



2010 Working Toward Sustainable Development Report

FREEPOR-T-McMoRan COPPER & GOLD INC.

Freeport-McMoRan Copper & Gold Inc. (Freeport-McMoRan or the Company) is 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. The Company is the world's largest publicly traded producer of copper and has a dynamic portfolio of operating, expansion and growth projects.

Freeport-McMoRan's portfolio of assets includes the Grasberg minerals district, the world's largest copper and gold mine in terms of recoverable reserves; significant mining operations in the Americas, including the large-scale Morenci and Safford minerals districts in North America and the Cerro Verde and El Abra operations in South America; and the Tenke Fungurume minerals district in the Democratic Republic of Congo (DRC).

About this Report

Our 2010 Working Toward Sustainable Development (WTSD) report is meant to provide our stakeholders with information on our sustainability programs, including policies, systems and performance data. We also report on areas of focus to address current challenges or emerging issues.

Data presented in our WTSD report includes the primary operations of Freeport-McMoRan's principal subsidiaries: PT Freeport Indonesia (PTFI) and Freeport-McMoRan Corporation for the period January 1, 2010 to December 31, 2010. Financial data excludes joint venture partners' interest.

As a result of methodology changes or corrections, prior year data may be updated. Data presentation and comparisons may not meet the direct needs of all stakeholders, and we encourage users of this information to contact our Sustainable Development department at sustainability@fmi.com with inquiries about our report.



Global Reporting Initiative

We are reporting in accordance with the Global Reporting Initiative (GRI) G3 reporting guidelines for the third consecutive year and in accordance with version 3.0 of the Mining and Metals Sector Supplement for the first time. We have prepared a supplement for this 2010 WTSD report, which includes other core and additional indicators. We have self-declared this report and its supplement at the A+ level of the GRI G3 guidelines. Both reports and a GRI content index are located on our website at www.fcx.com/envir.



External Assurance

Since 2005, Freeport-McMoRan has sought independent verification of its annual sustainability reports, including selected performance data, statements on processes and achievements, and conformance to the GRI guidelines. We are implementing the International Council on Mining & Metals (ICMM) Sustainable Development Framework, including implementation of 10 Sustainable Development Principles across the Company. External assurance of our 2010 WTSD reporting was conducted by Corporate Integrity in accordance with the ICMM Sustainable Development Framework Assurance Procedure. As of December 2010, we have completed assurance at seven of our largest sites. The Assurance Statement can be found on page 40.

We appreciate receiving feedback that will help us identify the topics that are of most interest to you and thus improve the quality of future reporting. Please send us an email at sustainability@fmi.com.



Connecting the World

Making Connections to a Sustainable Future

We mine and process ore to supply metals that connect and sustain the world's infrastructure. Copper is the metal most closely tied to economic growth, as it is a key component of state-of-the-art energy, transportation, and telecommunications systems. The red metal remains essential to plumbing, conductivity and connectivity, and it is a critical element in new technology. Molybdenum strengthens steel, resists heat and adds corrosion resistance to piping for water distribution systems. Cobalt is vital to alternative energy applications. Our business directly contributes to a sustainable future by providing products that reduce environmental impact while supporting economic and social development.

As the earth's population continues to grow along with the global standard of living, the demand for our metals rises. We will respond to increased demand by expanding our operations; however, our ability to reduce or mitigate certain impacts, such as total greenhouse gas emissions and total water consumption, will be challenged as we evaluate how we can be more efficient. Concurrently, societal needs for clean water, efficient energy use, job creation, community development, and ecosystems protection continue to increase. Our challenge is to meet the demands for our metals while improving our contribution to sustainable development.

Learn more about how the metals we produce are helping to move societies toward a cleaner, healthier and productive future in our video *Connecting the Future*™. The video can be viewed at www.fcx.com. 

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This icon indicates additional topical information is available at www.fcx.com.





Summary of 2010 Key Economic Contributions by Operating Region

For the year ended December 31, 2010 \$ millions	North America ^(a)	South America	Indonesia	Europe	Africa	Other Countries	Total
Payments to suppliers	\$ 2,642	\$ 1,209	\$ 1,694	\$ 849	\$ 402	\$ 7	\$ 6,803
Employee wages and benefits	896	378	465	48	96	3	1,886
Payments to providers of capital:							
Dividends	980	646	170	-	-	-	1,796
Interest	409	1	12	10	-	-	432
Payments to governments ^(b)	403	700	1,651	1	40	1	2,796
Community investments	31	33	113	-	12	-	189
Direct economic contributions	\$ 5,361	\$ 2,967	\$ 4,105	\$ 908	\$ 550	\$ 11	\$ 13,902

Note: These amounts were derived primarily from Freeport-McMoRan's publicly reported segment data. For disclosure of Freeport-McMoRan's segment data in accordance with generally accepted accounting principles (GAAP), see pages 171–175 of our 2010 Form 10-K.

^(a) Includes parent company results.

^(b) Excludes employee payroll taxes, dividends, property taxes and certain other taxes, which are included in payments to suppliers and dividends. A reconciliation to the 2010 Cash Payments to Governments schedule on page 11 can be found in the WTS supplement.



Message To Stakeholders

The theme of our 2010 Annual Report and this Working Toward Sustainable Development Report captures the essence of our business and sustainable development efforts on a global scale. “Connecting the World” highlights Freeport-McMoRan’s role in providing metals that not only are vital to the world’s economies, but also important to sustainability. In particular, copper, which generated 78 percent of our 2010 revenues, continues to be a critical material for advanced infrastructure and technological applications.

After successfully managing through one of the most severe downturns on record, from 2008-2009, we achieved in 2010 the best financial results in our company’s history. Our global team performed exceptionally well during the year – not only in the production of metals and generating shareholder value, but in the way we delivered on our safety, community and environmental commitments. We could not have achieved this success without safe work practices, community acceptance of our projects, and respect for the physical environment.

In response to increased global demand for our metals, we are actively pursuing large mine expansions at several of our operating sites. Simultaneously, we are working to increase our mineral reserves to provide for long term-growth. These growth opportunities can provide significant benefits to communities in terms of increased employment and local economic development. We recognize that growth can result in environmental and social impacts and we are addressing potential impacts during evaluations of our projects.

For example, the effect on local water supplies in the arid Southwest U.S., Peru and Chile, will be critical to our long-term success in these areas. We are taking a long-term view on securing water supplies that addresses multiple source options and synergies with local community needs over time. Part of this strategy requires that we review water management practices to determine if opportunities exist to optimize current water use.

Safety risks are inherent in our business, and despite another record year for overall performance, we regrettably lost an employee and a contractor to workplace fatalities. Any fatality in the workplace is unacceptable and we continue to rigorously implement our Fatality Prevention Initiative. We are also updating our emergency response plans to ensure best coordination of resources to protect our workforce, local communities and the environment.

At our operations in Indonesia and the Democratic Republic of Congo, artisanal mining continues to present security, public health, human rights and potential environmental risks to our project areas and to communities. The issues are extremely complex, involving numerous stakeholders, and will not be resolved easily or quickly. Nonetheless, our social, security, environmental and human resources departments are coordinating various approaches to minimize the risks associated with the practice. For example, we are engaging outside advisors, seeking best practices and collaborating with governments, community leaders and NGOs.

For all of these issues, we recognize that listening to stakeholders and creating local ownership is critical to make decisions that have positive and lasting impacts. Our investment in local communities is significant. For example, in 2010, we invested in local capacity building through programs focused on public health, infrastructure development, and education and training. These investments are essential since they build strong community relationships that will directly benefit our operations over the long-term. Community investment helps fulfill our obligation to build capacity that sustains communities when our operations eventually cease.

In 2011, we will focus on executing our plans for future growth in response to the global market demand for metals while continuing to emphasize safety, cost management and social responsibility. These commitments are in keeping with our core values. Collectively they represent the primary drivers of our sustainability programs.

Celebrating achievements, sharing best practices and acknowledging shortcomings is important for our business. We welcome you to our 2010 Working Toward Sustainable Development Report. As always, we look forward to your candid feedback.

Respectfully yours,

James R. Moffett
Chairman of the Board

Richard C. Adkerson
President and
Chief Executive Officer



May 25, 2011

We produce copper and other metals that wire the world, build infrastructure, and help economies grow. Copper is vital to the generation and distribution of electric power. Copper cathodes from our Morenci mine in Arizona, U.S. (right).



In providing these metals that connect the world, we must operate our business in a way that builds and sustains healthy communities. A mother and child in the Fungurume community near our operations in the DRC (above).



Human resource development is one of the cornerstones of our operations, leading to a well-trained workforce representative of local populations. An apprentice equipment operator at the PTFI operations in Papua, Indonesia (above).

We seek to provide metals that support economic and social development while protecting natural resources for future generations. In 2010, Cerro Verde donated 1,200 young trees that were planted throughout Arequipa (left).



Our Approach

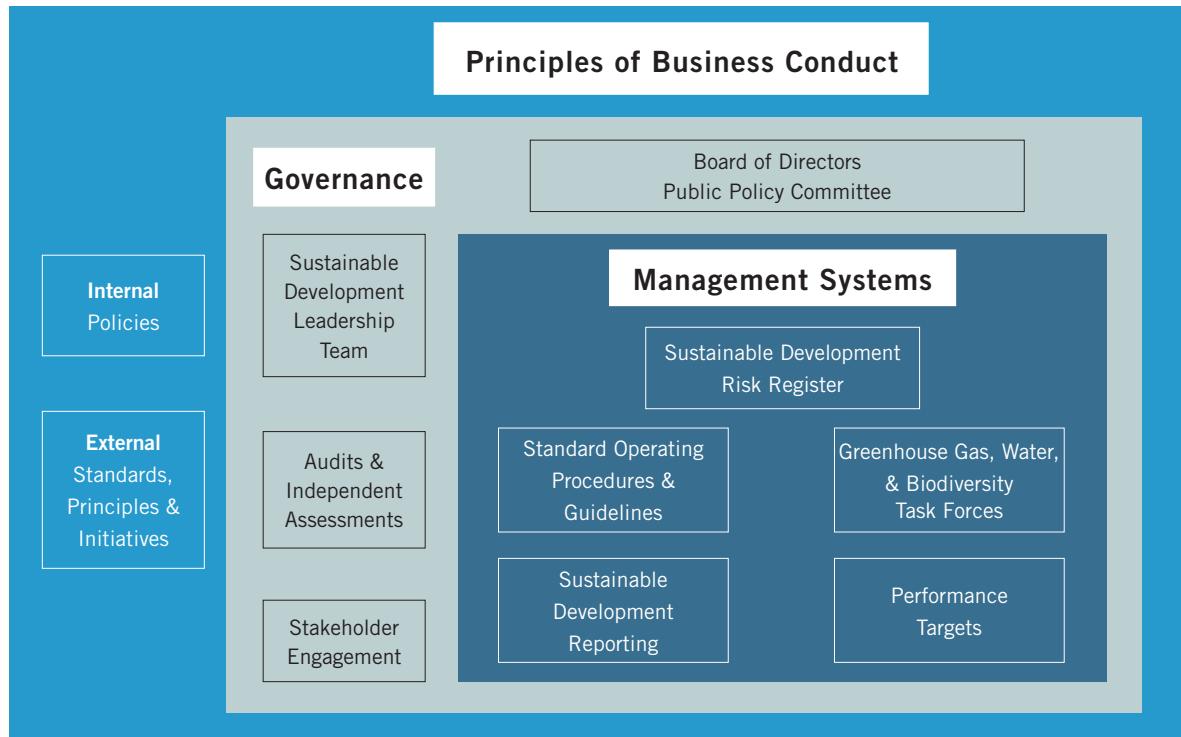
To supply essential metals to current and future generations, we rely on our stated business objectives, principles, and policies and continuously improve our sustainable development programs. Our approach has three core elements:

- 1. Economic** – Leverage our operating and financial expertise, technologies, and supply chain to ensure that we remain a vibrant, sustainable business entity.
- 2. Social** – Operate safely. Engage openly and transparently with internal and external stakeholders and keep our commitments to build trust. This enhances our ability to obtain vital permits to operate, ensures we have a dedicated workforce and affords us business opportunities.
- 3. Environmental** – Evaluate environmental aspects continuously throughout a project's life cycle to minimize adverse impacts.

Principles of Business Conduct

Our approach to sustainable development is based on the overarching values detailed in our *Principles of Business Conduct*. It sets forth the global system of principles that our workforce must follow in all activities — from avoiding conflicts of interest to developing positive relationships in local communities. Our supporting policies, along with external standards and initiatives, form the overall framework that guides our sustainability programs. Supporting this framework are internal governance and management systems that provide the essential details on how we operate to achieve responsible business success. This three-layered, hierachal structure is illustrated below.

Framework for Sustainable Development



Governance

The Public Policy Committee of our Board of Directors is responsible for overseeing our sustainable development programs. It examines key performance data and receives briefings concerning sustainability challenges and emerging issues. During 2010, the Public Policy Committee received various reports and considered numerous items including safety and occupational health systems, environmental obligations and remediation projects, implementation of the Voluntary Principles on Security and Human Rights, health care programs at PTFI and Tenke Fungurume Mining (TFM), and our worldwide social programs and community investments. The Public Policy Committee reports to our Board of Directors, which provides global oversight on all matters, including the economic viability of our Company – the first element of our approach to sustainable development.

