Freeport-McMoRan Inc. (Freeport-McMoRan or the company) is a leading international mining company with headquarters in Phoenix, Arizona. The company operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. We are the world’s largest publicly traded copper producer.

Freeport-McMoRan’s portfolio of assets includes the Grasberg minerals district in Indonesia, one of the world’s largest copper and gold deposits; and significant mining operations in North America and South America, including the large-scale Morenci minerals district in Arizona and the Cerro Verde operation in Peru.

ABOUT THIS REPORT
This 2017 Working Toward Sustainable Development (WTSD) report is meant to provide stakeholders with summary information on our sustainability programs, including policies, management systems and performance data. Additional information is located on our website at fcx.com/sustainability. Data presented in the report includes the primary operations of Freeport-McMoRan’s mining subsidiaries: Freeport Minerals Corporation (FMC) and PT Freeport Indonesia (PTFI) for the period January 1, 2017 to December 31, 2017.

GLOBAL REPORTING INITIATIVE (GRI)
We are reporting in accordance with the GRI G4 core option reporting guidelines for the third year and in accordance with the Mining and Metals Sector Supplement for the eighth consecutive year. A Sustainability Reporting Prioritization Assessment process, including stakeholder consideration, was utilized to delineate the aspect categories and indicators reported.

EXTERNAL ASSURANCE
Since 2005, Freeport-McMoRan has sought independent verification of its annual sustainability reports. External assurance of our 2017 WTSD reporting was conducted by Corporate Integrity Ltd. in accordance with the International Council on Mining & Metals (ICMM) Sustainable Development Framework Assurance Procedure. Since 2009, site-level external assurance has been completed multiple times at all active mining operations. We are conducting site-level external assurance at operations at a minimum of once every three years, with annual assurance engagements at PTFI and Cerro Verde. The 2017 Assurance Statement can be found on page 36.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)
Freeport-McMoRan seeks to make a positive contribution to the SDGs while mitigating any potential impediments to their realization. The company has identified and continues to prioritize areas where we can help advance the SDGs while enhancing its existing programs that align with SDG objectives. We are implementing the ICMM Sustainable Development Framework and continue to implement ICMM’s 10 Sustainable Development Principles that are aligned to the SDGs.

CAUTIONARY STATEMENT
This report contains forward-looking statements in which we discuss factors we believe may affect our performance in the future. Forward-looking statements are all statements other than statements of historical fact. We caution readers that our actual results may differ materially from those anticipated or projected in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements are described in Freeport-McMoRan’s Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Securities and Exchange Commission and available on our website at fcx.com.
Freeport-McMoRan’s solid operational performance, cost management, capital discipline and contribution to sustainable development during 2017 provided momentum to advance stakeholder value. It is a drive powered by copper. Freeport-McMoRan is the world’s largest publicly traded producer of the red metal, providing the building blocks for infrastructure, economic progress and technological advances.
### MINING OPERATIONS

<table>
<thead>
<tr>
<th>Reserves at 12/31/17</th>
<th>NORTH AMERICA</th>
<th>SOUTH AMERICA</th>
<th>INDONESIA</th>
<th>CONSOLIDATED TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cu</td>
<td>Au</td>
<td>Mo</td>
<td>Cu</td>
</tr>
<tr>
<td></td>
<td>33.5 billion lbs</td>
<td>0.3 million ozs</td>
<td>2.22 billion lbs</td>
<td>28.1 billion lbs</td>
</tr>
<tr>
<td></td>
<td>Au</td>
<td>Mo</td>
<td>Cu</td>
<td>Au</td>
</tr>
<tr>
<td></td>
<td>0.3 million ozs</td>
<td>2.22 billion lbs</td>
<td>25.1 billion lbs</td>
<td>0.3 million ozs</td>
</tr>
<tr>
<td></td>
<td>Mo</td>
<td>Cu</td>
<td>Au</td>
<td>Mo</td>
</tr>
<tr>
<td></td>
<td>2.22 billion lbs</td>
<td>25.1 billion lbs</td>
<td>23.2 million ozs</td>
<td>2.22 billion lbs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mo</td>
<td>0.62 billion lbs</td>
</tr>
</tbody>
</table>

Note: lbs=pounds; ozs=ounces

- **Copper (Cu)**
- **Gold (Au)**
- **Molybdenum (Mo)**
## SUMMARY OF KEY ECONOMIC CONTRIBUTIONS BY OPERATING REGION

**FOR THE YEAR ENDED DECEMBER 31, 2017 ($ MILLIONS)**

<table>
<thead>
<tr>
<th></th>
<th>NORTH AMERICA a</th>
<th>SOUTH AMERICA</th>
<th>INDONESIA</th>
<th>EUROPE</th>
<th>OTHER COUNTRIES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to suppliers</td>
<td>$ 3,165</td>
<td>$ 1,487</td>
<td>$ 1,487</td>
<td>$ 2,528</td>
<td>$ 1</td>
<td>$ 8,668</td>
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<tr>
<td>Employee wages and benefits</td>
<td>1,305</td>
<td>416</td>
<td>385</td>
<td>98</td>
<td>6</td>
<td>2,210</td>
</tr>
<tr>
<td>Payments to providers of capital:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>2</td>
<td>39</td>
<td>135</td>
<td>–</td>
<td>–</td>
<td>176</td>
</tr>
<tr>
<td>Interest</td>
<td>579</td>
<td>78</td>
<td>3</td>
<td>18</td>
<td>–</td>
<td>678</td>
</tr>
<tr>
<td>(Refunds from) payments to governments b</td>
<td>(95)</td>
<td>92</td>
<td>267</td>
<td>8</td>
<td>1</td>
<td>273</td>
</tr>
<tr>
<td>Community investments</td>
<td>48</td>
<td>11</td>
<td>93</td>
<td>1</td>
<td>–</td>
<td>153</td>
</tr>
<tr>
<td><strong>Direct economic contributions</strong></td>
<td><strong>$ 5,004</strong></td>
<td><strong>$ 2,123</strong></td>
<td><strong>$ 2,370</strong></td>
<td><strong>$ 2,653</strong></td>
<td><strong>$ 8</strong></td>
<td><strong>$ 12,158</strong></td>
</tr>
<tr>
<td>Capital expenditures c</td>
<td><strong>$ 366</strong></td>
<td><strong>$ 115</strong></td>
<td><strong>$ 875</strong></td>
<td><strong>$ 54</strong></td>
<td>–</td>
<td><strong>$ 1,410</strong></td>
</tr>
</tbody>
</table>

Note: These amounts were derived primarily from Freeport-McMoRan’s publicly reported segment data, including amounts for oil and gas operations. For disclosure of Freeport-McMoRan’s segment data in accordance with generally accepted accounting principles (GAAP), see Freeport-McMoRan’s 2017 Form 10-K pages 167 – 171.

