

# HUMAN RIGHTS IMPACT ASSESSMENT

## *PT-FI's Grasberg Minerals District*

### What is a Human Rights Impact Assessment?

Freeport-McMoRan Inc. (FCX) uses Human Rights Impact Assessments (HRIAs) as its primary method for conducting human rights due diligence at our operations. FCX's HRIAs are conducted by third-party consultants and involve direct input from a broad cross-section of internal and external rights-holders, as well as those with insight into such rights-holders.

HRIAs support continuous improvement of FCX's management systems by testing their effectiveness in identifying and addressing potential, actual and perceived human rights risks and impacts. These types of third-party assessments are central to fulfilling our responsible production commitments, including those associated with International Council on Mining and Metals (ICMM) membership, Copper Mark and Molybdenum Mark site certifications and the Voluntary Principles on Security and Human Rights membership. HRIAs are also important in demonstrating our management of human rights risks and impacts to our customers and value chain partners.

There are a range of different approaches for assessing human rights risks and impacts depending upon the context and broader circumstances of the business and operating environment. Each HRIA is tailored by the third-party consultant in consideration of the site's operating context and is conducted in alignment with UN Guiding Principles (UNGPs) requirements for business responsibility to respect human rights.

For more information on FCX's approach to human rights and HRIAs, please see the **Human Rights – Embedding Respect** section on our [website](#) and our [HRIA Methodology](#).

### HRIA Approach for PT-FI's Grasberg Operations

In late 2021, we engaged Acorn International (the consultant) to conduct the HRIA for PT Freeport Indonesia's (PT-FI) Grasberg operations and its associated facilities in Central Papua, Indonesia. During 2022, we worked with the consultant to develop and plan a tailored approach, taking into consideration the unique and complex nature of PT-FI's Grasberg operations. Using a phased approach, the PT-FI Grasberg HRIA was implemented over an 18-month period involving a team of experts with international and extensive in-country experience.

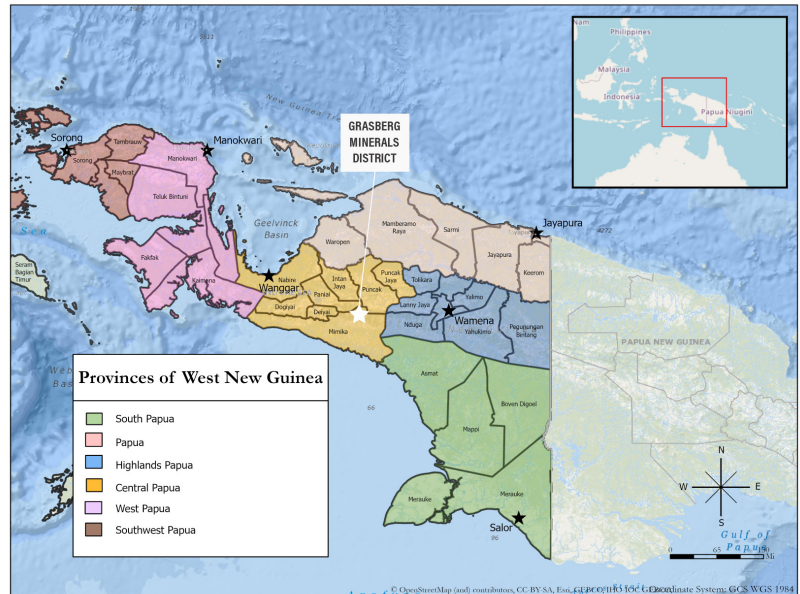
The PT-FI Grasberg HRIA was designed to assess PT-FI's policies, systems and processes to identify and address human rights risks and impacts and therefore support continuous improvement of the operations. By using ICMM's Human Rights Due Diligence Guidance's (2023) maturity matrix (see [Appendix](#)), the HRIA identified strengths, gaps, and actions for improvement to support PT-FI's focus on continuous improvement and the maturity of its management of human rights risks.