Sustainable Development Leadership Team. In January 2011, we established the Freeport-McMoRan Sustainable Development Leadership Team (Leadership Team) to 1) lead cross-departmental implementation of current sustainability commitments, 2) identify emerging issues and 3) develop and monitor the status of performance targets. The team is sponsored by our Executive Vice President and Chief Administrative Officer, led by our Vice President of Environmental Services and Sustainable Development and includes business presidents and personnel from the supply chain, human resources, compliance, finance, sustainability and environmental functions. Our Sustainable Development department coordinates with the Leadership Team and provides guidance and technical support to projects, operations and business functions. Each facility or project has appointed “sustainable development leaders” who support the general manager and facilitate multi-departmental coordination of sustainability practices at the local level.

Audits/Independent Assessments. To gain assurance that our policy commitments and sustainability objectives are being met, we implement a combination of audit or assessment programs in key areas. Every major operation must undergo a robust internal audit of environmental and health and safety systems and compliance at least every two years. During 2010, we completed internal safety audits at 14 facilities and environmental audits at 15 facilities. Our operations are routinely inspected by regulatory agencies and we incorporate findings into our management systems for continuous improvement. We also engage independent experts to review programs such as our Human Rights and Emergency Response programs.





Stakeholder Engagement. Engagement with stakeholders at the corporate, divisional and operational level is an integral part of how we conduct our business. Communities are the focal point of these activities since our business depends on an understanding of the social environment in which we operate. For example, in 2010 we conducted 30 Community Partnership Panel meetings in North America, five public workshops on our planned desalination project in Chile and two open houses regarding our plans at the TFM operation in the DRC. We are developing a formalized stakeholder engagement procedure to improve our overall approach at the corporate and operating level.

Engaging with Interfaith Center on Corporate Responsibility

We value the input of stakeholders and engage closely with local governments and communities. At the corporate level, we enter into dialogue with international NGOs, academic institutions, multi-sector initiatives, and socially responsible investor organizations. For example, Freeport-McMoRan has engaged with the Interfaith Center on Corporate Responsibility (ICCR) since the mid-1990's. ICCR is an association of 275 faith-based institutional investors and has been a leader in the corporate social responsibility movement since 1971.

ICCR has engaged with Freeport-McMoRan regarding human rights and security issues, environmental performance, community development programs and stakeholder engagement. Regular teleconferences and face-to-face meetings occur three to four times a year with our Sustainable Development department. Our Chief Executive Officer, Richard Adkerson, participated in a teleconference update during one of three meetings held in 2010.

As a result of ICCR engagement, our operation in Indonesia conducted an external social audit of our community and human rights programs in 2004 and 2006. We have also worked with ICCR to review and comment on draft policies, which have helped us to better understand what our stakeholders expect and how we can better incorporate international standards and best practices into our operations. Sister Barbara Aires of the Sisters of Charity of St. Elizabeth, New Jersey, and ICCR leader, said, "The sustainability of local communities — socially, environmentally, economically — is a key priority for faith-based investors. Our long-term engagement with Freeport-McMoRan has been productive and we have seen some important changes in on-the-ground operations, while challenges remain."

ICCR also poses challenging questions, which helps us to evaluate programs and think about how and where we can improve. We don't always agree on issues and approaches, and often there is no easy answer to some of the issues, but the forum for constructive dialogue continues. Regular engagement with groups like ICCR is critical for keeping updated on social responsibility issues, trends and accountability.

Management Systems

Our Sustainable Development Risk Register is the linchpin to our overall sustainability programs. This system is used to identify key risks and opportunities for improvement, to enhance resource allocation and to track ongoing progress towards reducing risks. This register is a prioritization system for identifying a wide range of topics important to the business, external stakeholders, or both. The risk matrix generated is specific and focused on local operations. Below we outline our overarching sustainable development challenges identified through this process.

Key Sustainability Challenges (in alphabetical order)		Page Reference
Artisanal Mining	Impacts from non-company related, artisanal and small-scale mining activities located adjacent to or near our area of operations in Indonesia and the DRC	28
Business Ethics	Impacts related to corruption and ethics, government officials, elections, events and/or systems that could cause adverse impacts on the business or otherwise unstable conflicts or events	10
Climate Change	Impacts associated with energy use or production, including regulation of greenhouse gas emissions and certainty of water supplies	31
Community Engagement and Development	Impacts to residents; land rights and compensation; the improvement or degradation of social/community conditions	21
Health and Safety	A cross-disciplinary area concerned with protecting the safety, health and welfare of the workforce	15
Human Rights	Impacts on communities and employees that are related to our operations; special attention to issues concerning discrimination, role of Company and host government security personnel, and potential for violence and human rights abuses	18
Public Health	Impacts concerning community; HIV/AIDS, malaria, tuberculosis, sanitation and other health-related issues affecting local communities	25
Tailings Management	Impacts associated with the particles of rock remaining after the economically valuable minerals are removed from the ore, including stability, potential spills, dust generation and impacts to groundwater and surface water	38
Water Impacts	Groundwater, storm water, direct discharge, and surface water quality issues affecting production activities or stakeholders	37
Water Supply	Certainty of water source, volume and quantity issues potentially affecting operations or stakeholders	33

Our environmental, safety and social management systems include guidelines and standard operating procedures to ensure we address policy expectations, as well as specific requirements of applicable laws and regulations. We also set company-wide performance targets to support key objectives, particularly in areas prioritized in our sustainability risk register. Performance targets presented in this report are based on copper, molybdenum and gold sales, as well as operating cash flow guidance provided to shareholders in our first-quarter 2011 earnings release. Aspects of our sustainability management systems are described throughout the report.

Business Ethics

Target	2010 Status	Performance Description	Target Date
Annually train 90% of management and 33% of non-management employees (rotational basis) in the Freeport-McMoRan <i>Principles of Business Conduct</i> , which includes anti-corruption policies	✓	During 2009 and 2010, approximately 97% of management-level and approximately 95% of non-management employees received training in the <i>Principles of Business Conduct</i> . The target has been revised to ensure recurring training of our employee population.	Annually Recurring
Publish payments to host governments at all active foreign mining operations in support of revenue transparency and the Extractive Industries Transparency Initiative (EITI)	✓	We annually publish all material payments to every country in which we operate. We also support the EITI and participate in its implementation in the DRC, Peru and Indonesia.	

Freeport-McMoRan is committed to the highest level of ethical and legal conduct in all of its business operations. Our *Principles of Business Conduct* are a commitment to integrity and define the expected behavior of all employees and our Board of Directors.

We maintain a hotline to provide guidance and assistance to workforce members with any questions or concerns related to our *Principles of Business Conduct*. To ensure that any potential violations of business conduct are brought forth, we also provide anonymous reporting through our compliance system. During 2010, 198 reports were made through the Freeport-McMoRan Compliance Line relating to various topics, including employee workplace conduct and disciplinary actions; environment, health, safety and security; protecting company assets; and conflicts of interest. All reports are investigated and, if substantiated, appropriate disciplinary action is taken, up to and including termination of employment.

Corruption Prevention

Corruption sometimes is widespread in local systems and cultures near our operations, particularly in developing countries. We do not tolerate the offering or payments of bribes, kickbacks, illegal gratuities or other similar payments to any person or organization or governmental official to secure improper advantages for our business. Likewise, we will not accept any of these payments. Our Anti-Corruption Policy and guidelines assist in ensuring compliance with the U.S. Foreign Corrupt Practices Act of 1977 and other relevant anti-corruption laws, including local laws. In 2010, we conducted tailored anti-corruption training for approximately 70 employees at TFM. We also conducted anti-corruption awareness training for approximately 320 employees at PTFI.

Political Activities and Contributions

The primary issues in which Freeport-McMoRan participates in public policy development include regulation of the mining industry, environmental regulation, water rights, land access, business taxes and trade laws. All lobbying activities are conducted in compliance with relevant laws and disclosure obligations. The Company does not contribute to any individual candidate for political office, political party or organization for the election of a particular candidate to any political office in any jurisdiction.

Transparency of Government Payments

We endorse the Extractive Industry Transparency Initiative (EITI), which is a commitment for governments to disclose revenues from extractive industries and companies to disclose payments to governments. Peru and the DRC are candidate countries under EITI and, thus, our Cerro Verde and TFM operations participate directly. Indonesia became an EITI candidate country in 2010 and PTFI continues to support the initiative. In addition to our EITI commitments, we report material cash payments to governments in all countries in which we conduct business as presented below.

PTFI cooperates with the host government in its role of maintaining public order, upholding the rule of law, and protecting Company personnel and property. The police are assigned via a presidential decree to protect the Grasberg mine site, which has been categorized as a national vital asset. Where invited by the police, the Indonesian military also may be deployed to provide additional security. PTFI's share of support costs for government-provided security was \$14 million for 2010. This 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. In the DRC, TFM coordinates and works with host government security, Mines Police, who are the authority assigned to oversee security issues at mine sites across the country. TFM provides support to Mines Police in the form of food, housing, monetary allowances, and logistical support, as well as direct payments to the government to support the Mines Police assigned to the TFM concession area. The total cost for this support, including in-kind support, totaled less than \$1 million in 2010.

Our payments to host governments via taxes, royalties, and other obligations are a significant contribution to national, regional, and local development. In 2010, these payments totaled over \$3.7 billion.

International Risks section (page 51) of our 2010 Form 10-K



2010 Cash Payments to Governments ^(a)

\$ in millions

	U.S.	Chile	Peru	Indonesia	DRC	Other Countries ^(b)	Total
Corporate Income Taxes, Net of Refunds	\$ 372	\$ 239	\$ 327	\$ 1,293	\$ 1	\$ 2	\$ 2,234
Withholding Taxes on Foreign Dividends	-	63	31	173	-	-	267
Employee Payroll Taxes	243	18	17	43	39	13	373
Dividends	-	-	-	169	-	-	169
Royalties and Net Severance Taxes	31	40	-	185	29	-	285
Property Taxes	81	-	-	14	-	2	97
Other Taxes and Fees	22	72	45	97	73	10	319
Total	\$ 749	\$ 432	\$ 420	\$ 1,974	\$ 142	\$ 27	\$ 3,744

^(a) This schedule reflects a voluntary effort by Freeport-McMoRan to capture its material cash payments to governments (net of refunds).

^(b) Represents cash payments to governments by Freeport-McMoRan's other business groups that are located outside of the countries where Freeport-McMoRan conducts its mining operations.



Markus Orisu
— Haulage Heavy Duty Mechanic
PTFI — Papua, Indonesia

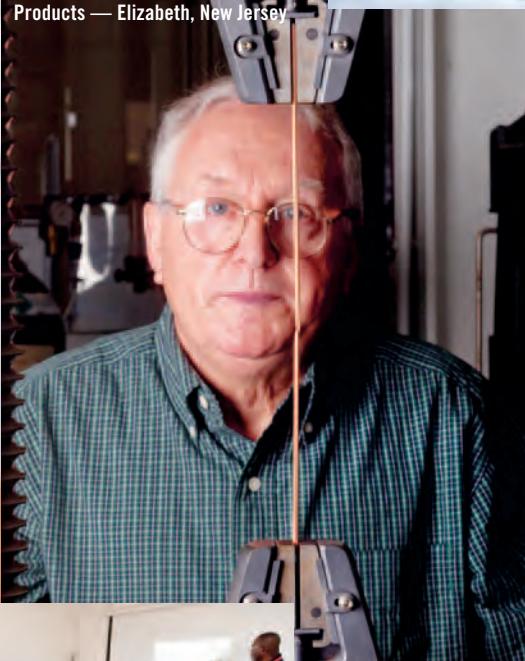
We strive to provide the best environment possible for a well-trained and diverse workforce. During 2010, our Candelaria operation was honored by Chilean President Michelle Bachelet for successfully promoting gender equality. Christian Schnettler, Human Resources Director, South America (far right), holds the gender equality award (above).



Margaret Kabamba — Regional Communications Manager
Freeport-McMoRan Headquarters — Phoenix, Arizona



Roshelly Paliza — Geologist
Morenci mine — Morenci, Arizona



Ernesto Monteiro — Quality Auditor
Bayway Operations Specialty Copper Products — Elizabeth, New Jersey



We prioritize the hiring of workers from communities closest to our operations. Training activities at the TFM operations in the DRC (right).



We place a high priority on training and development of our workforce. Since 2003, PTFI's Nemangkawi Mining Institute has provided training and career development opportunities for over 3,500 indigenous community members near the Grasberg operations in Papua, Indonesia (above).

Our Workforce

Our success as a competitive international business relies on the individual contributions of all employees. That is why we seek to attract and retain the highest qualified employees for every position. At the end of 2010, our workforce included approximately 29,700 employees and more than 22,300 contractors.

Our turnover was approximately 9% in 2010, significantly lower than the 22% turnover rate in 2009 that was affected by a reduction in the Company's workforce resulting from the curtailment of operations, primarily in North America. With a resumption of mining activities in 2010 at some of the curtailed operations, qualified former employees were given the opportunity to fill the reinstated positions.