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 2017 Cash Payments to Governments schedule on page 18 can be found on Freeport-McMoRan’s website.
c. Includes costs for capital projects, which include additional payments to suppliers, employee wages and benefits, payments to providers of capital and payments to governments, not included in the table above.
TO OUR STAKEHOLDERS

As a leading global copper producer, we are keenly focused on generating values for shareholders through our large-scale and geographically diverse portfolio of long-lived copper reserves and resources. In doing so, we provide significant benefits to a range of stakeholders from local communities to suppliers to our host governments.

Beyond our operations, the products we produce are critical to the technologies and infrastructure necessary for a lower carbon economy and for overall societal advancement, including contributing to the UN Sustainable Development Goals. We believe that global economic expansion, the increasing role of renewable energy and limitations on global copper supplies will continue to drive growth in our business. As previously announced, we are evaluating two brownfield opportunities to expand our production profile. This 2017 Working Toward Sustainable Development Report, “Powered by Copper,” highlights the key elements of our sustainability programs that are integral to our business objectives.

We currently mine approximately 3 million tons of rock every day, and energy is a significant component of our operating costs. Our continued focus on operational improvements and efficiencies has enhanced our sustainability efforts as it relates to our carbon footprint. We have rapidly adopted “Internet of Things” capabilities, which include a wireless network that allows us to monitor machine health in real time. These capabilities have enabled us to achieve a 90 percent rate of haul truck availability of our Americas fleet of 400 haul trucks. This performance indicates that, absent operational improvements made over the last eight years, 28 additional trucks would have been required in our fleet in order to maintain today’s mine plans. As a result, we avoid associated capital and operating costs, as well emissions from the additional trucks. An ongoing global benchmark of mining equipment utilization has validated that our operational efficiencies are well above median performance and generally top quartile.

Efficient use of resources is core to our operating plans and we are pleased to report the achievement of an 82 percent rate of recycling and reuse of water introduced into our systems. Maintaining this performance is particularly critical in arid locations as risks associated with physical availability of water and potential for stakeholder conflicts is higher. To reduce our water footprint, we are continuously seeking opportunities to use renewable and recycled sources. We also expect to take advantage of the accelerating trend toward the availability of economic renewable energy projects to support our operational power requirements.

Operating responsibly on the ground, which includes our site-level suppliers and contractors, directly underpins our ability to maintain access to markets throughout the metals value chain. We specifically amended our Human Rights Policy in 2017 to formally implement the UN Guiding Principles on Business and Human Rights as we aim to prevent adverse impacts to individuals as a result of our activities. We will continue to conduct operational-level human rights impact assessments across our mining portfolio while leveraging the associated stakeholder interviews to garner views regarding the positive benefits of our presence.

Our commitment to the sustainability of the communities where we operate is essential to our success as it is interdependent with acceptance of our long-lived operations. This is why we take a deliberate and strategic approach to collaborating with local stakeholders to understand critical needs and deliver education, economic development, infrastructure and public health projects.
The products we produce are critical to the technologies and infrastructure necessary for a lower carbon economy and for overall societal advancement, including contributing to the UN Sustainable Development Goals.

Since 2007, we have invested approximately $2 billion in programs for social advancement to address today’s needs while aiming to promote long-term resiliency in neighboring communities.

The dedication of our global workforce to safe production is a proud hallmark of our company. Our daily focus on collaboration, accountability and frontline leadership reinforces our safety culture which, in turn, increases productivity. Empowering one another to stop work if something is unsafe and implementing effective critical controls is key to our fatal risk management program. We clearly have more work to do as, regrettably, five fatalities occurred in 2017 across our global operations. We are undeterred in our focus on fatality prevention, and the health and safety of our employees and their families continues to be our paramount focus.

We continue to progress our discussions with the Indonesian government to address the long-term stability of our Grasberg operations, which is a significant catalyst for social and economic progress in Papua Province. We remain disheartened that since August 2017, there have been a series of sporadic shooting incidents within the PTFI project area and in nearby areas; some resulting in injuries to workforce members, community residents and host-government security personnel. The investigation of these incidents by Indonesian authorities remains ongoing and we continue to restrict the use of the road leading to our mining and milling operations to secured convoys. The security of our workforce and local stakeholders is a critical concern. The company is engaging with authorities on these challenges while upholding its commitment to the Voluntary Principles on Security and Human Rights.

Our accomplishments are not only “Powered by Copper” but also “Powered by Great People.” Our Board of Directors and senior management team appreciate the dedication and professionalism of our over 50,000 employees and contractors. Our collective contributions and close collaboration drive our success.

In closing, we want to thank our stakeholders for their constructive engagement on the evolution of our sustainability programs.

Respectfully yours,

RICHARD C. ADKERSON
Vice Chairman of the Board, President and Chief Executive Officer

GERALD J. FORD
Non-Executive Chairman of the Board

June 5, 2018
We must maintain acceptance to operate through shared value at the local level in order to reinvest in our existing properties, and invest in new ventures, thereby increasing the production of metals needed for a healthy and prosperous world. Our sustainability performance is critical to meeting society’s responsible sourcing objectives so that we can place our products, which power societal advancement, into the global marketplace today and into the future.

To supply essential metals to current and future generations, we are guided by our stated business objectives, principles and policies, and we work continuously to improve our systems. Throughout this report, we review the progress we are making on key issues, including those emerging, which affect our company and our stakeholders. We aim to continuously improve our sustainability performance and are eager to engage stakeholders on this ongoing journey.

Copper output for the Cerro Verde mining complex ranked third overall in the industry during 2017, according to Wood Mackenzie.
PRINCIPLES OF BUSINESS CONDUCT

In February 2017, we launched the updated Freeport-McMoRan Principles of Business Conduct (PBC), which highlight our core values of Safety, Respect, Integrity, Excellence and Commitment, and help guide how we do business, from top-level management to entry-level employees. The PBC sets forth a variety of business principles, from promoting a safe workplace to complying with laws and avoiding conflicts of interest to developing positive relationships with local communities. Freeport-McMoRan and its affiliates have established multiple mechanisms for employees and others to report concerns regarding potential violations of the PBC. One of the primary mechanisms is the Freeport-McMoRan Compliance Line, a phone system managed by an independent third party that allows for anonymous reporting. In addition, the company offers a web-based reporting system, also operated by a third party, along with an option for direct email to our Compliance Department. These accessible channels complement our long-established community and human rights grievance systems. By providing multiple reporting mechanisms, including anonymous communications, our workforce is encouraged to Speak Up if something violates, or could possibly violate, the PBC.

