainability/gri-content-index>), was prepared in accordance with the GRI Standards Core option and the G4 Mining and Metals Sector Supplement. We have published a sustainability report annually since 2001 and we have reported under GRI guidelines and standards since 2005. In line with the GRI process, we conduct a Sustainability Reporting Prioritization Assessment process to delineate the key focus areas important to our business and our stakeholders. The results of our assessment help inform the development of our Annual Report on Sustainability and the key focus areas disclosed. External assurance of our 2019 reporting was conducted by Corporate Integrity Ltd. (Corporate Integrity) in accordance with the ICMM Mining

Principles Assurance and Validation Procedure. Since 2009, site-level external assurance has been completed multiple times at all active mining and metals processing operations. We conduct site-level external assurance at operations at a minimum of once every three years, with annual assurance engagements at PT-FI and Cerro Verde. (<https://fcx.com/sustainability/external-assurance>)

We are implementing the Corporate Pillar Verification Framework, which entails a process to verify that we are meeting our responsibilities as a VPI member. As such, our Voluntary Principles reporting (and the performance we communicate therein) is included within the scope of our annual external assurance process. This Annual Report to the Plenary was included in our External Assurance Review provider's scope for the 2019 reporting period. This external assurance process includes meetings with our security and human rights teams to review their respective programs and management systems, which include, for example, their training programs, risk mitigation plans and grievance mechanisms. A public assurance statement is located within our Annual Report on Sustainability. As previously mentioned, we also publish our Annual Report to the Plenary as part of our broader sustainability reporting (www.fcx.com/sustainability/reports-and-documents).

5. Company Procedure to Conduct Security and Human Rights Risk Assessments, and Integrate Findings

The Freeport-McMoRan SD framework is based on operation-specific factors and influences, including regional context, type and stage of operation and social setting. Essential to this framework is the SD Risk Register process, which prioritizes the most significant risks that could have consequences to our business and our stakeholders across areas including health and safety, respect for human rights, environmental management, community development and economic impacts. Our SD Risk Register process was updated during 2018 to include additional categorical topics with more extensive definitions for risk evaluation, which include the potential for human rights impacts across topics. Human Rights is integrated throughout the SD risk category definitions to reflect the broader scope of potential impacts relevant to our mining related activities (also refer to the dashboard on page 30 of our 2019 Annual Report on Sustainability) (<https://www.fcx.com/sites/fcx/files/documents/sustainability/2019-annual-report-on-sustainability.pdf>). Security remains a risk area for evaluation, with human rights considerations reflected in the categorical definition for risk evaluation.

Risks rated as 'actionable' prompt the development and implementation of Action Plans, as well as the monitoring of their progress and results. Site-level SD Risk Registers are maintained by inter-departmental teams at the operational level. The Corporate SD Department and senior, multi-disciplinary experts support operations so that prioritization processes are consistent with corporate procedures and provide associated thought input. Focus Areas identified through this process are annually reviewed by our SD Leadership Team and communicated to our Board. Our current focus areas, including human rights, are described throughout our website and in our 2019 Annual Report on Sustainability (www.fcx.com/sd). The report also includes an explanation of the SD Risk Register process (see page 13).

Additionally, our Project Development Sustainability Review process allows us to integrate sustainability considerations into mine development or expansion projects. The review is designed to help multi-disciplinary project teams identify risks, unintended consequences, trade-offs and opportunities (including those relating to human rights and security) so they may be addressed early and through each

stage of project development. Project Development Sustainability Reviews may occur at the scoping, prefeasibility, feasibility and/or engineering/construction stages of projects and are also applicable to exploration projects. Reviews in 2019 included PT-FI's construction of a new smelter in Gresik, Indonesia. The Company continues to work with Verisk Maplecroft, a global risk analytics and advisory firm, to advance our implementation of the UN Guiding Principles and integration of human rights considerations across our business. In 2019, we engaged Verisk Maplecroft to advance our fourth site-level HRIA, which targeted our El Abra operation in Chile. Our HRIA scope includes the conduct of both private security and government security. Fieldwork for the El Abra HRIA was deferred due to the outbreak of social unrest throughout the country, including in Santiago and Calama where meetings were scheduled.