Diversity and Local Hiring

Target	2010 Status	Performance Description	Target Date
Increase the percentage of women in our workforce, including representation in managerial roles, to 15%	Behind Schedule	The percentage of women in our workforce is 9%, which is unchanged from the prior year. However, females now hold approximately 11% of managerial positions versus 10% in 2009. Achieving this target will be very challenging considering the nature of our business and the cultural settings of major operations. We will continue to pursue this important initiative, but have lifted the target expiration date (2014).	On-going

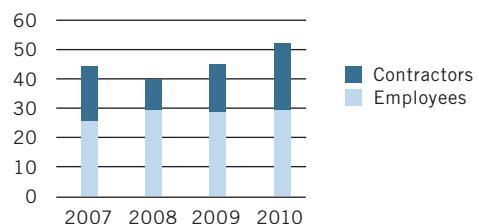
We operate in countries with populations of varying ethnic, religious and cultural backgrounds and are often the largest employer in local communities. The diverse backgrounds and perspectives of our workforce are an asset for our Company. We prohibit harassment and our Human Rights Policy requires that all employees treat everyone in and around our operations with dignity and respect. In 2010, of the reports made through the Freeport-McMoRan Compliance Line, 30 were alleged to include some form of discriminatory conduct. Two of the reports were substantiated and appropriate disciplinary and remedial action was taken.

When business conditions permit, we make efforts to hire locally for all positions. This practice promotes understanding of local cultures and improves our workforce communications. For example, PTFI is located in the remote province of Papua, Indonesia. It is PTFI's policy to prioritize hiring Papuans when skill sets meet available open positions. Approximately 98% of PTFI employees are Indonesian and of that total 31% are indigenous Papuans.

Many of our operations provide or support education and skills training programs to promote the employability of community members in local or regional economies. For example, in Chile, our El Abra mine partners with the Foundation for Women's Promotion and Development to provide educational courses for economically vulnerable women and our Candelaria operation provides technical training to the unemployed.

Workforce Composition

as of December 31
in thousands of workers



Employees (29,700)
as of December 31, 2010

- 41% Indonesia
- 33% North America
- 15% South America
- 8% Africa
- 3% Europe/Other

Contractors (22,300)
as of December 31, 2010

- 42% Indonesia
- 7% North America
- 41% South America
- 8% Africa
- 2% Europe/Other

Training and Development

Worldwide there is a shortage of skilled employees to support the mining industry and we realize we have to develop our staff at all levels. Annual training plans are developed for personnel, both at an operational and supervisory level to ensure that employees develop within the Company and that we are able to fill open positions. In 2010, excluding the U.S., our employees received, on average, more than 75 hours of training. We are enhancing our system for tracking training hours at all of our operations.

Leadership training is critical to developing a sound workforce and we adopted training classes that align with the Company's specific leadership competencies and expectations. Offered to supervisors and managers with direct reports, training is interactive, practical and designed to provide skills that can be used immediately. At the end of 2010, more than 2,100 leaders from our U.S. and South American operations completed leadership training.

Labor Relations

We recognize the right of employees to voluntarily organize and form workers' associations that provide a foundation for effective collective bargaining and the efficient negotiation of appropriate working relationships. Approximately 44% of our worldwide employees are covered by collective bargaining agreements and we work with labor representatives from 20 unions. We do not believe that the right to exercise freedom of association is at risk at any of our operations. For example, in March 2010, TFM held union elections where 72% of employees cast ballots.

We strictly prohibit forced, compulsory or child labor. Our sites have established minimum age requirements for hiring employees. In most cases that age is 18, even though local legal requirements may permit younger employees. Our policy on minimum hiring age is important at our operations such as at TFM in the DRC, where there is a high demand for jobs and children are often employed in informal sectors of the economy.



Health and Safety

Target	2010 Status	Performance Description	Target Date
Incur zero fatalities	X	We incurred two workplace fatalities.	Annually Recurring
Meet company-wide Total Recordable Incident Rate (TRIR) of 0.70	✓	Our overall TRIR (0.65) improved 12% over 2009, again exceeding our company-wide target.	

The safety of all Freeport-McMoRan employees and contractors is a core value. We believe that superior safety and health performance is a leading indicator of a well managed business because properly managed health and safety systems are particularly important in our industry. Central to safe production are our programs for training, auditing, accident and near-miss investigation, hazard identification and risk assessment, and safety incentives.

Safety is a direct-line management responsibility and is driven from the top down and implemented by a formal structure starting with our Safety and Health Policy. All operations conduct third-party health and safety audits at least every two years. Our Board of Directors requires these audits to assure that the safety management system is effective, weaknesses are identified, and resources are applied to achieve the Company's policy objectives. Independent audits are supplemented by ongoing internal safety audits and inspections that focus on specific hazards or on operations performing below safety targets.

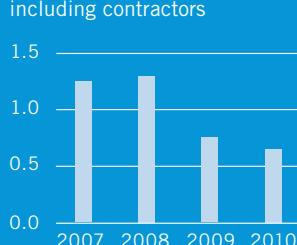
Health and Safety Management System

The Health and Safety Management System (HSMS) consists of a framework of expectations for managing health and safety risks and compliance obligations, and for driving continual improvement in communications, training and safeguards. Based on the Occupational Health and Safety Assessment Series (OHSAS) 18001, our HSMS empowers each operation to adapt its specific system needs to its own unique culture, challenges and resources. OHSAS is a risk-based standard that requires the identification and assessment of risk to proactively improve control strategies.

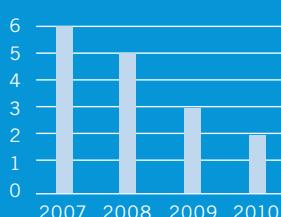
We have selected a registrar, Det Norske Veritas (DNV), which is fully accredited under OHSAS 18001, to consistently assess operations throughout the Company. DNV has certified 13 of our operations' health and safety systems, with all sites expected to be assessed and certified by the end of 2012. PTFI has received accredited certification from National Quality Assurance.

Augmenting the HSMS described above are specialized guidelines, such as those developed for Crisis Management Response. In July 2010, we issued a new Incident Investigation Training Manual to standardize accident investigation procedures. We also updated our Hazard Identification & Risk Assessment guidelines that provide instructions on how to identify, prioritize and control injury, illness and property loss risks.

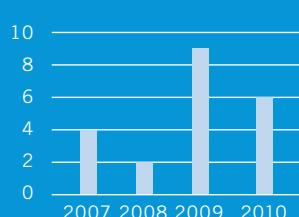
Total Recordable Incident Rate (TRIR)⁽¹⁾
including contractors



Workforce Fatalities
including contractors



Occupational Illness Cases
including contractors



⁽¹⁾ TRIR = [(Fatalities + Lost Time Incidents + Restricted Duty Incidents + Medical Treatment)*200,000]/Total Hours Worked

Contractors and Suppliers

There is no distinction drawn between contractors, suppliers and employees with regard to health and safety matters; all are trained and held accountable for the same health and safety practices. In September 2010, we introduced an updated Contractor Safety Manual to further align the standards of contractors and suppliers with our own expectations. It emphasizes the value of proactive management of risk, safety pre-project/pre-task planning, safety training, incident investigation and employee monitoring – the same systems we internally promote with our own employees. Failure to report injuries, illnesses or near misses is a violation of contract obligations and can lead to termination.

Fatality Prevention

Even with exceptional overall safety performance during 2010, we sadly regret the loss of an employee and contractor:

Candelaria Operation (Chile) As a maintenance crew was removing the liners from a crusher bowl, a forklift operator parked on a slight decline approximately 12 meters uphill from the work being performed. The forklift started to roll (engine was off) and the operator was unable to stop the forklift. The forklift struck the crusher bowl and fatally injured an employee.

Miami Mine (U.S.) A contractor working at the mine was installing a section of 24-inch high-density polyethylene pipe. An existing 24-inch pipe was being used as a skid to guide the new pipe into position. The contractor was helping to pull the pipe back to the ground using lifting straps, placing him directly in the pipe's path of movement. The pipe impacted the contractor in the upper body.

We continue to implement a Fatality Prevention Initiative based on principles of the ICMM document *Leadership Matters—The elimination of fatalities*, which emphasizes the aggressive management of potentially fatal risks. As the title to the initiative implies, leadership and management communication activities in particular play crucial roles. One of our key communication vehicles is the Potential Fatal Event (PFE) Advisories that describe in detail any incident that has the potential to turn fatal.

Fifty-one PFE Advisories were issued at our operations in 2010 — a good indication that site managers are actively involved and the communication processes are robust. A full Root Cause Analysis (RCA) is required for each Advisory, and at the completion of the RCA, a PFE Follow-up Advisory identifies the causal factors of the incident and recommendations for preventive actions. These communications are shared with employees in safety meetings or through other communication mechanisms.

Occupational Health

Operations are required to assess the risk of exposure to occupational health hazards and implement adequate controls for all employees or contractors at risk. Our *Field Guide for Occupational Health and Industrial Hygiene*, updated in 2010, defines occupational exposure limits, standards and practices that apply globally. Exposures of interest can be chemical, biological or physical agents and include such health hazards as acid, metals, dusts, noise, vibration and gases.

There were six occupational illness events in 2010, three fewer than in 2009. Three were related to repetitive trauma, two from heat exposure and one resulted from contact dermatitis. Each incident was subjected to a Job Safety Analysis by safety and health specialists to further define and promote recognition of hazards that can result in occupational illness.

We employ a hierarchy of limits. The first level is regulatory exposure limits defined by the various jurisdictions in which the Company operates. These are considered to be our minimally acceptable standards. Where a regulatory standard is absent, obsolete or determined to be inadequate, we adopt internal standards to achieve a higher level of protection of the workforce. These are typically based on guidelines or recommendations from internationally recognized professional organizations such as the American Conference of Governmental Industrial Hygienists, government research groups such as the U.S. National Institutes for Occupational Safety and Health, and other organizations such as the National Standardization Body: Indonesian National Standard.

Emergency Response

We are keenly aware of the potential for emergencies at or near our operations and all sites are required to maintain detailed Emergency Preparedness and Response Plans. We coordinate with local governments to prepare a range of emergency response scenarios and conduct mock drills to plan for the protection of our workers, the community and the environment.

In 2010, a third-party was retained to evaluate emergency preparedness and response capabilities of our operations. The assessments included a review of emergency preparedness aspects, such as personnel skill requirements, response equipment, drills and asset vulnerability. At the end of 2010, 80% of operating sites had undergone this evaluation and we now are well into the process of addressing recommendations for further development and improvement.

Ready to Respond

Our worldwide operations have emergency response teams working to protect our workforce and local communities. Here is a look at how Freeport-McMoRan employees provided relief support after some of 2010's worst natural disasters.

Port-au-Prince, Haiti

Freeport-McMoRan sent a team of search and rescue specialists to Haiti in the days immediately following the earthquake on January 12, 2010. The team successfully used specialized devices designed to detect the heartbeats of living humans buried beneath rubble. More than \$800,000 was donated by our employees and the Freeport-McMoRan Copper & Gold Foundation toward the Haiti relief efforts.

Bio Bio, Chile

After the devastating earthquake on February 27, 2010, Freeport-McMoRan, through its Chilean operations, pledged \$5 million to the relief and rebuilding effort with the Volvamos al Mar Project, assisting workers in the Bio Bio region who lost equipment in the earthquake and tsunami.

Indonesia

PTFI responded to the flash flood that swept through Wasior, Teluk Wondama, West Papua, on October 4, 2010. PTFI's Emergency Response Group searched through the rubble to detect and provide support for survivors. The group was also sent to Mentawai Islands, West Sumatra, following the 7.2 magnitude earthquake and resulting tsunami that hit the region on October 25, 2010. Equipped with gear and logistics to support evacuation, the PTFI team successfully conducted sweeps at various locations.



Freeport-McMoRan search and rescue specialists searching for survivors in the aftermath of the earthquake in Haiti.



The PTFI Emergency Response Group distributing supplies in the wake of the flood in Wasior, Indonesia.

Human Rights

Target	2010 Status	Performance Description	Target Date
Incur zero human rights transgressions at our operations	√	In 2010, we were not aware that any employees or contractors of Freeport-McMoRan and its affiliates committed any material human rights transgressions. However, several incidents were reported and investigated, including incidents of abuse by host government security personnel in our Indonesia project area.	Annually Recurring
Train all new security employees directly employed at our operations in Indonesia and the DRC on the Company's Human Rights Policy and procedures	√	Our operations in Indonesia and the DRC completed human rights training for all new security personnel. In addition, 77% of the TFM guard force and 59% of the PTFI guard force received refresher training in human rights in 2010.	
Adopt site-specific human rights policies, designate site-based Human Rights Compliance Officers, and proactively communicate with host government security forces on human rights at all active foreign mining operations.	√	In 2010, our Chilean operations adopted site-level human rights policies and TFM appointed a Human Rights Compliance Officer. With completion of these items, this target is now achieved. Engagement with host government security forces on human rights is an ongoing activity.	2009
Implement a new Human Rights Risk Assessment process and improve training at operations in Indonesia and the DRC by 2011 and other international operations by the end of 2012	New Target	See the Human Rights Program Assessment in Indonesia section below.	2012

Freeport-McMoRan does not tolerate human rights transgressions. Our Human Rights Policy requires that we recognize and respect human rights and conduct business in a manner consistent with the Universal Declaration of Human Rights, educate our employees and protect any employee who reports suspected violations.

We have identified human rights risks at our sites in the DRC, Indonesia and Peru. Because site and country risks vary, we have established site-specific human rights policies and procedures consistent with the Freeport-McMoRan Human Rights Policy, in-country laws and regulations, and the Voluntary Principles on Security and Human Rights. In addition, we appoint Human Rights Compliance Officers for overseeing compliance and training, as well as a grievance mechanism for reporting, documenting and following up on all human rights allegations that are reported in our areas of operations.