In addition, the Freeport-McMoRan Supplier Code of Conduct sets forth our expectations for our supply chain partners in areas such as safety, respect for human rights, anti-corruption, community and environment. These 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 detail how we operate.

GOVERNANCE

The Freeport-McMoRan Board of Directors (Board) as a whole is responsible for risk oversight, with reviews being conducted by the relevant Board committees that regularly report to the full Board. In its risk oversight role, the Board reviews, evaluates and discusses with members of management whether the risk management processes designed and implemented by management are adequate in identifying, assessing, managing and mitigating material risks facing the company.

Our non-executive chairman regularly meets and discusses with our chief executive officer a variety of matters including business strategies, opportunities, key challenges and risks facing the company, as well as management’s risk mitigation strategies. Senior management attends regularly scheduled Board meetings where they present on various strategic matters involving our operations and are available to address any questions or concerns raised by the Board. The Board oversees the strategic direction of the company, and in doing so, considers the potential rewards and risks of our business opportunities and challenges, and monitors the development and management of risks that impact our strategic goals.

The Board has five standing committees: Audit, Compensation, Nominating and Corporate Governance, Corporate Responsibility, and Executive, each of which is composed entirely of independent directors. The Corporate Responsibility Committee assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with our safety and health policies and programs, environmental policy and implementation programs, human rights policy and practices, community health programs and related public health and medical matters, community policy and practices, governmental and stakeholder relations and social investment and sustainable development programs, programs to evaluate and address climate-related impacts and opportunities, charitable contributions, and political activity and spending practices.

During 2017, the Corporate Responsibility Committee received various reports and considered numerous items with a particular focus on safety, which included reviewing the root causes of fatal accidents, corrective actions implemented to prevent future accidents and overall improvement in our safety procedures and practices. In addition, the Corporate Responsibility Committee reviewed climate-related disclosures, community medical and public health services, political activity and spending practices, the safety reporting processes at our operations, our human rights program and the settlement with the U.S. Department of Justice and Navajo Nation regarding cleanup funding for former uranium mines on Navajo tribal lands. The Corporate Responsibility Committee also amended the company’s Human Rights Policy and adopted the company’s UK Modern Slavery Act Statement. The Corporate Responsibility Committee reports to our Board, which provides oversight on all matters.
SUSTAINABLE DEVELOPMENT LEADERSHIP TEAM

The company’s Sustainable Development Leadership Team considers both imminent matters and emerging trends while providing strategic guidance for our programs. The team is sponsored by our Executive Vice President and Chief Administrative Officer and is led by our Vice President of Environmental Services and Sustainable Development. Our Chief Operating Officer, business unit presidents, as well as Vice President-level or senior staff from the safety, supply chain, security, human resources, sales, legal/compliance, and land and water functions comprise the team.

During the year, the team reviewed and addressed key issues and projects including:

- An updated Sustainable Development Leadership Team Charter with a focus on core issues directly related to our sustainability objectives of maintaining local acceptance and market access
- Our updated Human Rights Policy, which includes an explicit commitment to the UN Guiding Principles
- Supply chain due diligence framework drivers and approaches
- Emerging global initiatives and commodity-specific programs to create “sustainability standards” to demonstrate responsible production
- Individual business-to-business due diligence activities related to responsible product sourcing
- Common topics raised during engagements with the socially responsible investment community, ESG* analyst firms and other financial stakeholders
- Project scoping and initial results of the Cerro Verde (Peru) Human Rights Impact Assessment
- Development and status of the company’s initiatives to recruit and advance career opportunities for women in the workforce
- Multi-year pathway to enhanced disclosures on climate-related impacts and opportunities, including considering recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- Draft ICMM performance expectations to be implemented and assured at the site level
- Key observations related to independent assurance of our sustainability programs, including implementation of the ICMM Sustainable Development Framework

* Environmental, social and governance

STAKEHOLDER ENGAGEMENT

We inform, consult and involve communities and partners in order to develop and improve our policies, programs, projects and initiatives. We formally engage with community stakeholders across our portfolio, as well as economic partners and development institutions, government, regulators, non-governmental organizations (NGOs), community leaders and general members of the public. Annually, hundreds of entities are engaged via community foundations, formal grievance systems, community liaison officer interactions, workshops, participatory group panels, town hall meetings and specific surveys. Engagement also occurs through regulatory consultation processes with governmental entities and community groups, including with indigenous peoples.

Consistent dialogue allows us to work alongside community members to avoid and mitigate impacts, and capture opportunities to implement projects that drive sustainability. Capacity building through engagement is critical to assisting communities to be resilient to downturns in commodity cycles and their planning for eventual closure of our operations.

In 2017, we engaged with over 70 investor organizations, sustainability analyst firms, banking institutions and NGOs regarding our programs and performance. Many of these organizations included multiple members or affiliations thus expanding the reach of our communications. We also work closely with our commodity sales departments to engage both downstream customers and international governmental agencies on sustainability programs and to address specific environmental and social areas of interest that could affect access to markets for our various products within the value chain.
PRODUCT STEWARDSHIP

Environmental and social performance of mining operations and of the metals we produce continue to be of increasing interest to members within the value chain, from customers to commodity associations to regulatory institutions. We currently see the most interest coming from European entities and regulators. This trend presents an opportunity to engage on the vital importance of our products for social progress as well as on the programs that guide our responsible operating practices. Members of our Product Stewardship team engage downstream customers and commodity and trade associations, as well as international governmental agencies on operational and product-specific sustainability topics. Our mining operations that produce metals subsequently sold into European markets and our metals processing facilities, including our cobalt refinery in Finland, are receiving increased due diligence from consumer-facing businesses and governmental agencies.

Our Product Stewardship team is led by our Vice President of Environmental Services and Sustainable Development and is coordinated with our global product sales and legal teams with support from multiple technical experts. During 2017, the team addressed topics including:

- Multiple commodity, business association and international governmental organizations’ emerging responsible sourcing frameworks
- Specific customer due diligence requests for information and/or site audits related to sustainability policies, programs and performance
- Input into development of a draft Organisation for Economic Co-operation and Development (OECD) Portal for Supply Chain Risk Information that will include the metals we produce
- Updates to the company’s Sustainable Development Risk Register assessment process that includes additional topics of interest to value chain partners
- Participation in commodity-specific life cycle inventory (LCI) updates and life cycle assessments (LCA) for our products – quantifying the environmental impacts of our products considering inputs such as water, energy and raw materials, as well as releases to water, land and air
- Emerging nongovernmental sustainability certification, benchmarking and reporting initiatives
- Compliance with global chemical legislation (e.g., the European Union’s Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) program, U.S. Toxic Substances Control Act (TSCA), and developing programs such as Korea REACH)