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

Freeport-McMoRan has established Human Rights Compliance Officer positions at PT-FI, Cerro Verde and El Abra as they represent our higher risk operating environments in terms of security and human rights. Part of their role is to receive, document and follow-up on formally or informally reported human rights incidents, grievances and allegations – including those relating to the conduct of public and private security. We actively communicate the role of the Human Rights Compliance Officer to employees and contractors, as well as community groups. All members of our workforce have access to the FCX Compliance Line, a hotline managed by third parties that allows for anonymous reporting (refer to PBC pages 42-43 for additional information). The FCX Compliance Line is also available to members of our supply chain via our Supplier Code of Conduct (refer to Supplier Code of Conduct page 11 for additional information). Both our PBC and Supplier Code of Conduct can be found at: www.fcx.com/sustainability/approach/policies. In addition, PT-FI, Cerro Verde and El Abra each have drop boxes or other mechanisms available for anonymous reporting. We have also incorporated human rights into our corporate Community Grievance Management system, which is implemented at each site to collect community grievances including those potentially related to human rights and/or security. Site-level Human Rights Compliance Officers report human rights incidents, grievances or allegations to site-level management, as well as to the Corporate SD group and legal counsel. Allegations related to public security providers are reported to the appropriate government institutions for investigation and to urge action to prevent recurrence.

The Company does not tolerate retaliation against anyone who raises a question or concern about our business practices in good faith. We are committed to protecting the confidentiality of anyone who reports potential violations should they request it. Furthermore, per our Human Rights Policy, use of our internal and external grievance mechanisms does not preclude access to judicial or other non-judicial grievance mechanisms.

For examples of how we implemented this reporting mechanism in Indonesia and Peru in 2019, please see the country-level reports below in Part C.

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

Contracts with private security providers in Indonesia, Peru and Chile include specific language related to our corporate Human Rights Policy (and, by extension, to 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 of any human rights related incidents or allegations.

For descriptions of training provided to private security contractors in Indonesia and Peru in 2019, please see the country-level reports below in Part C.

8. Company Mechanism to Investigate and Remediate Security-Related Incidents with Human Rights Implications by Public/Private Security Forces Relating to the Company's Activities

Human rights allegations, including those related to security, are referred to the site-level Human Rights Compliance Officer, who oversees the documentation of each allegation and assigns an internal team to assess the allegation. The outcome of the assessment process is reported to site-level management and the individual respondent. Depending on the level of severity of the case, the outcome is also reported to our corporate SD group and legal counsel.

Where cases involve incidents linked to public security personnel, the Human Rights Compliance Officer and site-level management report these incidents to the appropriate government institution for investigation and to urge action to prevent recurrence. Cases involving private security personnel are investigated by the Company and, where culpability is found, referred to the service provider for appropriate disciplinary action. We are committed to cooperating with human rights-related investigations and supporting appropriate remediation for proven violations caused by or contributed to by the Company's actions.

For examples of how we addressed security-related incidents in Indonesia and Peru in 2019, please see the country-level reports below in Part C.

C. Country Implementation

Indonesia

Overview of Country Operations

Through its joint venture with the Government of Indonesia (via state-owned PT Indonesia Asahan Aluminium ("Inalum")), PT Freeport Indonesia (PT-FI) operates one of the world's largest copper and gold mines in the Grasberg minerals district in Papua, Indonesia. PT-FI operates in the remote highlands of the Sudirman Mountain Range in the province of Papua, Indonesia, which is on the western half of the island of New Guinea. PT-FI has been implementing the Voluntary Principles since the Company became a signatory in 2000.

Indonesia has long faced separatist movements and civil and religious strife in a number of provinces. Several separatist groups have sought increased political independence for the province of Papua, where our Grasberg minerals district is located. In Papua, there have been attacks on civilians by separatists and sporadic but highly publicized conflicts between separatists and the Indonesian military and police. Security risks also stem from periodic social and ethnic tensions within the local community and in other areas of the province as well as the presence of in-migration.

Public and Private Security. The Grasberg minerals district has been designated by the Indonesia government as one of Indonesia's vital national assets. This designation results in the police, and to a lesser extent, the military, playing a significant role in protecting the area of our operations. The Indonesia government is responsible for employing police and military personnel and directing their operations. Approximately 1,060 public security personnel from the police and military were assigned directly to the PT-FI project area in 2019. In addition, the PT-FI Security and Risk Management Department employed approximately 565 unarmed security personnel and approximately 660 unarmed private security contractors and transportation/logistics personnel on a rotational basis. These security arrangements have been necessary to enhance the protection of our employees, contractors, and assets, especially considering the nature of security challenges and the remote and challenging terrain. Separatist security incidents, including shootings, continue to be reported and PT-FI remains engaged with government security institutions in monitoring the situation in the region.