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## PT-FI's Grasberg Minerals District

### Operation: Grasberg Minerals District

Discovered in 1988, the Grasberg minerals district is a copper, gold and silver porphyry skarn deposit located in the remote highlands of the Sudirman Mountain Range in the province of Central Papua, Indonesia, on the western half of the island of New Guinea. FCX has a 48.76% share ownership in PT-FI, the limited liability company with mining rights to the Grasberg minerals district, and continues to manage its operations. Still today, the Grasberg minerals district contains one of the world's largest copper and gold deposits.



### PT-FI Grasberg HRIA Objectives

- ▶ Test and benchmark PT-FI's systems and processes which operate to identify, manage and mitigate human rights risks and impacts against international best practices<sup>1</sup> ;
- ▶ Evaluate the extent to which the existing controls, procedures, systems and resources are adequate for PT-FI to meet international best practices in managing its responsibility to respect human rights;
- ▶ Improve risk management processes for PT-FI in its mitigation and management of potential, actual and perceived human rights risks and impacts;
- ▶ Meet shareholder expectations of FCX and PT-FI's human rights commitments;
- ▶ Provide PT-FI with clear and practical recommendations to support the operation in mitigating current and evolving human rights risks and impacts; and
- ▶ Provide a basis for PT-FI to engage in dialogue with key stakeholders on areas for improvement.

<sup>1</sup>International best practices include such standards or models as IFC Performance Standards, UNGP Principles and ICMM Human Rights Due Diligence Guidance.

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### PT-FI Grasberg HRIA Process

To meet the objectives, the PT-FI Grasberg HRIA approach included the following stages:



#### 1) Human Rights Issues Mapping

The HRIA began with a scoping and issues mapping exercise to identify, predict and map the key human rights issues (that indicated existing or likely potential risks and impacts) associated with the business. This included examination of the following:

- ▶ FCX/PT-FI's policies, procedures and commitments relevant to human rights, including grievance mechanisms, procurement and employment practices;
- ▶ The human rights legal framework in which PT-FI operates;
- ▶ Third-party monitoring and expectations, including international and domestic human rights standards and trends;
- ▶ Affected stakeholders, including workforce and trade unions, Indigenous Peoples and other community members, civil society organizations and government agencies;
- ▶ The mining and metals industry and its particular human rights risks and challenges; and
- ▶ The business and human rights profile of Indonesia and Central Papua.

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### ***2) System and Process Review***

The next stage in the PT-FI Grasberg HRIA involved a compilation of 18 priority areas of PT-FI's Grasberg operations consisting of management system elements, which are considered most relevant to managing human rights expectations and specific issues relevant to our ongoing human rights program. The consultant assessed the priority areas of PT-FI's Grasberg operations against international best practices. This included analyzing key areas of risk exposure for PT-FI's Grasberg operations, such as supply chain management, labor relations, contractor management, security, artisanal mining and Indigenous Peoples. To assess performance, the consultant conducted in-depth desktop research, including reviewing previous assessments such as the Copper Mark, and held numerous discussions with PT-FI employees and contractors, to enable robust examination of PT-FI's existing risk management processes and systems.

Below are the 18 priority areas included in the PT-FI Grasberg HRIA:

- |  |  |
|--|--|
| 1. Role and Organization of Leadership | 10. Health and Safety                        |
| 2. Policies and Standards              | 11. Labor Standards and Rights at Work       |
| 3. Human Resources and Organization    | 12. Security Risk Management                 |
| 4. Training and Knowledge Management   | 13. Informal Mining                          |
| 5. Integrated Risk Management          | 14. Indigenous Peoples and Cultural Heritage |
| 6. Contractor and Supplier Management  | 15. Gender <sup>2</sup>                      |
| 7. Stakeholder Engagement              | 16. Environment                              |
| 8. Grievance Mechanism and Remedy      | 17. Partnerships and Key Relationships       |
| 9. Communication and Reporting         | 18. Investor and Third-Party Expectations    |

<sup>2</sup>Gender in this study was designed to look holistically at gender equality practices of the business i.e., 1) workplace inclusion (accessibility, safety, working arrangements); 2) workforce diversity (hiring and recruitment strategies); and 3) leadership accountability and sustainability (roles and responsibilities, training).