SUSTAINABLE DEVELOPMENT RISK REGISTER

The Freeport-McMoRan Sustainable Development framework is based on operation-specific factors and influences, including regional context, type and stage of operation and social setting. Essential to this framework is the Sustainable Development Risk Register process, which prioritizes the most significant risks that could have negative consequences to our business and our stakeholders in areas including health and safety, respect for human rights, the environment, community stability and economic impacts. The Sustainable Development Department and senior, multi-disciplinary experts coordinate with operations personnel to ensure prioritization processes are consistent with corporate procedures and provide associated guidance. The company’s Sustainable Development Risk Register process is being updated in 2018 to include additional topics, such as climate-related impacts, with more extensive categorical definitions for risk evaluation. This update is intended to reflect due diligence priorities of downstream consumer-facing companies in our value chain, including members of the Responsible Minerals Initiative. Sustainability focus areas identified through this process are reviewed by our Sustainable Development Leadership Team and communicated to our Board of Directors. Our current areas of focus are described on the following pages and throughout this report.
BIODIVERSITY
We own, lease and operate large land holdings, some of which are in and adjacent to areas of high biodiversity value. Our operations are managed to identify potential impacts and, where practicable, implement actions that conserve and enhance biodiversity, including during reclamation activities. (p. 31)

COMMUNITY ENGAGEMENT AND DEVELOPMENT
Our social and economic development programs are designed to be responsive to issues raised by communities, including vulnerable groups and indigenous peoples, and to help us maintain good relations and avoid disruptions of operations. Nevertheless, social and political instability in the areas of our operations may adversely impact our operations. (p. 21)

CORRUPTION
As a U.S.-based mining company with substantial assets located outside of the U.S., our business may be adversely affected by issues related to corruption. We maintain a robust anti-corruption training and reporting program in addition to our Principles of Business Conduct training. Any violation of the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws of jurisdictions in which we operate could result in significant criminal or civil fines and penalties, litigation and loss of operating licenses or permits. (p. 17)

CLIMATE-RELATED IMPACTS AND OPPORTUNITIES
Carbon-based energy is a significant input to our operations and increased regulation of greenhouse gas emissions may directly or indirectly increase our costs. In 2017, approximately 80 percent of our global purchased power was from low carbon sources. We continue to model multiple carbon tax scenarios to understand the range of potential increases to our operating costs. The potential physical impacts of climate change on our operations and supporting infrastructure are highly uncertain and episodic; however we are reviewing potential adaptation measures. (p. 25)

HUMAN RIGHTS
Respect for human rights is a core value and we continue to integrate the UN Guiding Principles on Business and Human Rights into our business systems while advancing human rights impact assessments. Our operations may be adversely affected by security risks stemming from events including political instability, labor strikes and civil strife. The Voluntary Principles on Security and Human Rights serve as guidelines for our security and human rights programs. (p. 19)
LABOR RELATIONS

Thirty-nine percent of our global employee base was covered by collective labor agreements at year-end 2017. We engage openly with our employees and union leadership to successfully negotiate and uphold labor agreements, recognizing that prolonged strikes or other work stoppages at our operations can adversely affect our business, our workforce and regional stakeholders. (p. 14)

PRODUCT STEWARDSHIP

Our product stewardship team engages downstream customers, industry associations and international governmental agencies on operational and product-specific sustainability issues. We believe that proactive engagement on product stewardship issues is mandatory to address risks associated with market access. (p. 9)

SAFETY AND HEALTH

The safety of our global workforce is our highest priority. During 2017, we sadly incurred five fatalities and fell short of our total recordable incident rate target. Through implementation of our Fatal Risk Management Program, we aim to eliminate fatalities by identifying and implementing critical controls and delivering multi-faceted training and enhanced communications throughout our workforce. (p. 15)

TAILINGS

Managing the volume of tailings, waste rock and leach material produced in our mining operations presents significant environmental, safety and engineering challenges and risks. We maintain large leach pads and tailings impoundments containing viscous material that must be engineered, constructed and monitored to assure structural stability and avoid leakages. Through our Tailings Stewardship Program, we implement control systems, including independent expert input and reviews, to address and mitigate these risks. (p. 29)

WATER SUPPLY AND MANAGEMENT

We recognize the importance of efficiently managing water resources at mining operations in both arid and wet regions. While all of our mining operations require secure and reliable quantities of water for mining and ore processing, most of our operations are located in arid regions of North America and South America. We maintain a global water management program designed to increase water use efficiency in our processes while minimizing the use of fresh water. (p. 28)

Since 2006, FMC has rebuilt over 350 haul trucks at its global operations, resulting in capital avoidance and like-new productivity. We use real-time systems to monitor equipment health, which enables achievement of the highest availability and utilization of our haul trucks. A global benchmarking of this metric indicates that our performance demonstrates a 10 percent savings in the number of trucks needed.
<table>
<thead>
<tr>
<th><strong>BUSINESS ETHICS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide comprehensive training on our Principles of Business Conduct, including annual certification of management-level employees</td>
</tr>
<tr>
<td>With our online training module, annually train 90% of selected employees who interact with, or have the potential to interact with, government officials on anti-corruption laws, regulations and company policies and procedures</td>
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</tbody>
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<table>
<thead>
<tr>
<th><strong>WORKFORCE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the percentage of women in our workforce, including representation in managerial roles, to 15%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th><strong>SAFETY &amp; HEALTH</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incur zero fatalities</td>
</tr>
<tr>
<td>Meet company-wide total recordable incident rate (TRIR) of 0.63</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>HUMAN RIGHTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incur zero gross human rights violations&lt;sup&gt;b&lt;/sup&gt; at our operations caused by employees and contractors</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th><strong>COMMUNITIES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest (in aggregate) 1% of the average of the previous three years’ annual mining operations revenue (as reported in Freeport-McMoRan’s audited consolidated financial statements) in community programs, including in-kind support and administration</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>ENVIRONMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Incur zero significant environmental events (rating of three or higher on our Sustainable Development Risk Register)</td>
</tr>
<tr>
<td>Incur zero penalties in amounts exceeding $100,000</td>
</tr>
</tbody>
</table>

Note: All performance targets are annually recurring.

a. PTFI management-level training and certification was launched in the fourth quarter of 2017 and final results will be reported in 2018.
b. There is no uniform definition of gross human rights violations under international law; however, the United Nations Office of the High Commissioner report: The Corporate Responsibility to Respect Human Rights – An Interpretive Guide, provides guidance on identifying such types of violations.
c. Excludes PTFI where 35 reportable spills occurred, including 21 from pipeline sabotage.
LOCAL HIRING AND SKILLS DEVELOPMENT

Successfully recruiting, retaining, developing and advancing talented employees from diverse backgrounds is key to achieving our business objectives. We offer rewarding careers as part of a team that, every day and everywhere, embraces our core values of Safety, Respect, Integrity, Excellence and Commitment.