Human Rights Program Assessment in Indonesia. Freeport-McMoRan, with the assistance of a third-party consultant, conducted an assessment of its human rights program at PTFI during the second half of 2010. Specific elements reviewed included risk assessment processes, training and awareness programs, and grievance mechanisms to report incidents and allegations. A key outcome was a recommendation to conduct a more robust risk assessment focused on security and human rights. A new assessment tool resulted that included the input of employees at different levels of the organization to address risks within and beyond the project area, including risks to local communities. We plan to roll-out an updated security and human rights risk assessment process in both Indonesia and the DRC in 2011, as well as other international sites by 2012.

In 2010, PTFI conducted more than 28,000 hours of training on the Company's Human Rights Policy with employees and contractors, as well as community leaders, partner organizations, students, and police and armed forces personnel. During assessment of PTFI's human rights training program, an independent survey was conducted of 170 individuals, including Company personnel ranging from the President Director and internal security guard force to the local police personnel and civic leaders. Those interviewed had a high awareness of human rights principles; however, they had a low understanding of how these related to their individual roles and obligations. Findings also revealed, in some cases, a lack of understanding of the need to keep the identities of both the individuals reporting issues and the alleged assailants confidential. The fear of retaliation is a significant factor in the reluctance to report human rights violations, and we are evaluating ways to address this challenge. Based on this survey information, PTFI's human rights training module is being revised to improve effectiveness and ensure understanding of individual roles and responsibilities.

Security

Security risks near our Grasberg operation in Papua, Indonesia, stem primarily from three factors: the presence of separatist activists and advocates in the region; the 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.

Although TFM is far removed from the conflict areas in the eastern and northeastern parts of the DRC, it still faces security risks, primarily because of illegal artisanal miners working in the TFM concession area.

Our unarmed internal security departments perform functions, such as protecting facilities, monitoring shipments of supplies and products, assisting in traffic control and aiding in emergency response operations. Our Human Rights Policy requires that the Voluntary Principles on Security and Human Rights serve as guidelines for our security programs, including interactions with government police, military personnel and private security contractors. Please see page 11 for a description of our payments related to government-provided security in Indonesia and the DRC.

TFM implemented human rights refresher training for 298 members (77%) of its guard force during 2010. Human rights education and training activities for private security contractors are planned in 2011; contractors currently conduct their own training. In 2010, at the request of the commander of the National Mines Police assigned to the TFM concession, TFM began providing two-hour presentations to promote the Voluntary Principles to Mines Police personnel. We will continue to work with the National Mines Police to promote awareness and respect for human rights. In 2010, PTFI provided training on its human rights program and the Voluntary Principles to more than 13,000 employees, contractors and community members as well as 1,000 police and military personnel. Indonesian translations of the Voluntary Principles on Security and Human Rights also were distributed to more than 2,000 host government, company and private security personnel.

Implementation of the Voluntary Principles includes regular reviews by Freeport-McMoRan management and site visits and meetings with the site Human Rights Compliance Officers and Security Managers. We will continue to use an external consultant to provide third-party assessments of Voluntary Principles implementation and training in the DRC in 2011, similar to the one conducted in Indonesia in 2010.

Reporting Mechanisms

In 2010, 12 human rights allegations were reported to the PTFI Human Rights Compliance Officer. These cases did not include any allegations of human rights transgressions committed by PTFI personnel against the community, but there were a number of incidents against or among our employees. The majority of these allegations (five cases) were criminal cases, three were harassment cases, one was employment-related and three were unverifiable. All cases were documented and investigated or are in the process of being investigated by the PTFI Human Rights Compliance Officer or the government authorities.

All five of the criminal cases involved allegations that public security forces physically intimidated and assaulted Company or contractor personnel (three of the cases being PTFI guard force employees). PTFI's procedure is to notify the direct commanders of the perpetrators, who then investigate the case and determine disciplinary action (as of January 2011, disciplinary action was taken in four of the cases and processing for the fifth case is still pending). In 2010, PTFI experienced an increase in human rights allegations made against host country security (five cases in 2010 and three cases in 2009) and a decline in internal cases related to employment issues (one case in 2010 and six cases in 2009), which were the majority of cases in 2009. These incidents highlight the importance of continued training for host country security forces and the improved effectiveness of the Company's grievance mechanism.



Human rights training for government security personnel assigned to the PTFI project area.



A student in a company-supported school in Timika, Indonesia (left).

Environmental education program at a company-sponsored school in New Mulumbu, DRC (below).



Community engagement is a fundamental sustainable development commitment. While we operate around the globe, each of our operations is rooted in local communities. We work in partnership with our neighbors, governments and other stakeholders to build capacity in communities.



Our Candelaria mine in Chile supports the "Comunidad Viva" cultural enrichment program in Copiapo (right).



The Freeport-McMoRan Copper & Gold Foundation pledged \$1 million toward the construction of an expanded clinic and administration building for the United Community Health Center in Green Valley, Arizona. Members of the local community investment panel break ground (above).

Communities

Target	2010 Status	Performance Description	Target Date
Invest (in aggregate) 1% of the average of the previous three years annual revenue, as reported in Freeport-McMoRan's audited consolidated financial statements, in community programs, including in-kind support and administration	✓	In 2010, approximately \$189 million was invested in community programs across our operations, which exceeded our 1% target of \$166 million. The amount reported includes all mitigation and program administration costs, as well as community funds committed in the 2010 fiscal year.	Annually Recurring
Develop supply chain procedures across the enterprise to promote sourcing among local suppliers	Revised Target	This target has been revised to provide flexibility at the operating level regarding the most effective mechanisms for engaging and conducting business with local suppliers.	2011
Complete third-party studies with improved methodology to evaluate direct and indirect economic impacts of all mining operations at the local, regional and country level	Behind Schedule	All regions of our major operations have conducted new studies with the exception of TFM and our Chilean operations, which are expected to complete studies in 2011. All regions will periodically update or conduct new studies on an ongoing basis.	2009
Establish, implement and maintain systems for recording, processing and responding to community grievances at all active mine operations	✓	We launched the community grievance management system at all active mine sites and a web-based database was developed to record and track grievances and their resolution. We are continuing to monitor how our sites implement this system and identifying opportunities for continuous improvement.	2010
Develop community guidelines for exploration projects	On Track	We have conducted a review of existing guidelines and industry best practices, as well as drafted a social process map for exploration.	2011
Prepare a Native American engagement plan for operations in the U.S.	On Track	A draft engagement plan is being reviewed by the leadership of multiple business functions and applicable operations within the Company.	2011
Add at least two new Community Investment Panels in communities near our operations	New Target	We have established two Community Investment Panels in the U.S. and both have been successful mechanisms for community engagement and development.	2011

We operate around the globe, but each of our operations is rooted in local communities where the people we employ, suppliers we choose, and organizations with which we partner are all integral to the success and development of the area. In alignment with our Community Policy, we work collaboratively with communities to mitigate negative impacts and cultivate opportunities to maximize positive impacts, as well as advance local community development plans. Through community engagement, cultural preservation projects, and training and development programs we specifically seek to address the needs, cultures and customs of indigenous peoples near our operations. We work with indigenous Papuans in Papua, Indonesia; Native Americans in the United States; and the communities of Alto Loa in Chile.

For new projects or expansions, we conduct studies and assessments to identify potential project-related impacts from the outset and form a framework for developing mitigation plans. These activities also include the key component of engagement and consultation. Creating a forum for two-way engagement is critical for local stakeholders to have input into our programs, as well as to ensure community understanding of our operations, impacts and mitigation plans.

We use our Sustainable Development Risk Register process to identify current and potential social impacts and opportunities, and each of our active mining sites has developed a five-year plan to address community issues and facilitate long-term sustainable development in the areas where we work. Connecting local needs to our business is part of each plan, which is informed by stakeholder engagement, as well as community and government development plans.

For example, our five-year community plan in the DRC includes the development of urban growth management plans to help address risks created by population influx. The plan looks at how TFM can reduce population growth in areas needed for mine expansion, but also how to support long-term sustainable urban development. Stakeholders for this project include local government land agencies, town officials, local business and community leaders, and TFM management and mine planners.

Indigenous Peoples and Land Rights

It is our policy to comply with host country laws regarding land and customary rights wherever we operate, from exploration to closure. In situations where community members report a claim or grievance regarding land or customary rights, we work with local authorities to investigate the claim and reach an agreement within the existing legal framework of the host government.

In Indonesia, PTFI has received claims from local Papuan community members related to prior existing land rights associated with areas impacted by PTFI's operations. The Company has provided land rights compensation for the original inhabitants of the impacted areas through a number of programs with the local community, including the establishment of Amungme and Kamoro Trust Funds for the life of the mine. Since 2001, we have contributed \$28 million to these funds. In addition, we have established recognition projects with affected Amungme and Kamoro villages by providing infrastructure and other community improvements and development assistance.

PTFI recorded five formal grievances in 2010 regarding issues related to Indigenous People's land rights. These grievances included issues such as disputes over land use, new land rights being claimed, compensation for past land acquisition and use, as well as impacts to traditional waterways. Out of these five cases, one case is closed and four cases are still being reviewed. The corporate community grievance management system provides guidance for sites to record, track, investigate and resolve community grievances.

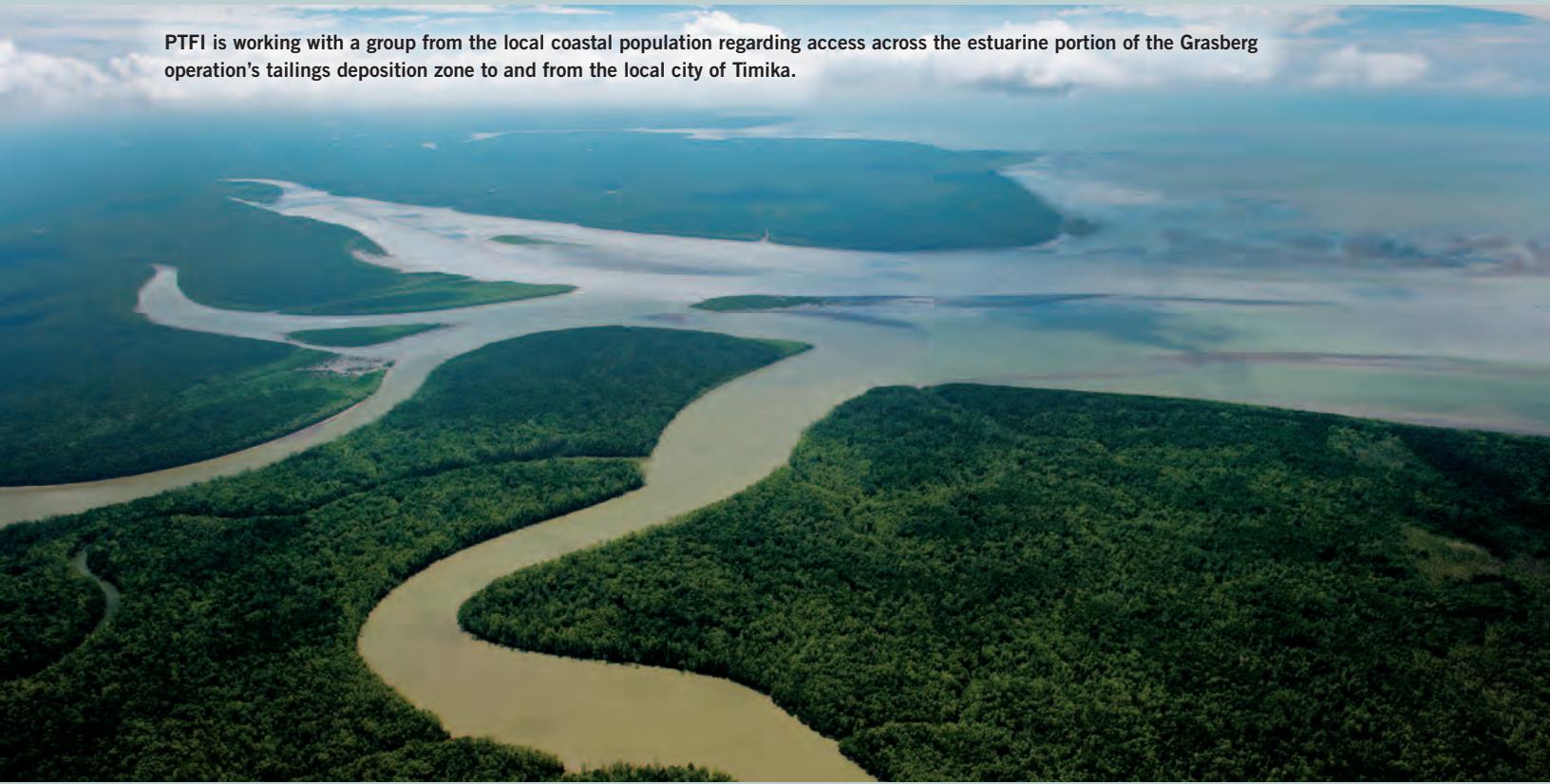
In 2010, a member of the Amungme tribe also filed a lawsuit against PTFI and the Indonesian government regarding Amungme land use rights, as well as allegations of environmental damage and human rights violations. The case was dismissed in Indonesian courts in February 2011 because it failed to meet the requirements for a class action lawsuit.

Resettlement

In 2010, TFM commenced working on an addendum to the 2007 Environmental and Social Impact Assessment (ESIA) that would include an expansion of the TFM plant and mining operations to the Tenke-Fwaulu ore deposits. This ESIA process was completed in the first quarter of 2011 and includes an update to the socio-economic baseline for the affected communities, public consultation on the project, as well as the development of a Resettlement Action Plan for an additional 70 households that must be relocated because of unavoidable impacts. Additional farmland will be acquired by the operation, and in order to mitigate these impacts, improved seeds and fertilizer will be provided for three years to help restore livelihoods to previous levels or better. Other alternatives also will be explored to support future economic opportunities in the area. TFM will monitor the income levels of project-affected people to measure the effectiveness of livelihood restoration activities. TFM also conducts internal and external monitoring of the Resettlement Action Plan implementation, including an annual third-party audit. From 2007 through 2009, TFM successfully resettled 379 households impacted by the initial project phase.