Security Incidents. Shooting incidents directed at PT-FI personnel or resources have occurred within the project area, with varying intensity, for many years. Such incidents have most frequently targeted vehicles on the road connecting lowland logistical support activities with highlands operational areas. Between 2001 and 2019, there have been 93 incidents of gunfire in the PT-FI project area that were associated with mining operations or security personnel directly associated with those operations. Most recently, after no shooting incidents in 2014, there was one fatal shooting incident in 2015 (where a PT-FI security guard was killed, believed to be motivated by a dispute). There were 37 incidents in 2017-2018, one incident in 2019 and one incident in January 2020.¹ Groups espousing separatist motivations have claimed responsibility for many of these shootings, including releasing videos on social media of the shooting incidents.

The 39 shooting incidents from 2017 through January 2020 resulted in 14 injuries to workforce members transiting the Main Supply Road, as well as two injuries to medical services contractors administering care to a community member (who was also injured). During related law enforcement actions, government security personnel suffered eight injuries and two fatalities. No one was injured in the November 30, 2019 and January 13, 2020 shooting incidents.

The safety of our workforce is a critical concern, and PT-FI continues to work cooperatively with the Indonesia government to address security issues within the project area and in nearby areas. We continue to limit use of the road leading to our mining and milling operations to secured convoys, including transport of personnel by armored vehicles in designated areas. Refer to Figure 1 for a map of the PT-FI IUPK Operational and Support Area for geographic context.

PT-FI also experienced a security incident at its Amampare Port in 2019. On the evening of October 17, 2019, an individual among a group of Karaka Islanders throwing stones at the Cargo Dock bus terminal suffered non-life threatening injuries when government security fired rubber bullets/warning shots to disperse the crowd. The individual was treated at the site's industrial medical clinic before being transported to the Mitra Masyarakat (RSMM) hospital in Timika for further treatment. The victim was treated, remained overnight, and released. Police detained the officer involved in the incident, and local authorities/police led an investigative process. No investigative findings were released by police on their

¹ Although it falls outside of the boundary of this report, we have included this January 2020 incident consistent with our 2019 FORM 10-K disclosures.

review. Police leaders met with community leaders, including the village leader and the victim's family; community leaders agreed that no further claims were necessary.

Grievances. In 2019, a total of 15 grievances were reported to the PT-FI Human Rights Compliance Office by employees, contractors and community members related to domestic issues, human resources, sexual harassment, verbal harassment, discrimination, and physical assault. Two of these grievances were security-related. In one case, four security contractors were physically assaulted by three police officers. The incident was reported to the police, and the four police officers were removed from the project area. In the second case, a security employee was physically assaulted and injured by a military officer. The incident was reported to regional military leadership and was in process of handling as of the end of 2019. Regardless of the types and credibility of these allegations, all cases reported were documented, reviewed and closed, or are in the process of being followed up by the PT-FI Human Rights Compliance Office.

Engagement with Stakeholders on Country Implementation

PT-FI continues to engage with a number of stakeholders at the national, regional and local level regarding the implementation of the Voluntary Principles, the UN Guiding Principles and respect for human rights. During 2019, the PT-FI Human Rights team participated in multi-stakeholder dialogue on the UN Guiding Principles facilitated by The Institute for Policy Research and Advocacy (ELSAM) in Jakarta. PT-FI also met with the Papua Human Rights Commission twice to discuss security and human rights and grievance mechanisms, as well as labor related matters at PT-FI. Furthermore, PT-FI engaged with a Papuan NGO, PAHAM, on labor rights and labor related matters at PT-FI. These engagements serve to build cooperative relationships and promote respect for human rights.