Hiring talent from regions where we operate incorporates local cultures and knowledge into our business systems while supporting local economies. The company maintains tailored training programs to facilitate this objective.

For example, our training partnership program with the San Carlos Apache Tribe in Arizona is designed to increase the skills and employability of Apache students so they are prepared to compete for skilled jobs. Training includes both life and work skills. Technical training ranges from heavy equipment operations and maintenance to industrial maintenance and electrical applications. Through 2017, over 1,000 students have entered the program and approximately 50 percent have graduated. The company maintains a robust onboarding process for new hires and we currently employ over 340 Native Americans, an increase of over 70 percent from just six years prior.

At our largest operation, PTFI, located in the remote province of Papua, Indonesia, we prioritize the hiring of indigenous Papuans. Approximately 98 percent of PTFI employees are Indonesian, 41 percent of whom are indigenous Papuans (up from 36 percent in 2016). In 2017, we introduced the Papuan Sustainable Human Capital Development program to increase opportunities for indigenous Papuans – particularly those from the seven neighboring tribes – to join the workforce. The program includes a three-week course to enhance participants’ life and work skills by teaching teamwork, behavioral safety and workplace compliance expectations. Since its inception, approximately 120 Papuans have completed the program and over 90 have been hired by contractors to work throughout PTFI operations.

In addition, our regional technical training programs prepare community members for careers in mining, with no obligation to join our company. The Nemangkawi Mining Institute (NMI) in Papua has placed nearly 2,700 apprentices into permanent employee and contractor positions at PTFI, 90 percent of whom are indigenous Papuans. In 2017, NMI was enhanced to address skill sets needed for a fully underground mining operation.

At year-end 2017

**EMPLOYEES**
Approximately 25,200

- 44% North America
- 28% Indonesia
- 23% South America
- 5% Europe/Other

**CONTRACTORS**
Approximately 28,000

- 75% Indonesia
- 14% North America
- 9% South America
- 2% Europe/Other

Employee Cornelia Ratu receives instruction on an advanced remote mining simulator. PTFI’s underground mining automation program maintains worker safety and increases productivity.
DIVERSITY

We operate in regions of varying ethnic, religious and cultural backgrounds and are generally the largest employer in local communities where we operate. The diverse backgrounds, experiences and perspectives within our workforce are an asset. We prohibit discrimination and harassment, and our Principles of Business Conduct and Human Rights Policy require that all employees treat everyone in and around our operations with dignity and respect.

Seeking ways to recruit and foster career development for women in our company continues to be important, as women historically have been underrepresented in the mining sector. Women serve in key management roles within our organization, including our Chief Financial Officer and two members of our Board, while an additional 280 women hold manager-level or higher positions. We continue to work toward our target of increasing women in our global workforce as well as women in managerial roles to a minimum of 15 percent. In late 2017, we developed a survey for exempt-level female employees in North America to gauge actual and perceived barriers to advancement, achieving a strong 72 percent response rate. Key themes raised from the survey results included work/life balance, lack of clarity related to career pathways and historical or unconscious bias.

Discrimination can take a number of forms and can be based on various characteristics, such as disability, age, race, ethnicity, religion and gender. In 2017, of the reports made through the Freeport-McMoRan Compliance Line, 32 included allegations of some form of discriminatory or harassing conduct, none of which was substantiated.

LABOR RELATIONS

As of December 31, 2017, our workforce consisted of approximately 25,200 employees and 28,000 contractors. We work cooperatively with 14 unions in eight locations worldwide. Thirty-nine percent of our employee population is covered by collective bargaining agreements, with 15 percent of employees covered by agreements that will be renegotiated during 2018, including the collective labor agreement (CLA) at Cerro Verde in Peru. Our policy is to ensure fair treatment and working conditions for all employees, including rights to freedom of association and collective bargaining. Employees have the right to exercise freedom of association at all of our operations.

At PTFI, export constraints early in 2017 created the necessity to implement efficiency measures to reflect significantly reduced production rates. These measures included reductions to the employee workforce beginning with certain expatriates and contractors as well as introduction of a voluntary separation package offering a separate furlough program. In addition, large-scale absenteeism led to the voluntary resignation of more than 3,200 direct employees and 600 contractors. This occurred after PTFI made significant communications efforts to encourage those employees to return to work.

PERCENTAGE OF EMPLOYEES UNDER COLLECTIVE BARGAINING AGREEMENTS

<table>
<thead>
<tr>
<th>By Operating Region</th>
<th>73%</th>
<th>71%</th>
<th>66%</th>
<th>0%</th>
<th>39%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe/Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company-wide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At year-end 2017
Our Occupational Health and Safety Management System (OHSMS) is the framework under which we prioritize and manage risk, as well as address compliance obligations. In late 2016, Freeport-McMoRan received corporate group certification to the internationally recognized Occupational Health and Safety Assessment (OHSAS) 18001 standard. The certification requires third-party registrar site-level verification that we operate in a manner consistent with OHSAS and with a goal to prevent fatalities and reduce incidents. Maintaining the certification process entails annual site audits conducted by either our corporate OHSMS team or a third-party registrar. In 2017, a total of 23 combined systems audits were conducted.

Our health and safety performance and associated reporting encompasses our direct employees as well as contractors. The Freeport-McMoRan Contractor Health and Safety Manual defines the minimum expectations and requirements for contractors working at our operations. As with our employees, site-specific health and safety training is conducted with contractors and tailored to task-specific hazards identified and critical control implementation.

We measure our safety performance through established benchmarks, including our company-wide TRIR. In 2017, our TRIR (including contractors) was 0.76 per 200,000 man-hours worked, missing our 0.63 target. We worked 117.5 million hours in 2017 compared to 153.1 million hours in the prior year, and we recorded a total of 443 reportable injuries in 2017 compared to 492 in 2016.

In 2017, senior leaders within the company, with the assistance of external experts, performed an evaluation of our OHSMS. This effort included a detailed review of daily activities conducted by front-line supervisors with the aim of reducing administrative tasks that could impede Safe Production leadership efforts in the field. Specific surveys and “Day in the Life of Studies” were conducted with supervisors at operations in North America.

The application of remote-controlled equipment allows operators to remain at a safe distance. Operator Pete Rosales remotely controls a skid steer loader at the Garfield pit in Morenci, Arizona.