PTFI is working with a group from the local coastal population regarding access across the estuarine portion of the Grasberg operation's tailings deposition zone to and from the local city of Timika.



Sustainable Transportation at the East Ajkwa Estuary, Papua, Indonesia

At PTFI, mine tailings and natural sedimentation is building more land and filling in water channels in the southern zone of the tailings deposition area in the Ajkwa Estuary. This impact was identified in the 1996 Environmental and Social Impact Assessment. In 2009, PTFI received local grievances that the sedimentation was negatively impacting a waterway access route primarily used by coastal villages for travel to the urban town of Timika.

In response to these primarily Kamoro (indigenous Papuan tribe) stakeholders, PTFI commissioned the Institut Teknologi Sepuluh Nopember (ITS) Institute of Technology in Surabaya to perform a transportation study to evaluate how to improve coastal mobility in the area. The goal of the study was to complete a comprehensive social, economic, technical and financial study leading to a long-term transportation system. The study team included an oceanographer, port engineer, naval architect, marine transport specialist, anthropologist and economist.

The team developed a baseline study of the current villages and ports along the southern coast, including 15 villages in four districts. A number of villages currently have bus service to Timika provided by PTFI and the study integrated recommendations to include a balance between both water and land transportation systems.

PTFI continues work with the government to evaluate alternatives, including traditional boats, hover-craft, multi-purpose ships and the option to dredge a small channel across a portion of the lower deposition area to allow small boats 24-hour transit access. As the deposition continues, the transportation system will evolve and change to address future conditions.

A number of impacted villages currently have company-provided bus service to the city. Future plans include water transportation.



Economic Impacts

Our operations provide direct and indirect economic impacts for many stakeholders. We provide employment and training opportunities and purchase supplies and services in local economies. We also contribute financial resources to host governments in the form of taxes, royalties, dividends and fees (see pages 2 and 11).

Our Global Supply Chain Policy encourages consideration of local suppliers when there is a benefit to the communities in which we do business. In 2010, our worldwide procurement expenditures with local suppliers were 27% of total expenditures, an increase of 6% from 2009. As we evaluate and implement significant expansion projects, we are aware of the potential impacts that procurement activities can have on local communities during construction, start-up and operation.

Community Investment

The Freeport-McMoRan Social Investment Criteria is a set of guidelines designed to ensure that resources are used effectively to address high-priority needs and facilitate local capacity building to sustain communities when our operations cease. We partner with NGOs, foundations, and other community and government institutions globally to support community development initiatives.

We have established community foundations or social funds in Indonesia, Peru, the U.S. and most recently the DRC to ensure that communities and local governments have a direct voice in how these funds are used. These community foundations and funds typically account for more than 50% of our annual community investment globally. For example, PTFI has committed to provide 1% of its annual revenue through 2011 for the development of the local community through the Freeport Partnership Fund for Community Development, which is managed by the Amungme and Kamoro Community Development organization (LPMAK). Contributions to the Partnership Fund from PTFI totaled \$64 million in 2010. Also, our Cerro Verde operation in Peru contributed \$41 million to its local development fund in 2010.

Through philanthropy and volunteerism, Freeport-McMoRan employees are dedicated to making our communities better places to live and work. In 2010, employees across our operations in Arizona completed 138 community service projects focused on youth development, education, safety and the environment.

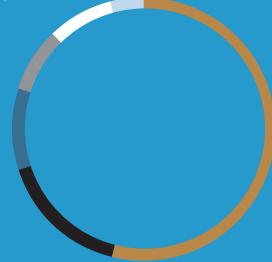
Employees also give back to their local communities through personal contributions. Each year, employees in the U.S. participate in the Company's annual United Way campaign, raising more than \$2 million in 2010 between personal gifts and a match from the Freeport-McMoRan Copper & Gold Foundation. In addition, our employee Matching Gifts Program matched more than \$1.5 million in personal gifts in 2010 to non-profits and charitable organizations across the U.S.

After the devastating earthquake in Chile on February 27, 2010, Freeport-McMoRan, Chilean operations pledged \$5 million to the relief and rebuilding effort with the Volvamos a la Mar Project, assisting fishermen who lost equipment in the earthquake and tsunami. Additional earthquake-related projects include a safety signage project between Candelaria and the municipality of Caldera that involves the design, construction and installation of 128 signs in strategic areas along the coast of the main beach to identify areas at risk of flooding, evacuation routes and safety areas.

2010 Community Investment

\$189 million

- 54% Community Trust Funds ⁽¹⁾
- 16% Education and Training
- 10% Safety, Health and Environment
- 8% Economic Development & Infrastructure
- 8% Administration ⁽²⁾
- 4% Resettlement and Other ⁽³⁾



⁽¹⁾ Community Trust Funds and Foundations (primarily directed by the community) include the Peru Voluntary Social Contribution Fund, PTFI Partnership Fund for Community Development, the Amungme and Kamoro Trust Funds (Indonesia), and the Tenke Fungurume Mining Social Community Fund (DRC).

⁽²⁾ Includes administration costs associated with the direct provision and management of social programs/services.

⁽³⁾ Associated with the Tenke Fungurume Resettlement Action Plan.





Working with our neighbors and host governments to build healthy communities is at the root of our sustainable development program. We dedicate significant resources to reducing public health risks. (pictured: a company-supported, community-owned public hospital in Papua, Indonesia).



PTFI implements a world-class integrated malaria control program in its region of operations in Papua, Indonesia (pictured: a lab technician with PTFI's Public Health and Malaria Control Department).

Public Health

We operate in many parts of the world that lack clean water and sanitation and have populations with low levels of health education, awareness, and access to adequate health services. In coordination with local governments and NGOs, we dedicate significant resources to helping communities, including indigenous peoples, and governments to reduce public health risks.

PT Freeport Indonesia. Surrounding our operations in Indonesia, HIV/AIDS, tuberculosis (TB) and malaria are infectious diseases that are risks to employees, their families and the local community. Through the PTFI Public Health and Malaria Control (PHMC) Department, supported by the Company's medical services provider, International SOS, the Company implements programs for education and training, prevention, counseling, diagnosis and treatment.

In 2010, PHMC provided HIV/AIDS training for more than 7,700 community members and 6,600 employees, a 29% increase compared with 2009. PTFI also provides confidential HIV/AIDS Voluntary Counseling and Testing (VCT) services for employees and community members; more than 2,950 employees and 1,500 community members underwent VCT in 2010.

In cooperation with the local government and the Amungme and Kamoro Community Development Organization (LPMAK), PTFI operates a TB clinic in Timika that provides active TB case detection and treatment by implementing the Direct Observed Treatment Short-Course Method. In 2010, more than 5,100 persons visited the Timika TB Clinic, of which approximately 1,700 were tested for TB. Of these, 314 individuals diagnosed with TB began the treatment program. In 2010, the TB six-month treatment completion rate was 88% for community members and 98% for employees. This exceeds the World Health Organization treatment standard (85%). This is a great success considering the high mobility of the local community, which contributes to higher drop-out rates in similar populations elsewhere.

PTFI also implements a world-class integrated malaria control program in its project area and surrounding communities. All slide-confirmed malaria cases are treated with high quality artemesinin combination treatment (ACT) drugs at clinic sites and in the community. In 2010, PHMC community clinics and PTFI employee health facilities diagnosed and treated approximately 17,800 employees and community members for malaria (a 26% decrease compared with 2009). The number of malaria cases treated at the local LPMAK community hospital decreased by 6% to nearly 39,300 cases.

In 2010, the LPMAK contributed approximately \$12 million to community healthcare programs, including the operation of two fully functional community hospitals.

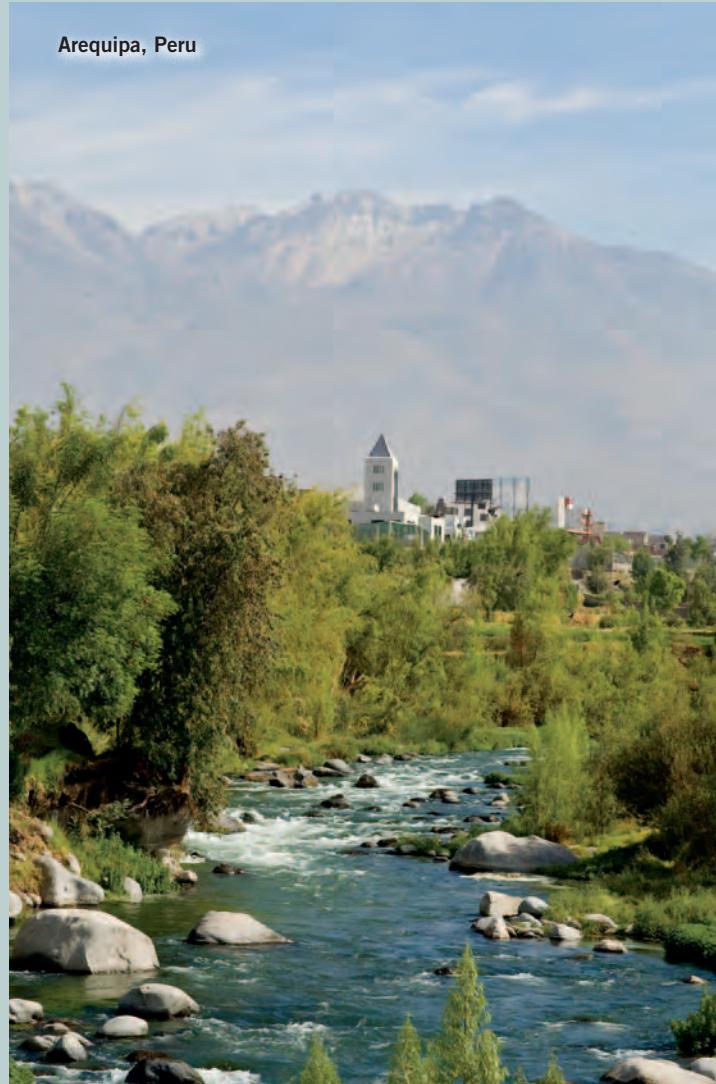
Clean Water for Arequipa, Peru

Our Cerro Verde operation is progressing on a Clean Water Partnership for Arequipa, Peru — a major civil works project with a total commitment of \$110 million. In June 2010, a contractor broke ground on a water treatment facility (pictured below right) and construction commenced on the intake and feed line in September 2010. Cerro Verde will take the construction management lead on the initial distribution system, which is now fully engineered. The entire Clean Water Partnership Project is scheduled for completion in 2012.

Cerro Verde and the government currently are looking for qualified NGOs, donor agencies and other stakeholders who are interested in joining this commitment, to assist with capacity building activities associated with municipal water use in the smaller and more outlying areas of Arequipa.

Freeport-McMoRan has partnered with the Clinton Global Initiative in an effort to find international partners and resources to support clean water programs for Arequipa. Several governmental agencies and universities in Arequipa have offices, warehouse and storage facilities available to potential partners. Logistical and facilitation support to connect potential partners with the right government and community leaders is available. Interested parties can contact us at sustainability@fmi.com.

Arequipa, Peru



Construction of the new Arequipa city water treatment facility that is expected to serve one million people starting in 2012

Tenke Fungurume Mining. After a major cholera epidemic (493 infected, 17 deaths) during the 2008-2009 rainy season, TFM, in collaboration with the local government Health Zone, installed tanks of potable water and ventilated latrines throughout the town of Fungurume and in outlying communities. This brought a dramatic reduction in cholera and other waterborne diseases with no cholera cases reported in the Health Zone during the past two rainy seasons.

TFM implemented an integrated malaria control program in its project area to protect the workforce, as well as the community residing within the concession. Along with indoor residual insecticide spraying of dwellings to reduce the mosquito population, the program includes monitoring and treatment of mosquito breeding sites and distribution of insecticide-treated bed nets. In addition, information on malaria prevention and recognition of symptoms was provided to the workforce and community members through Health Zone community health workers, who were supported and trained by TFM. Close collaboration with the local government clinics and civil authorities is maintained on projects of common interest such as training of laboratory staff to improve malaria diagnostic skills, proper treatment and capacity building.

All confirmed malaria cases from the workforce and their dependents are treated with ACT drugs at clinics on site. In 2010, a total of 750 malaria cases in employees/dependents were diagnosed and treated. Malaria prevalence surveys among local school children are conducted twice a year to establish the impact of intervention measures. The average prevalence rate of 31% from the May 2010 school survey indicated a decrease of 9% in malaria prevalence compared with the previous year (May 2009) survey and a 60% decrease compared with the baseline (pre-control) survey conducted in 2007.

TFM also provides support for employees and their families through a robust HIV/AIDS prevention, counseling and treatment program. Based on infection rates found in pregnant women, the Fungurume Health Zone (FHZ) estimates the HIV/AIDS prevalence in the community to be between 2.5% and 3%, well below the rate in Lubumbashi (6.8%) but higher than the reported national average (1%). To mitigate this, TFM is working with the FHZ staff, regional and national authorities to develop a full and sustainable HIV/AIDS prevention and treatment plan.