Within and near its project area, PT-FI engages with community leaders, partner organizations and local authorities by conducting socialization of PT-FI's human rights program and implementation of the Voluntary Principles. In addition, PT-FI leadership and staff (including security and Community Liaison Officers) meet frequently with community members and local authorities to discuss updates on PT-FI's operations, economic development programs, community transport routes, security matters, illegal gold panning, and customary rights. 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 2019, PT-FI employed one primary private security contractor company, which deployed unarmed personnel to assist with the protection of company assets. PT-FI also employed three transportation/logistics contractor companies in 2019, providing unarmed personnel to assist with airport security screening, passenger/supply convoy logistics and driving vehicles for personnel and logistical support. Contracts with private security providers and transportation/logistics contractor companies state that contractors are required to comply with both our Human Rights Policy and the Voluntary Principles (including their participation in human rights training). Furthermore, private security contractors are subject to Freeport-McMoRan's online due diligence system (FCeX), and are required to comply with the company's Supplier Code of Conduct. New suppliers and contractors linked to locations not covered by the online system undergo manual screening by our Global Supply Chain department.

PT-FI, like all businesses and residents of Indonesia, relies on the Indonesia government for the maintenance of public order, upholding the rule of law and protection of personnel and property. From the outset of PT-FI's operations, the Indonesia government has looked to PT-FI to provide logistical and infrastructure support and assistance for these necessary services because of the limited resources of the Indonesia government and the remote location of and lack of development in Papua. PT-FI's financial support of the Indonesia government security institutions assigned to PT-FI's operations area represents a prudent response to PT-FI's requirements and commitments to protect its workforce and property, and better ensuring that personnel are properly fed and lodged and have the logistical resources to patrol PT-FI's roads and secure its area of operations. In addition, the provision of such support is consistent with the scope of PT-FI's project area comprising approximately 2900 square kilometers, our philosophy of responsible corporate citizenship, and reflects our commitment to pursue practices that respect human rights.

PT-FI's MOU with the National Police was last revised and signed in October 2019. PT-FI also signed an MOU with the Military in December 2019. Both MOUs cover a five-year term and detail the working relationship between the company and the public security personnel assigned to it, such as areas of support, coordination and commitment to PT-FI policies and procedures, including business ethics and human rights. The Voluntary Principles and FCX Human Rights Policy are incorporated as an attachment to the MOU along with Voluntary Principles model clauses.

In 2019, the majority of PT-FI's security budget (71 percent) was directed to PT-FI's own industrial security requirements (including employee and contractor direct costs, and associated overhead). The remainder of the budget (29 percent) represented PT-FI's support costs for government-provided security and totaled \$22 million.

Police provide the majority of security, and have overall responsibility for the security of the vital national asset, and 76 percent of the government support costs were directed to police units. The remainder was directed to military units who provide specialized security skill sets, including for example, Navy and Air Force personnel for port and airport security respectively.

Under the terms of the MOU, approximately 70 percent of overall host government support was provided in-kind such as food, housing, fuel, travel and vehicle repairs. Provision of food represents the single largest category. The remaining host government support is provided in the form of monetary allowances for police and military units, covering incidental and administrative costs (including community assistance programs conducted by the military and police), and a voluntary monthly support allowance (VMSA) for individual service members, are paid to and managed via official unit-level bank accounts. The VMSA is intended to defray the hardships of the remote assignment and provide a base living allowance for assigned personnel. PT-FI does not provide any lethal or non-lethal munitions nor, under the terms of our MOUs, exercise any command and control of the military or police.

All costs associated with assistance to the host government are subject to internal controls, including regular internal and external audits.

Examples of Supporting Outreach, Education and Training

In 2019, PT-FI conducted approximately 19,000 hours of training on our Human Rights Policy and the Voluntary Principles either directly by the PT-FI Human Rights Office or indirectly via its Human Rights Ambassador program. This included:

- Induction or refresher training for approximately 1,580 PT-FI employees and 440 PT-FI security employees,
- Induction or refresher training for approximately 4,440 contractor employees and 450 private security contractor employees,
- Pre-deployment training for approximately 1,060 police and military personnel under PT-FI's MOUs², and
- Awareness training for over 1,700 individuals including representatives from local communities, partner organizations and student bodies.

Under PT-FI's Human Rights Ambassador program, launched in 2018, representatives from contractor companies receive "train the trainer" instruction on human rights and the Voluntary Principles. Those trained are responsible to serve as Human Rights Ambassadors within their companies, promoting awareness of PT-FI's human rights policy, emphasizing shared responsibility in respect for human rights, and delivering annual human rights training for their company's workforce conducting work in the PT-FI project area.

Following training, feedback forms and knowledge checks are collected to help the Human Rights Office assess training effectiveness, address questions and obtain feedback to support continuous improvement.