### 2017 WORKPLACE FATALITIES

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>EVENT DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTFI Papua, Indonesia</td>
<td>After blasting activities in the Big Gossan underground mine, an employee was exposed to temporarily trapped blasting gases, resulting in his death.</td>
</tr>
<tr>
<td>Cerro Verde Arequipa, Peru</td>
<td>An extreme, localized rainfall event created a large material flow that impacted a powerhouse facility in the highlands, fatally injuring a contractor working in the area.</td>
</tr>
<tr>
<td>Atlantic Copper Huelva, Spain</td>
<td>A mine operations supervisor was fatally injured after a ground failure event on a double bench caused a boulder to strike the operator cabin of an electric shovel.</td>
</tr>
<tr>
<td></td>
<td>After removing a guard surrounding a tail pulley on a conveyor feed system, a contractor was fatally injured by entanglement.</td>
</tr>
</tbody>
</table>

### SAFETY AND HEALTH SUMMARY DATA

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace Fatalities</td>
<td>35</td>
<td>7</td>
<td>3</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Total Recordable Incident Rate</td>
<td>0.74</td>
<td>0.56</td>
<td>0.56</td>
<td>0.64</td>
<td>0.76</td>
</tr>
<tr>
<td>Occupational Illness Cases</td>
<td>41</td>
<td>46</td>
<td>43</td>
<td>26</td>
<td>38</td>
</tr>
</tbody>
</table>

\[ TRIR = \left( \frac{\text{Fatalities} + \text{Lost Time Incidents} + \text{Restricted Duty Incidents} + \text{Medical Treatment}}{\text{Total Hours Worked}} \right) \times 200,000 \]
Action plans resulting from these studies are planned for implementation in 2018. Key aspects of these action plans include re-establishing expectations regarding roles and responsibilities of supervisors, individual needs assessments and development plans. We also initiated a similar review of the role of the health and safety professionals to ensure these dedicated resources are effective in assisting the workforce in our daily Safe Production efforts.

Following the 2017 piloting of our Fatal Risk Management field tools at PTFI, we initiated training at our North America operations and will continue with our company-wide rollout in 2018. The second phase of the process focuses on critical control verification to ensure use and effectiveness for high-risk tasks, to give immediate feedback for improvement and to utilize the information collected to strengthen our overall management of fatal risks. In addition, the process to streamline health and safety policies to ensure basic understanding and simplicity of use in the field is underway and expected to be completed in 2018.

**OCCUPATIONAL HEALTH**

Freeport-McMoRan operations maintain comprehensive occupational health programs to assess the risk of exposure to occupational health hazards and identify controls for those risks. We have expanded our corporate industrial hygiene team to provide better strategic guidance and support. Our Field Guide for Occupational Health and Industrial Hygiene defines occupational exposure limits, standards and practices that apply globally.

Freeport-McMoRan continued the expansion of medical monitoring procedures in 2017 to ensure that employees are fit for duty, to look for early indications of occupational health impairment and to provide opportunities for early intervention. We continued to expand our fatality prevention program to review exposures to carcinogens and other significant health hazards in addition to traditional safety hazards. These efforts are expected to lead to a stronger focus on critical controls related to dust controls, ventilation systems and chemical process monitoring. Thirty-eight occupational illness cases were reported at our operations during 2017.

Because of Freeport-McMoRan’s longstanding commitment to safety, the company was in a unique position to assist the National Mining Association in developing the new safety certification system for the mining industry. The framework emphasizes accident prevention anchored in organizational leadership, management and assurance. The CORE safety framework guidelines are publicly available as a resource for mining companies’ safety management programs. Freeport-McMoRan proudly achieved CORESafety Certification in 2017.

**FCXtraordinary**

FCXtraordinary highlights the dedication of our workforce to Safe Production and collaboration. Members of the Climax Health and Safety Team were recognized by Mike Kendrick, President-Climax Moly (far right) after taking extraordinary measures to ensure a contract logistics driver received full assistance after suffering from acute mountain sickness.
We are committed to the highest level of ethical and legal conduct. The Freeport-McMoRan Principles of Business Conduct (PBC) are a commitment to integrity and define the expected behavior of all employees and our Board. We conduct comprehensive training on our PBC, including annual certification of management-level employees. This process consists of computer-based training, as well as a signed certification that the employee understands the PBC and is not aware of cases of non-compliance.

ANTI-CORRUPTION

Corruption is sometimes widespread in local government systems and cultures near our operations. We do not tolerate the offering or payment of bribes, kickbacks or other similar payments to any person or organization or government official to secure advantages for our business. Likewise, we do not accept any of these payments. Our Anti-Corruption Policy and Guidelines require compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) and other relevant anti-corruption laws, including local laws.

The company deployed a new anti-corruption online training module in 2017. The training is mandatory for annual completion by select groups of employees utilizing a risk-based approach. For example, senior-level employees who may interact with government officials are required to complete the training. The online training does not replace our existing classroom training programs; rather, it has been developed to supplement existing systems and extend the reach of the company’s overall compliance efforts.

During 2017, in-person classroom training was conducted at El Abra, Cerro Verde, our offices in Santiago, Chile, and at exploration sites in Asia, Eastern Europe and Africa. Training also was conducted for support functions, including the Accounting, Communications, Environmental Services, Global Supply Chain, Human Resources, Legal, and Sales and Marketing departments along with senior management personnel responsible for approval procedures and internal controls.

In recognition of the potential legal liability that could result from actions of our business partners under the FCPA and other laws, the company has implemented its online due diligence platform, the Freeport Compliance eXchange (FCeX). FCeX is a survey-based software platform designed to assess risk in the areas of anti-corruption, international trade and human rights. FCeX has enhanced the company’s ability to identify, assess and mitigate compliance risks.

Annually, Freeport-McMoRan performs company-wide audits with the assistance of our internal audit firm to assess risk and plan for the following year’s audit strategy. Formal fraud risk assessments have been implemented at Atlantic Copper, El Abra, Cerro Verde, PTFI and our corporate offices, and mapped with business controls which are tested and reviewed annually. The fraud risk assessments consist of more than 100 risk scenarios across more than 15 process areas, such as Asset Management, Purchasing, Payables and Financial Reporting. All of these risk assessments include corruption as a risk factor.

INFORMATION AND REPORTING

Among other reporting mechanisms, Freeport-McMoRan maintains a Compliance Line to provide guidance and assistance to workforce members with any questions or concerns related to our PBC, policies or procedures. To encourage our workforce to report potential violations of business conduct, our Compliance Line allows anonymous reporting.

During 2017, 235 reports were made through the Freeport-McMoRan Compliance Line relating to various topics, including employee workplace conduct, environment, health and safety, 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.
TRANSPARENCY OF GOVERNMENT PAYMENTS

Freeport-McMoRan has endorsed and committed to support the Extractive Industries Transparency Initiative (EITI) since 2008. EITI is a global standard to promote transparent and accountable management of natural resources. The initiative is a commitment by governments to disclose revenues received and by oil, gas and mining companies to disclose natural resource payments to governments in an annual EITI report. In implementing countries, governments, extractives companies and civil society work together in a multi-stakeholder group forum.