North and South America. In the U.S., we engage in disease prevention and wellness partnerships to benefit employees, their families and community members. During 2010, employees from our Chino and Tyrone operations in New Mexico completed First Responder classes, which includes education on bloodborne pathogens. The El Abra operation near Calama, Chile, launched a program to promote dental health for more than 120 children and approximately 20 teachers in five schools in indigenous communities. Our Cerro Verde operation in Peru collaborated with authorities from the health sector on information campaigns to encourage healthy behaviors and preventative care. The operation also participated in the establishment of medical posts in the local communities of Uchumayo, Tiabaya, Matarani and Yarabamba during the year.

TFM's integrated malaria control program in its operations area in the DRC includes control of the mosquito population, vector control, monitoring, prevention and treatment. (pictured: malaria testing at the government Health Zone clinic in the Fungurume community).



Artisanal Mining

Target	2010 Status	Performance Description	Target Date
Conduct a comprehensive baseline assessment on artisanal mining in our project area in Indonesia in cooperation with host governments and community stakeholders	On Track	Atma Jaya Catholic University was retained to conduct the baseline study; work was initiated in 2010 (see more detail below).	2011

Freeport-McMoRan has two operations (PTFI and TFM) where illegal artisanal or small-scale miners (ASM) operate in the mining concession or support areas, and both sites have identified illegal mining as a key sustainability challenge. In both cases, most of the people working as ASM are outsiders who have migrated into the area. They have limited equipment and expertise at operating in hazardous conditions and have the potential to create environmental risks, as well as placing their own health and safety at risk. At TFM, artisanal miners dig for cobalt and copper found in surface seams of high-grade mineralization in ore bodies scheduled to be mined by TFM in the future, while at PTFI they are sluicing and panning for gold in a number of river drainages including the tailings river system.

Rising metal prices increase incentives for illegal mining activities, which also create economic and social tensions between local community stakeholders and outside groups. Using best practices outlined in the ICMM good guidance document, *Working Together: How large-scale miners can engage with artisanal and small-scale miners*, we engage with artisanal miners and appropriate authorities to increase awareness and dialogue and seek solutions to reduce risks related to this complex issue.

PT Freeport Indonesia. For the past four years, Dr. Kevin Telmer has been visiting PTFI and updating baseline information on ASM activities in the PTFI project area. Dr. Kevin Telmer is president of Earthtone Environmental R&D Inc. and also a Founding Director of the Artisanal Gold Council. He is an expert in artisanal and small-scale gold mining with 15 years experience working in the field with miners and governments in technical, social, policy and business capacities.

The number of ASM participants and the infrastructure and economic development from their activity has been steadily increasing along with the price of gold on the global market. There are now thousands of illegal miners in the river with significant numbers of people in the local community supporting this growing activity.

A key environmental issue identified by Dr. Telmer and PTFI was the potential for the use of mercury in concentrating the panned gold. PTFI has implemented a number of suggestions for educating ASM and local authorities on the severe risks of mercury use. PTFI also installed a central mercury air monitoring device in Timika and has handheld monitors that are used in Timika and along the rivers. The ASM operate in a number of river systems and bring their various products to Timika where more than 40 gold shops further process the concentrates before shipping the gold to other places for further refinement or resale. To date, the efforts have been successful in preventing mercury from being used in the river system; however, mercury use has been identified in Timika at some of the gold shops and authorities have engaged with the operators to reduce this risky practice. PTFI is coordinating with government authorities to develop an action plan to improve safety and health related to ASM activities. For example, PTFI is working with local authorities to increase education and awareness of the dangers of mercury use to the urban population and to individual miners or gold shop owners.

PTFI retained a team of experts from Atma Jaya Catholic University in Jakarta, who have done extensive social baseline work in Papua, to conduct a comprehensive social baseline study. The Atma Jaya team is gathering information through observations, interviews and surveys. The study started in the highlands area and mapped out key landowners, community leaders within the ASM, as well as all aspects of the support operations around the ASM activities. Once the highlands portion of the baseline study is completed, the study team will move on to review the lowlands. The study is planned to be completed in 2011.

Tenke Fungurume Mining. The presence of artisanal mining is widespread throughout the DRC, and illegal mining activities within the TFM concession have been a periodic issue. In 2009 and 2010, TFM saw resurgence in illegal mining activity in the concession as metal prices rose and as artisanal miners were displaced from other mining regions in Katanga (beyond the control of TFM).

The greatest risks regarding artisanal mining activities in the DRC are both safety and security issues (see case study below). Illegal miners dig underground adits and tunnels to access ore deposits and working conditions are unstable and unsafe. The Company has engaged with the DRC authorities to install control measures at the entry and exit points of the concession to interdict shipments of illegal product, which has been greatly effective.

During a third-party review of sustainability programs at TFM this year, it was recommended that TFM follow the lead of PTFI and conduct a comprehensive baseline study to help develop a deeper understanding of the socio-economic drivers and risks, so that a more detailed action plan could be developed with community and government stakeholders.

Respecting and Promoting Human Rights in the DRC

The TFM concession encompasses more than 615 square miles (1,600 square kilometers) of territory, and it therefore is extremely difficult for the government to control illegal mining and transportation of ore. We have been working with local authorities and the community on how to best address this problem in a non-confrontational manner, consistent with the Voluntary Principles on Security and Human Rights. We have made progress, but illegal mining remains a key risk issue for TFM in the area of security and human rights.

On August 9, 2010, a truck carrying illegal ore off the concession was detained by local authorities. The illegal artisanal miners violently responded and damaged Company and local property. During the incident, the Territorial Police officers met with TFM representatives to review applicable corporate human rights policies and practices. Fortunately no one was injured, but on the day following the event, the Provincial Minister of Interior sent a supplement of Territorial Police and the artisanal miners responded by throwing stones. Several policemen received minor injuries and a few of the Territorial Police discharged their weapons in the air to disperse the crowd.

On August 18, 2010, there was another clash between government security forces and artisanal miners, in which shots were fired again to disperse the miners and one young boy was killed. TFM notified civilian members of the United Nations Stabilization Mission in the DRC (MONUSCO), which works to ensure human rights compliance, and requested that the Prosecutor General in Lubumbashi provide oversight into the government investigation of the fatality. During the incidents, conversations led to a site visit by MONUSCO staff and a representative from a national human rights NGO. After speaking with local authorities and TFM human rights personnel, the MONUSCO delegation concluded that the actions by both the authorities and TFM were consistent with established human rights principles. Nonetheless, TFM is intensifying efforts to increase communications with host government security on international rules of engagement in order to prevent confrontation and future incidents.

Our environmental management program is based on our objective to minimize environmental impacts using risk management strategies based on valid data and sound science. Sound monitoring in a village near the TFM operations in the DRC (below).



Our El Abra mine in Chile is participating in an effort to sustain the biodiversity of the Andean Salt Flats through ongoing monitoring (right).



Fulfilling the need for our products must be balanced with programs to minimize and mitigate our environmental impacts. Mining operations at Cerro Verde, Peru (above).

Compost production at an agricultural project in the tailings deposition area in Papua, Indonesia (large photo).

Environment

Our Environmental Policy is based on our objective to be compliant with laws and regulations and to minimize environmental impacts using risk management strategies based on valid data and sound science. We set objectives, implement and enhance systems, and ensure that procedures are followed to implement this policy. In 2010, we incurred aggregate environmental capital expenditures and other environmental costs of \$372 million (including our joint venture partners' shares) to comply with applicable environmental laws and regulations.

Climate Change

Target	2010 Status	Performance Description	Target Date
For sites with direct CO ₂ -e (carbon dioxide equivalents) emissions exceeding 100,000 metric tons per year, prepare a greenhouse gas emissions plan that optimizes fuel-related emissions with long-term mine production plans	Behind Schedule	In 2010, ten operations had direct CO ₂ -e emissions greater than 100,000 metric tons. Our Greenhouse Gas Task Force technical staff and mine planners are forecasting emissions based on five-year mine plans. We also are evaluating operational fleet data to identify improvement opportunities for fuel consumption. We expect to provide guidance on plan requirements during 2011.	2010
Conduct energy efficiency audits at major operations by the end of 2012 and implement prioritized improvement projects by 2014	Revised Target	This target has been revised to require energy audits prior to energy efficiency plan development and implementation. Energy audits have been conducted at PTFI and our El Paso refinery.	2014
Establish two renewable energy facilities on mining-related property	Ahead of Schedule	Solar energy facilities are being constructed at our Bagdad mine and Ajo facility (discontinued operation) in Arizona. Additional renewable energy projects are in concept or development stages at other properties that we control.	2014
Identify (by the end of 2011) and implement one material carbon offset mitigation project in Papua, Indonesia	Behind Schedule	During 2010, we worked with Carbon Conservation to identify three potential Reducing Emissions from Deforestation and Forest Degradation (REDD) projects in Papua. Due to political and stakeholder uncertainty, implementation will be challenging.	2016

Climate Change is a common topic of great interest and debate for governments, private sector participants, socially responsible analysts and investors and academia. For our Company, the potential risks associated with the topic of climate change include potential regulation of greenhouse gas emissions and associated cost increases for fuel and purchased power. Further, our operations require large volumes of water and supply shortages could adversely impact our cost, production and financial performance.

Since 2006, we have participated in the Carbon Disclosure Project (CDP), which is a voluntary initiative that promotes standardized reporting of greenhouse gas emissions and reduction efforts. We also participated in the inaugural CDP Water survey in 2010.

- *Carbon Disclosure Project Reports*
- *Risk Factors section 2010 Form 10-K*



Ice Cores May Hold Important Climate Change Records

A team of global climate scientists (left) converged on the equatorial glaciers near the PTFI operations site in the spring of 2010 to extract ice cores that can provide valuable scientific information on the history of the world's climate changes and other environmental events. Professor Lonnie G. Thompson, team leader for the Ice Core Paleoclimatology Research Group at Ohio State University's Byrd Polar Research Center, says that there is an urgency to collect these records before the ice disappears. Many of the world's glaciers, including those that cap the highest peaks of the Jayawijaya Mountains in Papua, are rapidly retreating. The team successfully extracted cores during the mission, transporting them to the U.S. for intensive study that aims to develop a history of temperature and precipitation variations, along with a record of vegetation changes provided by pollen and a fire history recorded by plant fragments and organic substances in the ice. The mission, which was supported by Freeport-McMoRan and PTFI, included researchers from Ohio State and Columbia Universities, and was conducted in collaboration with the Indonesian National Bureau for Meteorology, Climate and Geophysics.

Energy Use and Greenhouse Gas Profile

In 2010, our worldwide total greenhouse gas emissions, measured as carbon dioxide equivalent emissions, were approximately 10 million metric tons, divided between direct (56%) and indirect (44%) emissions. Our total direct CO₂-e emissions increased by 9% and related direct energy consumption increased 8% from 2009. The increase is a direct result of increased production at our operations as market conditions improved.

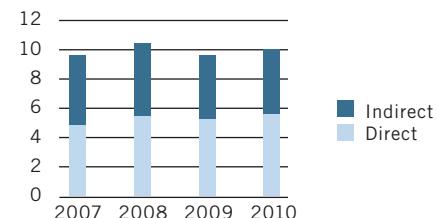
Most of our direct emissions are from fuel combustion in haul trucks, followed by the combustion of fuels to provide energy for roasting, smelting and other processes. As our mining hauls get longer and steeper over the next five years as we increase production capacity, we expect our direct emissions to increase as a result of increased fuel combustion. We continue to directly engage strategic mobile and fixed equipment providers on the issue of fuel efficiency and greenhouse gas emissions, as well as test varying fuel additives with the aim of improving our performance.

Indirect emissions are generally the emissions of outside providers from whom we purchase electricity for use in our operations. In Peru and in Africa, we primarily purchase power generated from hydroelectric sources. We also expect to rely on more renewable energy as power providers in other regions increase their generating capacity from renewable and alternative fuel sources. We continue to work with electric utilities in the U.S. that are under an obligation to increase the percentage of renewable energy in their production portfolios. However, our five-year projection is for our indirect emissions to increase as we increase production.

From a medium and long-term perspective, we are likely to see an increase in our operating costs due to higher energy costs and regulatory initiatives associated with reducing or taxing emissions. However, no regulatory scheme identified is expected to materially impact the cost profile of our operations in the near-term. Nonetheless, to prepare for potential changes, we evaluate potential cost impacts to our businesses using varying regulatory and carbon pricing scenarios. In 2010, our multi-departmental greenhouse gas task force reviewed Clean Development Mechanism opportunities (carbon credits) should regulatory schemes and carbon price environments warrant future consideration of carbon credits.

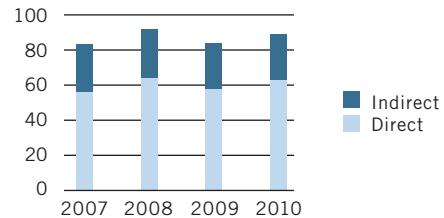
Total Carbon Dioxide Equivalent Emissions

in million metric tons



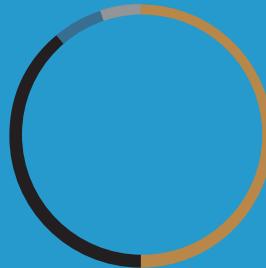
Energy Use

in petajoules



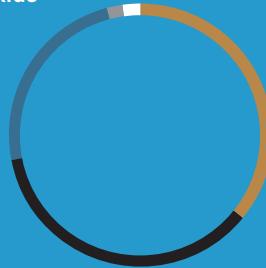
2010 Direct Carbon Dioxide Equivalent Emissions by fuel type

- 50% Liquid Hydrocarbons
- 39% Coal
- 6% Gaseous Hydrocarbons
- 5% Other



2010 Total Carbon Dioxide Equivalent Emissions by region

- 36% Indonesia
- 36% North America
- 24% South America
- 2% Europe
- 2% Africa



Supporting Renewable Energy Development in the Southwest U.S.