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### 3) Stakeholder Engagement

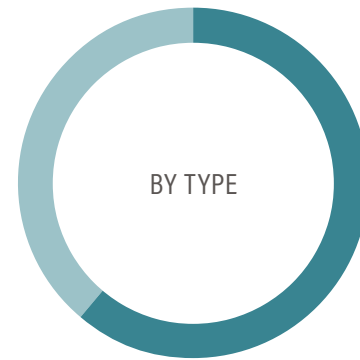
Following the System and Process Review stage, the consultant visited PT-FI's Grasberg operations and the surrounding communities in May 2023 to conduct targeted in-person interviews with key PT-FI stakeholders and external stakeholders. The interviews were intended to assess the effectiveness of PT-FI's business processes and procedures. The interviews also sought input to identify improvement opportunities and feedback regarding PT-FI's management of human rights risks and impacts.

The consultant and PT-FI's Grasberg operations team worked together to identify a list of key stakeholders for engagement in advance of the consultant's field work and continued to update the stakeholder list throughout the engagement process. The engagement interviews were conducted on both an individual and group basis and included a range of rights-holders and involved the inclusive engagement of men, women, the elderly, youth, and vulnerable persons or groups.

The consultant worked with three Papuan resources, including a senior researcher from the State University of Papua, to conduct a total of 91 group and individual interview sessions. These sessions included 101 internal stakeholders and 64 external stakeholders, belonging to the following groups: Indigenous Peoples, illegal artisanal miners, civil society organizations, government and security agencies, and religious institutions.

The consultant made efforts to conduct interviews in locations and formats that encouraged candid, safe, transparent and constructive discussions. The interviews took place at a range of locations and virtually. Except for managers from PT-FI's Grasberg operations, all interviewees were offered anonymity prior to the engagement. In addition, PT-FI employees were absent from all external interviews.

STAKEHOLDER ENGAGEMENT



Internal stakeholders	101
External stakeholders	64

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### PT-FI GRASBERG OPERATIONS STAKEHOLDERS

EMPLOYEES	BUSINESS PARTNERS	COMMUNITY MEMBERS	THIRD PARTIES
Senior Leadership	PT Mineral Industri Indonesia (MIND ID) (FCX's Partner in PT-FI)	Local community members and representatives	Local government agencies (including departments of environment, health, regional planning, regional disaster management, fisheries, women empowerment and transportation)
Managers (including Community Affairs, Papuan Affairs, Security, Environmental, Human Resources, Industrial Relations, Supply Chain Management, Communications, Government Relations, Legal and Compliance, Health and Safety)	Onsite contractors (including private security, mill operators, long-term contractors, and female and Papuan employees and managers)	Indigenous Peoples (the Amungme and Kamoro) and representative organizations (YAMAK, YPMAK, Lemasko, Lemasa)	National Human Rights Commission (provincial)
Employees (including frontline workers and supervisors, community liaison officers, female and Papuan employees)	Human rights ambassadors	Artisanal miner representatives	Local police and military representatives
Taskforce Leadership (Land Rights, Artisanal Miner Management)	Cleaning and catering contractors	Religious leaders and faith community representatives	Civil society and non-government organizations

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### 4) Assessment and Recommendations

The findings from the previous two stages were then assessed using the maturity matrix from ICMM's Human Rights Due Diligence Guidance (2023). The results confirm the overall strength of PT-FI's existing business systems as they relate to human rights. The maturity matrix provides ratings from "nascent" through "leading practice" (see the Appendix for definitions). Out of the 18 priority areas assessed: 8 were considered "aligned to international good practice," 7 were considered "managed" and 3 were considered "basic," as shown below.