Freeport-McMoRan has significant mining operations in Indonesia and Peru, both of which are EITI implementing countries. Senior-level PTFI and Cerro Verde personnel actively support the in-country EITI processes. In 2017, Freeport-McMoRan was a sponsor at the EITI conference on beneficial ownership in Jakarta, Indonesia, which brought together over 400 delegates from 51 countries.

Freeport-McMoRan publicly discloses its material contracts and we support contract transparency in the extractives sector. The payments our company makes to host governments via taxes, royalties and other obligations significantly contribute to national, regional and local development. We believe that increased transparency of natural resource revenues and payments promotes better governance and accountability regarding the distribution of natural resource revenues. In addition to our country-level EITI commitments, our practice is to report annual cash payments to governments, including sub-national payments, in all regions where we conduct business, as presented in the table below.

CASH PAYMENTS TO GOVERNMENTS

<table>
<thead>
<tr>
<th>For the year ended December 31, 2017 ($ millions)</th>
<th>U.S.</th>
<th>Chile</th>
<th>Peru</th>
<th>Indonesia</th>
<th>Other Countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Taxes, Net of Refunds</td>
<td>$(151)</td>
<td>$ 5</td>
<td>$ 50</td>
<td>$ 116</td>
<td>$ 9</td>
<td>$ 29</td>
</tr>
<tr>
<td>Withholding Taxes on Foreign Dividends</td>
<td>-</td>
<td>8</td>
<td>-</td>
<td>105</td>
<td>-</td>
<td>113</td>
</tr>
<tr>
<td>Employee Payroll Taxes*</td>
<td>288</td>
<td>9</td>
<td>43</td>
<td>57</td>
<td>26</td>
<td>423</td>
</tr>
<tr>
<td>Dividends</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>135</td>
<td>-</td>
<td>135</td>
</tr>
<tr>
<td>Royalties and Net Severance Taxes</td>
<td>56</td>
<td>2</td>
<td>35</td>
<td>151</td>
<td>-</td>
<td>244</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>103</td>
<td>-</td>
<td>-</td>
<td>21</td>
<td>2</td>
<td>126</td>
</tr>
<tr>
<td>Other Taxes and Fees†</td>
<td>46</td>
<td>9</td>
<td>46</td>
<td>189</td>
<td>(14)</td>
<td>276</td>
</tr>
<tr>
<td>Total</td>
<td>$342</td>
<td>$33</td>
<td>$174</td>
<td>$774</td>
<td>$23</td>
<td>$1,346</td>
</tr>
</tbody>
</table>

a. This schedule reflects a voluntary effort by Freeport-McMoRan to capture its 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 primary operations.
c. Includes payroll taxes collected on behalf of employees and paid to governments.
d. Includes customs and export duties, as well as withholding tax on foreign services.
Respect for human rights is a long-standing commitment of our company. Our Human Rights Policy, first established in the late 1990s and most recently updated in 2017, requires us to conduct business in a manner consistent with the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles).

We promote human rights awareness through engagement with host governments and local communities, as well as by providing training to employees and contractors. We protect the confidentiality of anyone who reports suspected violations. We conduct our security activities in line with the Voluntary Principles on Security and Human Rights. Our human rights compliance officers oversee compliance and training, as well as grievance mechanisms for reporting, documenting and investigating allegations made in our areas of operation.

In 2017, we continued to advance the integration of the UN Guiding Principles into our business. Activities included:

- Updating our Human Rights Policy to reflect an explicit, full commitment to the UN Guiding Principles
- Organizing two international-level stakeholder meetings to provide updates on our human rights program and updates to our Human Rights Impact Assessment (HRIA) methodology (e.g., additional emphasis on the value chain)
- Advancing a global grievance review project to test our internal and external grievance mechanisms against the UN Guiding Principles effectiveness criteria
- Developing the concept for an internal Human Rights Working Group to support our implementation of the UN Guiding Principles and integration of human rights considerations across our business (launched in 2018)
- Continuing regular engagement with the financial community, civil society and value chain partners to discuss and receive feedback on our human rights program

We also continue to engage on the Corporate Human Rights Benchmark. Pilot results released in 2017 ranked our company 12th overall across multiple sectors for our transparency and performance. While we are pleased with our relative performance, we are continuing to advance site-level HRIAs using a risk-based approach to further embed human rights considerations across our business and enhance our reporting.

**CERRO VERDE HUMAN RIGHTS IMPACT ASSESSMENT (PERU)**

The “dashboard” of human rights topics addressed in the Cerro Verde HRIA built on that used for the Corporate HRIA, placing additional emphasis on the local/domestic value chain.

Field work included extensive, on-the-ground engagement with 142 stakeholders in and around our Cerro Verde mine, including the city of Arequipa and its surrounding communities. Twenty-five percent of those interviewed were women.

### HUMAN RIGHTS IMPACT ASSESSMENT SCOPE “DASHBOARD”

Topics reflected in the dashboard have been mapped against recognized international human rights

<table>
<thead>
<tr>
<th>EMPLOYEES</th>
<th>VALUE CHAIN</th>
<th>COMMUNITY</th>
<th>ENVIRONMENT</th>
<th>THIRD PARTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working conditions</td>
<td>Working conditions</td>
<td>Standards of living / quality of life</td>
<td>Pollution</td>
<td>Conduct of private security forces</td>
</tr>
<tr>
<td>Safe and healthy working conditions</td>
<td>Safe and healthy working conditions</td>
<td>Community health and safety</td>
<td>Water security</td>
<td>Conduct of government security forces</td>
</tr>
<tr>
<td>Discrimination</td>
<td>Discrimination</td>
<td>Economic activity / livelihoods</td>
<td>Waste and hazardous materials management</td>
<td>Contribution to conflict</td>
</tr>
<tr>
<td>Freedom of association and collective bargaining</td>
<td>Freedom of association and collective bargaining</td>
<td>Minorities and indigenous peoples</td>
<td>Increased exposure to natural hazards</td>
<td>Presence of artisanal / small-scale miners</td>
</tr>
<tr>
<td>Child labor</td>
<td>Child labor</td>
<td>Displacement / resettlement</td>
<td></td>
<td>Corruptiion</td>
</tr>
<tr>
<td>Privacy</td>
<td>Privacy</td>
<td>Cultural heritage</td>
<td></td>
<td>NGOs and civil society groups</td>
</tr>
<tr>
<td>Forced and compulsory labor</td>
<td>Forced and compulsory labor</td>
<td>Children’s rights, including access to education</td>
<td></td>
<td>Judicial system (access to remedy)</td>
</tr>
</tbody>
</table>
As with our previous assessments, the Cerro Verde HRIA applied the “but for” test in relation to the identification of human rights impacts caused by, contributed to or linked to Cerro Verde, its activities or its business partners. Alleged impacts were included in the assessment even if there was uncertainty regarding the supporting facts and/or the causative relationship to Cerro Verde.