Freeport-McMoRan is actively pursuing the development, implementation and transfer of cleaner, more efficient and cost-effective technologies. In 2010, our Bagdad, Arizona operation formed an alliance with Recurrent Energy to facilitate the construction of a 15.5 megawatt solar energy generation facility on property owned by the mining operation. Under the arrangement, Bagdad leases a portion of land to construct and operate a 75,000 solar panel system. The power generated will be sold to the local utility company, APS (Bagdad's current purchased electricity provider), who will in turn sell the renewable energy to the mining operation under a separate power purchase agreement. Similarly, a 4.5 megawatt solar photovoltaic energy facility is being constructed at our discontinued operation in Ajo, Arizona that will provide power to the region. These projects are part of our efforts to identify opportunities for renewable energy facilities on our mining-related properties.

Water Use

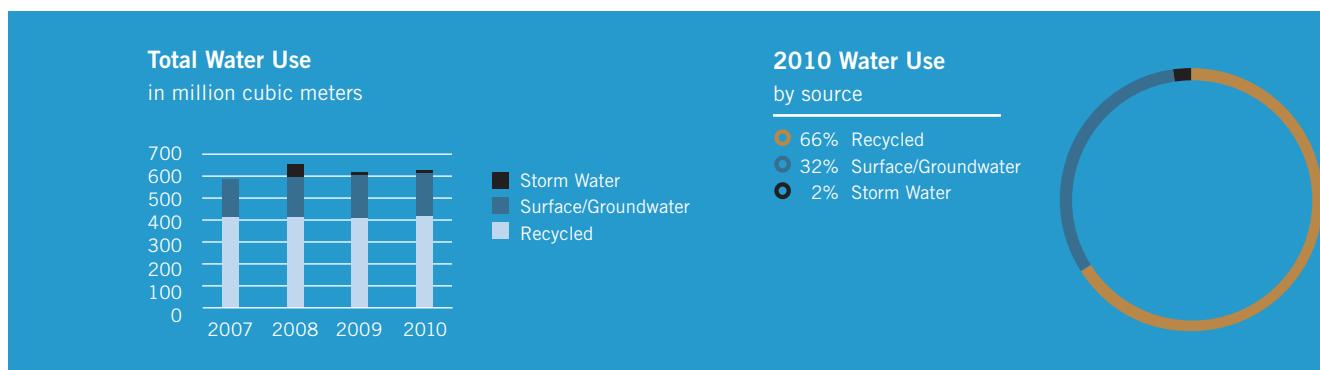
Target	2010 Status	Performance Description	Target Date
Implement a water management/conservation plan for all active mining and smelting operations	Behind Schedule	Our Water Management and Conservation Task Force has developed an initial company-wide program that requires improved metering, water balance modeling and prioritization of water management projects. Operations, prioritized using the sustainable development risk register process, will be required to implement water management plans by the end of 2012. We have adjusted the target due date accordingly (from 2010).	2012

Due to drought and possible effects of reduced precipitation levels, temporary and long-term water supply shortages could require us to curtail mining production and/or prevent us from pursuing expansion opportunities. Competition among users for continuing access to water is significant. If we are not good stewards of water resources, we could face reputational risks, particularly with local communities. Freeport-McMoRan actively evaluates water supply and water quality. This evaluation process includes future water shortage scenarios so we can assess specific impacts to production plans. Energy consumption is a key consideration when evaluating water supply and distribution alternatives.

In 2010, we used approximately 630 million cubic meters of water in our operating processes of which approximately 66% was recycled water. As shown in the chart below, our overall water use, including recycled water, has remained relatively constant during the past four years.

Many of our mining facilities have been in production for decades and typically are built with technologies that were best practices for their design era. To address these circumstances in light of the importance of water to our stakeholders and our business, the Company's Water Management and Conservation Task Force will require all sites to improve metering, develop robust water balance models and, most importantly, identify and implement conservation or new projects that have greatest benefit considering present and future business plans.

Note: Water-related data in this section excludes amounts associated with all facilities located in Arizona due to ongoing water rights litigation.



Candelaria Water Desalination Plant

At Minera Candelaria in Tierra Amarilla, Chile, water for our operations is drawn from an aquifer in the Copiapó River Basin. However, due to an increase in agricultural production, the aquifer is experiencing a rapid depletion. At Freeport-McMoRan, a multidisciplinary team has studied a range of alternatives for the water supply of its ore treatment process, taking into consideration technical, economic, environmental and social aspects. Based on the current water situation in the Copiapó River Basin and its influence on the socio-economic development of the region, the best long-term alternative is to voluntarily add a new water supply acquired from a seawater desalination plant off the coast of Chile.

Freeport-McMoRan is investing \$280 million toward the construction of a desalination plant on Candelaria's industrial property in Caldera, adjacent to Punta Padrones Port. Ocean water will initially be desalinated at 300 liters a second at the plant and transported 80 kilometers via a pipeline to connect to Candelaria's Bodega mine water pipeline. The construction phase will provide job opportunities for almost 800 people, mostly local to Caldera and Copiapó. Long-term plant operations and maintenance also will be sourced through local contractors and will generate permanent employment for 10-15 people.

Minera Candelaria has participated in regular meetings with regional and local authorities as well as community representatives to keep an open dialogue regarding the venture. The Company began hosting open houses in Caldera and Copiapó in June 2010 with the aim of informing stakeholders and answering questions regarding the Environmental Impact Study for the project.



Candelaria personnel present plans for the desalination project at an open house in Copiapó, Chile.

Compliance

Target	2010 Status	Performance Description	Target Date
Incur zero significant environmental events (rating of three or higher on Sustainable Development Risk Register)	√	We did not incur a significant consequence environmental event. We did have ten spills that were reportable to agencies based on applicable regulations.	Annually Recurring
Incur zero penalties more than \$100,000	√	We did not incur any penalties exceeding \$100,000. In 2010, we paid a cumulative total of approximately \$83,000 for penalties associated with events prior to the reporting period.	

All of our operations maintain Environmental Management Systems certified to ISO 14001 standards. Each is subject to regular surveillance audits to ensure standards are met; TFM expects to have its system certified in 2012. Fifteen internal environmental audits were conducted in 2010 in accordance with our Environmental Auditing Policy. All sites have corrective and preventive action management systems for audit findings and incidents. These systems include root cause analyses, development of action plans, and tracking plans through to closure.

	2007	2008	2009	2010
Reportable spills or releases	104	85	26	10
Notices of Violation related to permit exceedances or spills/releases	13	4	6	6
Penalties (\$)	\$140,900	\$191,151	\$493,039	\$83,420

Biodiversity

Target	2010 Status	Performance Description	Target Date
Prepare a biodiversity inventory (by the end of 2010) and land management plan for all active mining operations	On Track	Biodiversity inventories were completed for all active mining sites in 2010.	2011

We own, lease and operate large land holdings around the world, and we manage our operations so as to avoid or minimize adverse impacts to areas of high biodiversity. We recognize that supporting biodiversity will likely have positive direct impacts associated with other key areas of our sustainability programs, such as water quality, carbon sequestration and community development.

Some of our sites maintain Biodiversity Action Plans, as required by regulatory processes or international standards. For example, TFM is implementing a plan to salvage and transplant endemic flora species from the Kwatebala ore body to conservation areas, an engineered ecosystem or to seed banks. This plan is being implemented with leading scientists from Gembloux University in Belgium and faculty of the University of Lubumbashi. Other facilities, such as our Henderson molybdenum mine, participate in voluntary programs, often with an NGO or agency partner, to promote habitat enhancement or protection of threatened or endangered species.

PTFI's project area is adjacent to the Lorentz National Park, a World Heritage Site and the largest protected area in Southeast Asia (more than two million hectares). This park is the only protected area in the world that incorporates a continuous, intact transect from snowcap to tropical marine environments, including extensive coastal wetlands. PTFI has conducted numerous biodiversity studies and has supported third-party researchers and community educational programs, helping to build the knowledge base necessary for long-term management of the park.

To formalize our approach to biodiversity, our corporate Biodiversity Task Force (BTF) has assisted active mining operations with the completion of a biodiversity inventory in 2010, all of which are housed in our Global Information System Platform. We have developed a new risk assessment protocol to support evaluation of biodiversity and we aim to embed related risks and opportunities into long-term land management at our operations. The BTF is currently working with our mine planning team in this regard.



Our employees at the Tenke Fungurume mine in the DRC are working with expert scientists to transplant endemic flora species from mining sites to engineered ecosystems to conserve the species.



The boreal toad (*Bufo boreas boreas*) is an endangered species and is the only native amphibian in Colorado able to survive at elevations above 8,000 feet. One of the largest breeding populations of the boreal toad resides at a mine that was closed in the late 1970's and is currently managed by the Henderson operation.

Wildlife Habitat Council Partnership

Freeport-McMoRan has maintained a strategic partnership with the non-profit organization, the Wildlife Habitat Council (WHC), since 2006. WHC works with its members to increase wildlife habitat on corporate lands and promote conservation education within local communities. In 2010, Freeport-McMoRan's Henderson operation joined the Bagdad mine, the former Amex Research & Development facility, and the molybdenum conversion plant in Fort Madison, Iowa as a WHC certified Wildlife at Work facility. Programs at these sites vary in size and scope, but all demonstrate an exemplary level of commitment to voluntary conservation action. Habitat enhancement projects include invasive species management, nest box installation and monitoring, enhancing riparian habitat for aquatic and terrestrial species, and restoring native prairies for pollinators.

WHC is also assisting with the Company's development of a systematic biodiversity strategy. These activities include establishing standardized methodology to evaluate natural resources, and identifying biodiversity opportunities on lands that are owned, leased or managed by the Company. In addition, WHC continues to facilitate relationships between Freeport-McMoRan and external stakeholder groups such as the Bureau of Land Management, U.S. Fish & Wildlife, National Parks Service, Bat Conservation International and Arizona Game and Fish, and promote opportunities for collaboration.



In 2010, Freeport-McMoRan Morenci collaborated with multiple stakeholder groups to protect a large natural cave that hosts a significant population of Mexican free-tailed bats (*Tadarida brasiliensis*). The cave is a critically important resource, as it has historically served as one of the largest maternity roosts for Mexican free-tailed bats in the southwest. Morenci worked with Bat Conservation International, the Bureau of Land Management, the Wildlife Habitat Council and Arizona Game and Fish to design and construct a bat-compatible gate to minimize public trespassing while allowing free movement of the bats.

Legacy Liabilities

Target	2010 Status	Performance Description	Target Date
Complete scheduled remediation work	81% Complete	The most significant work in 2010 took place at 13 projects including several former copper or lead/zinc smelters in Arizona and Oklahoma, the Pinal Creek site in Arizona, and a former metals processing plant in New York. We completed approximately 81% of our targeted work (measured against budgets). Regulatory delays deferred most of the work not completed.	Annually Recurring

As a result of the acquisition of Phelps Dodge in 2007, we own subsidiaries that are conducting more than 100 active environmental remediation projects across the U.S. Most sites are located at former facilities that operated before modern environmental laws and regulations. We dedicate significant resources to manage and reduce remediation-related liabilities and senior management and the Board of Directors receive regular updates on legacy issues. In 2010, we spent \$158 million on legacy remediation activities and we expect to spend substantial sums annually for many years to come.

Soil testing and remediation programs are continuing at four locations in Arizona and Oklahoma to address the environmental impact from former mining and smelting operations of Freeport-McMoRan affiliates acquired with the purchase of Phelps Dodge. In 2010, our Newmire project team, which included use of internal engineering and construction resources, completed remediation of a former vanadium mill along a busy highway leading to Telluride, Colorado. We completed the two-year effort without impacting local and tourist traffic.