The PT-FI Human Rights team also created posters and banners to raise workforce awareness on human rights principles and conducted a number of community outreach activities to promote human rights awareness among elementary, junior high, high school and university students in Papua, as well as families of employees, community leaders, and the general population. This included conducting two radio campaigns in partnership with Radio Public Mimika in Timika targeting both the workforce and the general public. One campaign focused on harassment in the workplace; the other focused on human rights values in conjunction with International Human Rights Day.

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

Freeport-McMoRan corporate personnel reviewed implementation of the Voluntary Principles at PT-FI through multiple site visits and meetings with the Human Rights Compliance team, as well as the Security team. The PT-FI Human Rights Compliance team also issues a monthly report to site and corporate management on human rights training activities and the status of any reported human rights grievances. As part of Freeport-McMoRan's ICMM assurance commitment (see Section B.4. above) and participation in the Corporate Pillar Verification Framework in February 2020, PT-FI underwent an external assurance review by Corporate Integrity, which included a review of security and human rights risk management systems (see Sections B.4. and B.5. above).

² Military and police contingents not based in Papua receive a presentation on human rights before beginning their assignment within the PTFI project area; either at their home base or upon arrival at the site. Host government security not directly assigned to the PTFI project area (non-MOU) may temporarily travel through PTFI's approximately 2900 square kilometer project area en route to other assignments. When possible, PTFI works to promote human rights and Voluntary Principles awareness among these individuals, including via posters, distribution of Voluntary Principles pocketbooks and awareness training. Approximately 315 non-MOU police received this awareness training in 2019.

Peru

Overview of Country Operations

Sociedad Minera Cerro Verde SAA (Cerro Verde) is an open-pit copper and molybdenum mining complex located approximately 20 miles southwest of Arequipa. Cerro Verde is majority owned and operated by Freeport-McMoRan, which acquired the mine at the time of its privatization by the Peruvian government in 1994 through a predecessor company. The remaining shareholders are Sumitomo, Buenaventura and other minority shareholders. Cerro Verde has provided a variety of community support projects over the years. In 2015, Cerro Verde completed construction of a wastewater treatment plant for the city of Arequipa. The wastewater treatment plant supplements existing water supplies to support Cerro Verde's concentrator expansion and also improves the local water quality, enhances agricultural products grown in the area and reduces the risk of waterborne illnesses. In addition to these projects, Cerro Verde annually makes significant community development investments in the Arequipa region.

Cerro Verde, like all businesses and residents of Peru, relies on the Peru government for the maintenance of public order, upholding the rule of law and the protection of personnel and property. The Peru government is responsible for employing police personnel and directing their operations.

During 2019, Peru experienced significant and prolonged civil unrest unrelated to our operations. Protests associated with an unaffiliated copper development project in Peru blocked access to the shipping ports and main transportation routes. These issues resulted in disruptions to the supply chain for production inputs, to concentrate shipping, and sporadically to shift changes for Cerro Verde personnel.

Public and Private Security. As of the end of 2019, Cerro Verde employed 11 security employees and 360 private security contractors. Some private security contractors assigned to the protection of expatriate personnel and explosives storage are armed. In addition to these security personnel, the national government has assigned Peruvian National Police (PNP) to the site in teams on 1 to 15-day rotations, depending on the availability of the PNP, in accordance with Legislative Decree N° 1267, Supreme Decrees 026-2017-IN, N° 003-2017-IN and N° 018-2017-IN, and Emergency Decree N° 006-2017 (article 11). Team sizes varied over the course of the year. A total of 936 members of the PNP rotated through the site during 2019.

Grievances. In 2019, 124 grievances were reported to the Cerro Verde Human Rights Compliance Office and Legal team – an increase from prior years. Of these, 96 were related to labor compliance, 18 were related to contracts, 8 were related to workplace harassment and two were related to sexual harassment. None were security-related. The increase in grievances is attributed to increased awareness of our grievance mechanism by contractors who were targeted for training on our Supplier Code of Conduct and related human rights topics in 2019. Regardless of the type and credibility of these allegations, all cases reported are documented, reviewed and closed by the Cerro Verde Human Rights Compliance Office.