#### HUMAN RIGHTS DUE DILIGENCE MATURITY MATRIX

From ICMM Human Rights Due Diligence Guidance (2023)

MATURITY LEVEL	DESCRIPTOR
1	Nascent
2	Basic
3	Managed
4	Aligned to International Best Practices (IBP)
5	Leading Practice

The three priority areas considered to be at a "basic" level of maturity were:

1. Training and Knowledge Management,
2. Stakeholder Engagement, and
3. Gender.

#### PT-FI GRASBERG HRIA ASSESSMENT

PRIORITY AREA	ASSESSMENT
Role and Organization of Leadership	Aligned to IBP
Policies and Standards	Managed
Human Resources and Organization	Managed
Training and Knowledge Management	Basic
Integrated Risk Management	Managed
Contractor and Supplier Management	Managed
Stakeholder Engagement	Basic
Grievance Mechanism and Remedy	Managed
Communication and Reporting	Aligned to IBP
Health and Safety	Aligned to IBP
Labor Standards and Rights at Work	Managed
Security Risk Management	Aligned to IBP
Informal Mining	Aligned to IBP
Indigenous Peoples and Cultural Heritage	Aligned to IBP
Gender	Basic
Environment	Aligned to IBP
Partnerships and Key Relationships	Managed
Investor and Third-Party Expectations	Aligned to IBP



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Based on the assessment results, the recommendations included policy revisions to training and knowledge management activities and adaptation of roles and responsibilities.

The highest priority recommendations included:

- ▶ Dedicating priority attention to strengthening management capacity related to decision-making, training and knowledge management, stakeholder engagement and gender;
- ▶ Strengthening the current human rights training materials to create a program tailored to specific business functions; and
- ▶ Implementing a campaign to raise awareness about the Principles of Business Conduct across the workforce, its contents and available grievance mechanisms to both internal and external stakeholders.

### ***Next Steps***

PT-FI and FCX subject matter experts are working together to develop and implement these recommendations with a focus on those related to the priority areas assessed as basic. In the short-term, this will include developing a roadmap with assigned responsibilities for the implementation of training and communication activities. In the long-term, this work will be designed to raise awareness, develop skills and enable the operations to demonstrate FCX's values on a consistent basis. We expect to have this work completed and implemented by the end of 2027. The table below provides an overview of these recommendations.



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### PT-FI GRASBERG OPERATIONS HRIA ASSESSMENT: BASIC LEVEL FINDINGS AND ACTIONS

PRIORITY AREA	ASSESSMENT FINDINGS	ACORN INTERNATIONAL'S RECOMMENDATIONS	ACTION PLAN SUMMARY
Training and Knowledge Management	Human rights training or socialization is required for all PT-FI employees and security contractors, but the quality, effectiveness and impact of the training appear to be limited.	Strengthen the current human rights training materials to form a human rights knowledge and capacity assurance program that is aligned with the needs of specific business functions, external business contexts and specific human rights risk profiles. Include specific real and local examples, case studies and/or exercises in trainings to help participants gain a better knowledge of human rights and human rights management.	Strengthen the current human rights training and awareness-raising materials to create a program tailored to specific business functions including Community Relations, Human Resources, Supply Chain Management, and Security Risk Management. Roll out the new global human rights training module to employees and share with Tier 1 contractors and suppliers to build capacity.
Stakeholder Engagement	PT-FI has many elements of a world-class stakeholder engagement program in place, but it does not have a formal and strategic overall mapping and engagement planning program. Further progress is needed in addressing human rights through its stakeholder engagement practices.	Develop and implement a formal cross-functional stakeholder engagement strategy that drives a comprehensive stakeholder map and engagement plan to focus engagement efforts. Ensure collaboration between the different relevant divisions in the development and implementation of the plan.	Drive proactive, inclusive, and targeted engagement efforts through the development of a cross-functional stakeholder engagement strategy. This includes evaluating the community grievance mechanism against the UN Effectiveness Criteria, and involving community stakeholders (including women and youth) in the evaluation and subsequent updates of the mechanism.
Gender	PT-FI has demonstrated awareness of and sensitivity to gender diversity and inclusion over the course of its operations. Despite progress, gender stereotypes and lack of skills and capacity appear to present significant challenges for creating an inclusive company culture that can support advancing women and minority groups.	Identify solutions to break down those barriers to advancing and supporting women in the workplace, and on this basis strengthen existing systems and process to hire and promote more women in the workforce. This includes developing training and communications to include explicit direction that gender discrimination and sexual harassment are prohibited and will not be tolerated.	Develop an understanding of Indonesian norms, and importantly, of Papuan norms for women in the workplace and use this knowledge to develop likely entry points and existing barriers for increased workforce diversity within the unique Grasberg workplace. This will allow management to work with local communities to develop a capacity building plan tailored to help increase the skills needed for more women in the workforce, with a focus on Papuan women. Align this work with our ongoing priority to increase Papuans in the workforce.