For further discussion please see our 2010 Form 10-K



Reclamation

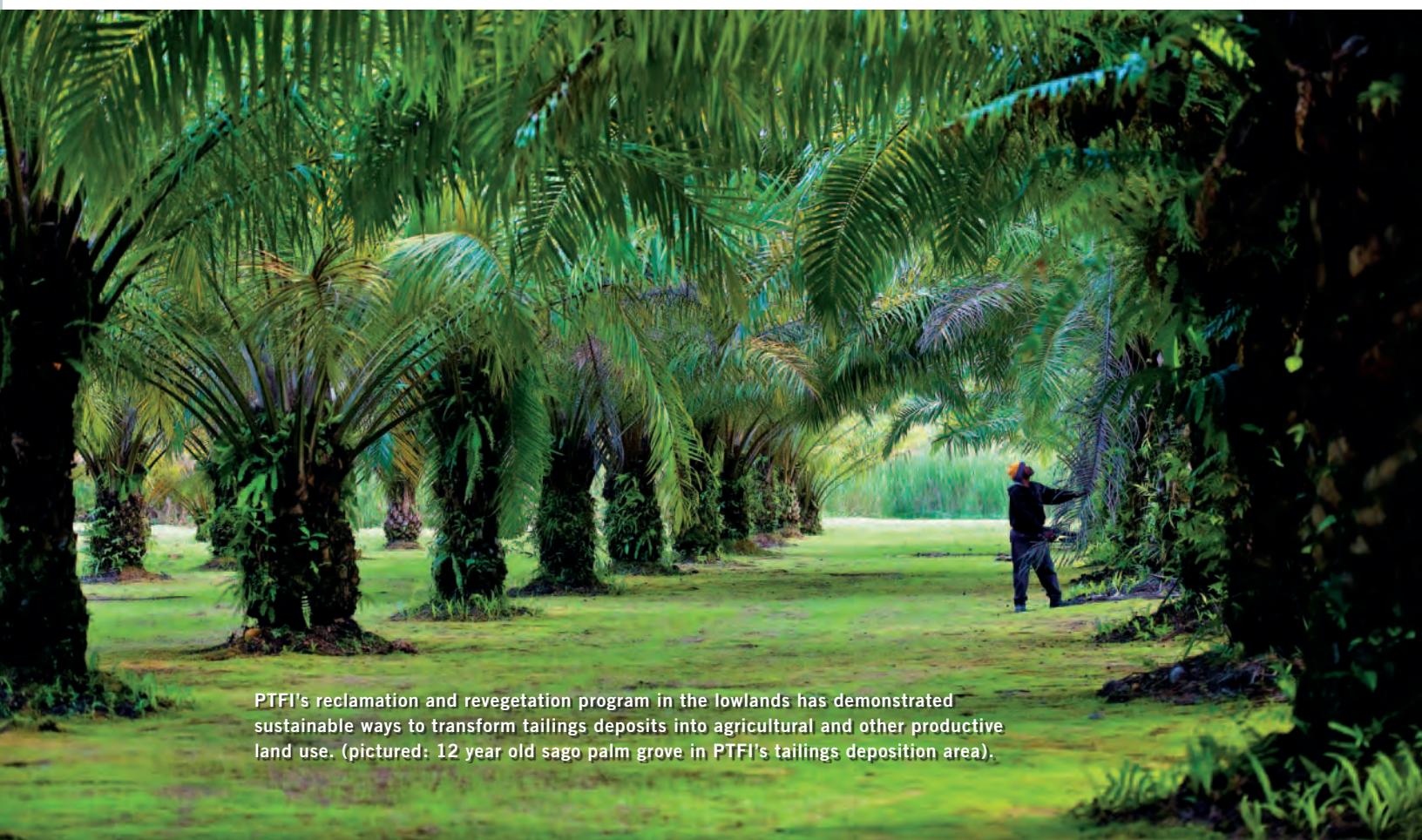
Target	2010 Status	Performance Description	Target Date
Complete scheduled reclamation work	90% Complete	Delays in completing the final engineering for Bisbee, Arizona, tailings reclamation work pushed scheduled work into 2011.	Annually Recurring

Mine reclamation is the process of taking land once used by the operation and converting it into economically productive land uses or restoring it back to its natural or semi-natural state. In the U.S., a team of more than 200 Freeport-McMoRan project managers, technical experts, and equipment operators are currently executing projects to reclaim areas no longer required for current or future operations. At PTFI, approximately 270 employees and contractors are working on reclamation projects.

Tailings impoundments and rock stockpiles may contain sulfide minerals that can react with storm water runoff to potentially impact surface and groundwater. To protect surface and groundwater for future generations, we may cover these sites with soil, promote vegetation growth, and manage storm water runoff. Under some conditions, well designed reclamation projects can also provide opportunities for recreation, wildlife habitat enhancement and renewable energy projects.

During 2010, large-scale stockpile reclamation continued at the Miami mine in Arizona, where approximately 1,000 acres no longer needed for operations are being reclaimed. Renewed mining at Miami has produced an effective operational synergy between mining and reclamation activities, as much of the waste material being mined to develop the ore body is quality cover material that is being used for stockpile and tailings reclamation and remediation purposes. Large-scale tailings reclamation continued at the Chino mine in New Mexico during 2010, where in coordination with state agencies, we are reclaiming approximately 2,000 acres of tailings area no longer needed for our operations.

At the Bisbee mine (non-operating) in Arizona, we completed the reclamation of several historic stockpiles during 2010. During 2011, reclamation activities will transition from stockpile areas to the former tailings areas. This three-year voluntary test reclamation tailings project will allow our teams to evaluate innovative reclamation designs that may be applicable to other Freeport-McMoRan tailings facilities.



Tailings Management

Tailings generated at our mill and concentrator operations are comprised of residual solids suspended in process fluid whose primary constituent is water. Tailings are discharged from mill thickeners and sent to tailings storage facilities (TSFs). Freeport-McMoRan currently operates 12 TSFs and manages 57 TSFs that are inactive or have been fully reclaimed. TSFs are managed under our tailings stewardship program which is directed by an inter-disciplinary group of Company management, internal technical experts and operators along with expert technical consultants. The program team conducts annual detailed field inspections of the active TSFs. The inspections include reviews of operational issues, phreatic level trends, deposition plans, hydrologic controls, seepage management, decant system, structural integrity and stability evaluations. In 2010, the team conducted inspections at 11 active and 21 inactive TSFs.

TSF stability is controlled through use of prudent mining engineering standards and practices. Stability is monitored by site personnel, internal engineering personnel, and outside contracted engineering firms utilizing a series of instrumentation including manual and automated measurement equipment. Freeport-McMoRan operation and technical personnel receive training to raise awareness on the recognition of stability hazards and a standardized review process including formalized inspections and reporting has been established through the tailings stewardship program. At TSFs located in arid areas, the tailings management program also includes a comprehensive evaluation and planning effort to reduce fugitive dust emissions from the surface of tailings impoundments and the capture and reuse of tailings reclaimed water is essential in reducing fresh water consumption.

Because of the site-specific topography, seismic activity and annual rainfall in excess of 30 feet, at PTFI we use riverine transport of material from the concentrating complex in the mountains to a designated engineered and managed deposition zone in the lowlands and coastal zone as approved by the Government of Indonesia. Freeport-McMoRan created a management review board in 2008 with senior Freeport-McMoRan staff members and international tailings and geochemistry experts who review monitoring data and make specific operational recommendations for improving levee designs and construction and system-wide performance. The management review board met two times in 2010. The system also undergoes ongoing reviews by independent experts. When mining is completed, the deposition area will be reclaimed with natural vegetation or used for agriculture, forestry or aquaculture.

Controlled Riverine Tailings Management publication



Awards

Freeport-McMoRan employees are proud of recognition received for our continuous efforts in working toward sustainable development. For information on awards received by our operations in 2010, please see our WTSD supplement.



Materials Stewardship

Target	2010 Status	Performance Description	Target Date
Develop a plan to achieve beneficial and sustainable reuse of tailings material at two sites	✓	PTFI promotes beneficial use of tailings in Papua Province primarily for infrastructure projects. We have partnered with a manufacturer to produce industrial construction grade bricks from tailings material at our Sierrita operation. Currently, weak construction markets limit opportunities for third parties to use our materials.	2010
Survey our top five strategic suppliers and contractors to identify alignment with Freeport-McMoRan policies, CDP greenhouse gas emissions and water reporting, and materials stewardship opportunities in our value chain	Revised Target	This target has been expanded to inform our business about the sustainability performance and reporting of key supply chain members in addition to engagement on materials stewardship opportunities.	2011

Key to our materials stewardship agenda is responsible waste management and minimization. In 2010, we generated 147 thousand metric tons of waste, down slightly from 2009 despite increased production. Internal procedures require company review and approval of all off-site disposal and recycling facilities, which must meet high standards of regulatory compliance, financial strength and environmental management practices.

Freeport-McMoRan is identifying opportunities for reducing the quantity and toxicity of hazardous waste generated at our facilities; to properly managing the hazardous waste we generate; and to seek the least toxic materials available for use in our processes. Approximately 27% of the hazardous waste generated at our sites was sent to licensed disposal facilities, with the remaining volumes either recycled or treated. While we cannot eliminate all hazardous waste generated at our sites, we strive for continued reductions in the quantities we send off-site for disposal.

Conflict Minerals. Freeport-McMoRan recognizes the international concern over trade in minerals that are being sold in the DRC by rebel groups and used to buy weapons to support regional military conflicts and acts of violence against civilians. The minerals, commonly referred to as “conflict minerals”, currently include tin, tantalum, tungsten and gold. TFM is a copper and cobalt mine, and TFM, as well as Freeport-McMoRan, do not purchase any minerals sourced from the DRC and only process those minerals (copper and cobalt) that originate in the Company's mining concession. We support and actively participate in supply chain transparency initiatives, including the 2010 study conducted by RESOLVE, as commissioned by the Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative on cobalt supply chain transparency from the mine through to final customer.



Morenci has recycled more than 14 million pounds of high-density polyethylene (HDPE) pipe, generating cost savings and supply for the operation. Used HDPE pipe is converted to pellets that are utilized by a local supplier to manufacture new pipe which Morenci purchases at a discount.



ASSURANCE STATEMENT

The 2010 Freeport-McMoRan Copper & Gold Inc., Working Toward Sustainable Development (WTSD) report and the supplement report have been prepared by the management of Freeport-McMoRan Copper & Gold Inc. who are responsible for the collection and presentation of information in these reports.

Scope

Corporate Integrity Limited, in accordance with Freeport-McMoRan Copper & Gold Inc. management's instructions, was asked to perform:

1. A review of policies and systems in place in relation to the ICMM Sustainable Development Framework—using as a basis the ICMM Sustainable Development Framework: Assurance Procedure and the GRI G3 guidance on management disclosures
2. A review of statements made regarding the 2010 WTSD report and supplement report; and
3. A review of selected qualitative and quantitative reportable data/information based on GRI G3 guidelines and performance indicators including the GRI Mining and Metals Sector supplemental indicators.

Our assurance work covered Subject Matters 1 to 5 referred to in the ICMM SD Framework: Assurance Procedure.

Our assurance work scope covered all the Freeport-McMoRan Copper & Gold Inc. operations defined by the reporting boundaries of the 2010 WTSD report. The work involved selective reviews of documents, interviews and site visits to:

- Tenke Fungurume Mine, DRC;
- Henderson Mine, USA;
- Morenci Mine, USA;
- Safford Mine, USA;
- Head Office in Phoenix, USA.

These sites were chosen following discussions with Freeport-McMoRan Copper & Gold Inc. regarding their preliminary assessment of sustainability risks and consideration of the development of systems aligning with the ICMM SD framework. The site visit program is part of an ongoing process to visit all major Freeport-McMoRan Copper & Gold Inc. mining and processing sites over three years.

Key Findings

Based on our review, its scope and limitations:

- Nothing has come to our attention which causes us to believe that the information reported by Freeport-McMoRan Copper & Gold Inc., in the 2010 WTSD report and its supplement, regarding Freeport-McMoRan Copper & Gold Inc. implementation of the ICMM assurance commitment with respect to subject matters 1 to 4, has been materially misstated.
- Nothing has come to our attention to cause us to believe that the Freeport-McMoRan Copper & Gold Inc. self-declared application level of A+, in relation to its reporting against the GRI G3 Sustainability Reporting Guidelines, is materially misstated.

Methodology

Through document reviews and interviews at the selected sites and head office, the work activity involved:

For Subject Matters 1 to 3 in the ICMM SD Framework: Assurance Procedure

1. A review of Freeport-McMoRan Copper & Gold Inc. policies and their alignment to ICMM's 10 SD principles and ICMM Position Statements at corporate and site-level.
2. A review of processes in place to identify and prioritize SD risks and opportunities at corporate and site-level during the reporting period and the results of the identification and prioritization process.
3. A review of the systems and approaches that Freeport-McMoRan Copper & Gold Inc. is using to manage its identified material SD risks and opportunities and to implement ICMM's 10 SD principles at corporate and site-level.

For Subject Matter 4 and 5 in the ICMM SD Framework: Assurance Procedure

4. Review of Standard Operating Procedures (SOPs) for the collection and assimilation of GRI G3 reported performance information involving:
 - a. An assessment to evaluate the risk of misstating reported information for quantitative indicators reported. The assessment looked at site-level reported performance data for GRI indicators and considered materiality in the context of corporate-level reported information. On this basis certain indicators were selected for verification activities at the selected sites. The assessment methodology was based on the ISO 31000:2009,
Risk management—Principles and guidelines.
 - b. A review of data reporting, collection and consolidation processes at Head Office.
5. Review of statements made in the WTSD report and the supplement report regarding Freeport-McMoRan Copper & Gold Inc. sustainable development processes and achievements in 2010 including its implementation of the ICMM SD Framework. This involved VP-level management interviews and documentation reviews in support of corporate-level reported information as well as an interview with the Chief Executive Officer and the Chief Financial Officer.
6. Review and selective testing for accuracy of qualitative statements made in the WTSD report and the supplement report.
7. Assessment of the self-declared application level of reporting against the GRI G3 Sustainability Reporting Guidelines and the Mining and Metals Sector Supplement Final Version 2010 self-declared at the A+ Level.

Limitations of the Work Performed

This work has been carried out by checking samples of information and documents that have been made available during the period of assurance activity by Freeport-McMoRan Copper & Gold Inc.

Information provided that has been deemed to be independently verified by other third parties has been considered to be appropriately verified, and was not subjected to re-verification by Corporate Integrity.

Our evidence gathering procedures have been designed to obtain a limited level of assurance on which to base our conclusions.

The assurance statement provided by Corporate Integrity is not intended to be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Statement of Independence

The independence of our team has been reviewed and none of the Corporate Integrity assessors involved in this project presents a conflict of interest to the integrity of this assurance statement.

Corporate Integrity Ltd.

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