Engagement with Stakeholders on Country Implementation

Cerro Verde continues to participate in the country-level implementation of the Voluntary Principles in Peru and attend monthly working group meetings. In 2019, Cerro Verde also participated in discussions

on human rights issues and implementation with the National Society of Mining, Oil and Energy, which replaced meetings previously facilitated by Corredor Minero del Sur (SEMSUR) on the interface between social and security issues.

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

As part of its security program, Cerro Verde maintains its own internal security department and contracts two private security companies. Both employees and contractors perform functions such as protecting company facilities, monitoring shipments of supplies and products, assisting in traffic control and coordinating emergency response operations. Cerro Verde's costs for its internal civilian security department totaled \$9 million in 2018. Contracts with private security providers include specific language related to our corporate Human Rights Policy (and, by extension, to the Voluntary Principles) as well as our Supplier Code of Conduct. Furthermore, new suppliers (including contractors) are subject to Freeport-McMoRan's online due diligence system (FCeX) and required to comply with our Supplier Code of Conduct (and, by extension, our Human Rights Policy).

Cerro Verde has limited public security in support of its operation, with the arrangement defined through an MOU with the Peruvian National Police (PNP). Under Peruvian law, PNP officers may volunteer to be assigned to operations such as Cerro Verde during their scheduled leave. This allows the officers to supplement their government salaries at a rate set by Government. They retain their full powers as officers of the law when performing this role and wear their police uniforms, but are not armed. The MOU was amended in December 2019 to extend the term two years. It details the working relationship between Cerro Verde and the PNP, including areas of support and coordination. A commitment to the Voluntary Principles is included as an addendum to the MOU.

Cerro Verde's share of support costs for government-provided security approximated \$1 million in 2019. This support is primarily remuneration, but also includes a limited amount for in-kind support (e.g., daily bus transportation to and from the mine, food and incidentals) provided by the Company. The amount and modality of payment is in accordance with Peruvian law (Supreme Decree N° 152-2017-EF, Ministry Act N° 552-2017-IN and Legislative Decree N° 1267).

Examples of Supporting Outreach, Education and Training

Cerro Verde conducted or received approximately 7,200 hours of training in 2019, either directly or via a third-party. This included:

- Induction training for all new Cerro Verde employees on human rights as well as a booklet on human rights and internal labor regulations.
- Refresher training for more than 5,000 Cerro Verde employees on our human rights policy with a focus on labor rights, sexual harassment and how to reports concerns.
- Training on Human Rights and the Voluntary Principles for all of Cerro Verde's security contractors.³

³ Some security contractors assigned to protection of expatriate personnel and explosives storage are armed. These contractors also receive training on firearms handling and defensive driving.

- Pre-deployment training on Human Rights and the Voluntary Principles for 936 members of the PNP who rotated through the site.
- An eight-month international certificate program on human rights (with a focus on citizen participation and human rights)⁴ for Cerro Verde’s human rights compliance officer and seven security employees.
- Training for approximately 170 contractors on our human rights policy in conjunction with site visits at 41 suppliers’ facilities to survey workers and employees on human rights related obligations.
- Awareness training for visitors to the mine as part of a short safety video delivered to over 4,700 stakeholders, including authorities, community members, students, teachers and others.

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

Freeport-McMoRan corporate personnel review implementation of the Voluntary Principles at Cerro Verde through site visits and meetings with the Cerro Verde Human Rights Compliance team, as well as the Cerro Verde Security Manager. As part of Freeport-McMoRan’s ICMM assurance commitment (see Section B.4. above) and participation in the Corporate Pillar Verification Framework in December 2019, Cerro Verde underwent an external assurance review by Corporate Integrity, which included a review of its security and human rights risk management systems (see Sections B.4. and B.5. above).

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 implementation of the Voluntary Principles.

Within the constraints associated with the COVID-19 pandemic, plans for 2020 include:

- Continuing our participation in VPI and Corporate Pillar meetings,
- Continuing our participation in the implementation of the Voluntary Principles at the country-level in Indonesia and Peru,
- Reviewing the final VPI model training materials to identify opportunities to enhance our training on human rights and the Voluntary Principles, and
- Continuing to advance our implementation of the UN Guiding Principles.

⁴ The program was conducted by Ruiz de Montoya University in partnership with the Inter-American Institute of Human Rights and the Association of Latin American Jesuit Universities.

Figure 1. Map of PT-FI IUPK Operational and Support Area with Highlands Area Insert