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### CAUTIONARY STATEMENT

This report contains forward-looking statements.

Forward-looking statements are all statements other than statements of historical facts, such as plans, projections, expectations, targets, objectives, strategies or goals relating to our HRIA methodology and performance, including our commitment to and application of certain policies, practices, and other management systems, approaches and action plans. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "endeavors," "efforts," "seeks," "goals," "predicts," "strategy," "objective," "projects," "targets," "intends," "aspires," "likely," "will," "should," "could," "to be," "potential," "assumptions," "guidance," "future," "forecasts," "commitments," "pursues," "initiatives," "opportunities," and any similar expressions are intended to identify those assertions as forward-looking statements. We caution readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, the factors described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (SEC), as updated by our subsequent filings with the SEC, and available on our website at [fcx.com](http://fcx.com).

Many of the assumptions upon which our forward-looking statements are based are likely to change after the forward-looking statements are made. Further, we may make changes to our business plans that could affect our results. We caution investors that we undertake no obligation to update any forward-looking statements, which speak only as of the date made, notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes.

While certain matters discussed in this report may be significant and relevant to our investors, any significance should not be read as rising to the level of materiality for purposes of complying with the U.S. federal securities laws and regulations or the disclosure requirements of the SEC. The goals and projects described in this report are aspirational; as such, no guarantees or promises are made that these goals and projects will be met or successfully executed.

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### APPENDIX

#### HUMAN RIGHTS DUE DILIGENCE MATURITY MATRIX

From ICMM Human Rights Due Diligence Guidance (2023)

MATURITY LEVEL	DESCRIPTION	DEFINITION
1	Nascent	Practice is emerging: Human rights management is reactive and firefighting. Policies and procedures may (or may not) exist at corporate level but at asset level they, and activities relating to them, are informal, ad hoc, and disjointed. There is limited understanding of human rights across the company or asset.
2	Basic	Practice is established: Some relevant policies exist at corporate level and apply at asset level, and some procedures are in place, however implementation is inconsistent, largely disconnected and/or not achieved systematically. Management of human rights is driven by legal compliance and/or risks to business. Any staff with human rights responsibilities may operate in a silo, largely disconnected from most other functions and operational decision making. There is a basic understanding of human rights across the company or asset.
3	Managed	Practice is compliant: Corporate policies are translated/reflected at asset level, procedures are generally followed and compliance with them is generally achieved. The most salient human rights impacts are generally well identified and proactively managed. A human rights lens is not yet thoroughly embedded into business decision-making and throughout all parts of the business. There is sound understanding of human rights across the company or asset and increasing acknowledgment of what needs to occur to embed and integrate human rights.
4	Aligned to International Best Practices	Practice is embedded: Management of human rights is well aligned with UNGPs, as well as ICMM Mining Principles and other international good practice. Increasing bandwidth means human rights management is proactive and understood across the business; continuous improvement of policies and procedures occurs in line with stakeholder expectations; emerging global trends and outcomes from incident investigations audits, and assurance are integrated; and adherence to policies and procedures is internalized/embedded (i.e., is business as usual).
5	Leading Practice	Practice is consistently integrated and supports the participation of external parties: The company/assets not only meet the performance expectations of ICMM's Mining Principles and operate in alignment with international good practice, but human rights is coherently, consistently, and fully integrated. The company/assets continues to find ways to improve its management of human rights. Innovative approaches to work with business partners, supply chain and other stakeholders through support, leverage, and partnerships, supported by high levels of accountability and transparency. Respect for human rights is part of the organizational fabric, continues unhindered during significant changes and disruptions.