Impacts and allegations identified by the Cerro Verde HRIA included the following:

- Two workplace fatalities in 2017, as well as a broader set of medium severity health and safety impacts, reflecting the risks associated with activities carried out in the mining sector
- A high volume of disputed labor sanctions applied to more than 1,000 striking workers in 2016 and 2017, with more than 700 of these resulting in litigation (subject to ongoing judicial process, which has potential uncertain consequences of decreasing the court’s capacity)
- A large volume of lower severity impacts to local community members during construction and initial operation of the wastewater treatment plant system, related to noise, vibration, odors and structural damage to homes – as well as a small number of more severe allegations that these impacts worsened pre-existing health conditions of local community members (subject to past and ongoing grievance resolution processes)
- Localized, temporary dust impacts and contribution to the collective generation of traffic-related airborne particulates
- Limited number of very low-impact discharges of untreated water from the wastewater treatment plant

The Cerro Verde HRIA results confirmed that Cerro Verde’s existing grievance mechanisms are effective in capturing and addressing human rights-related complaints and incidents. Nonetheless, the HRIA identified additional actual and alleged impacts relating to Cerro Verde and its partners.

The assessment also suggested that Cerro Verde’s ISO 14001 environmental management system, OHSAS 18001 health and safety management system and application of the Voluntary Principles on Security and Human Rights were, with the exception of two workplace fatalities, effective in minimizing human rights related impacts. Stakeholder feedback also noted “beyond compliance” business ethics and a strong social license to operate.

The Cerro Verde team is reviewing the results of the HRIA with intentions to develop action plans to address any risks and impacts. Due to the uncertainty of the supporting facts behind certain allegations and/or the causative relationship to Cerro Verde, some action plans will require further investigation. Action plans will be embedded within Cerro Verde’s sustainable development risk register process to support continuous improvement of existing systems and processes, and (where necessary) establish new measures to investigate, avoid, mitigate and/or remedy human rights risks and impacts.

For more detailed information on the Cerro Verde HRIA and our overall human rights program, please refer to the Human Rights section of our website at FCX.com.

**SECURITY**

The Voluntary Principles on Security and Human Rights serve as guidelines for our security and human rights programs, including interactions with host government police and military personnel, as well as private security contractors. Our 2017 Annual Report to the Voluntary Principles Plenary includes country implementation details for Indonesia and Peru, as these countries represent our higher risk environments in terms of security and human rights. The report includes information on a series of sporadic shooting incidents experienced by our PTFI operation in Indonesia starting in August 2017.
Mining operations inevitably create economic, social and environmental impacts on local communities. Some of these impacts may include changes to land use and population influx, while others include economic opportunities and development in the areas of infrastructure, health and education. We engage with potentially and actually affected stakeholders and their legitimate representatives throughout project lifecycles to build and preserve the relationships and trust needed to operate effectively and advance development projects. Our Community Policy requires collaboration with local communities to minimize and mitigate unavoidable adverse impacts and to maximize opportunities to deliver value from our business.

Broad, transparent and regular engagement builds our understanding of stakeholder interests and concerns, ensures communities have an opportunity to provide input into our development projects and ongoing operations, promotes understanding of our business and ultimately reduces risk to our plans. Communication with local stakeholders takes place via a number of channels, including formally through open houses linked to regulatory processes, informally through interactions with our community development representatives in the field and through community partnership panels and community investment funds or foundations.

COMMUNITY INVESTMENT

Freeport-McMoRan’s community investment strategy addresses high-priority needs and facilitates local capacity building with the goal of enabling community sustainability post-closure. In partnership with communities and local governments, many of our social investment programs align with and advance the Sustainable Development Goals (SDGs) targets or help mitigate impediments to their realization.

In addition to direct community investment from operations and the Freeport-McMoRan Foundation, we have established community trust funds or social funds in the U.S., Chile and Indonesia. In the U.S., this includes both Community Investment Funds for communities near our operations and a Native American Partnership Fund for the tribal communities with whom we partner. These funds are typically managed by community members who determine the allocation of resources to programs that strengthen the foundational elements of sustainable communities, including education, health, economic development and the environment.

2017 COMMUNITY INVESTMENT

$193 million

- 30% Community Trust Funds
- 19% Safety, Health and Environment
- 19% Economic Development and Infrastructure
- 15% Other*
- 14% Education and Training
- 3% Administration

* Includes arts, culture, mitigation, stakeholder engagement and employee programs such as Matching Gifts and United Way

2017 COMMUNITY INVESTMENT — ADVANCING SDGs

Our social investments contribute positively to many of the SDGs while also mitigating impacts that may otherwise impede their realization.
In North America and South America, we have maintained investments in local capacity building through training for local leaders and technical assistance in developing and planning projects. At operating communities in the U.S., we further progressed “Leadership for Sustainable Communities,” an initiative aimed to guide civic leaders through a process to enhance a community’s economic and social resilience. The first phase of the program, which concluded in 2017, provided training for more than 100 current and future leaders and resulted in nine new projects directly aligned with local sustainability objectives.

During 2017, we maintained our commitment to improving science, technology, engineering and mathematics (STEM) education opportunities. We are currently in the final year of a three-year professional development initiative for elementary and middle school math teachers in rural school districts. The program is designed to increase teacher content knowledge and confidence in teaching math to improve students’ ability to master core mathematical concepts by the eighth grade – a key predictor of longer-term educational success and the pursuit of higher learning and jobs in STEM fields.

We also have advanced our investments in women’s economic empowerment programs, including “DreamBuilder: The Women’s Business Creator,” an online entrepreneurship skills training program that has now reached just over 17,000 women in Chile, Peru and the U.S. In 2017, via our partnership with Thunderbird School of Global Management and a network of 82 dedicated partners, we were able to achieve a graduation rate of 11 percent, outpacing the online learning industry average of 4 percent. Evaluation of graduates one year or more after program completion indicated that 93 percent increased business sales and 46 percent hired additional employees.

As part of a “Girls, Women & the Global Goals” coalition of multi-sectoral partners convened by the NGOs No Ceilings, Vital Voices and WEConnect International, we committed to invest $5 million by 2021 to promote the economic empowerment of women and to address violence against women in Chile, Peru and Indonesia. In 2017, we embarked upon a new partnership with Vital Voices to better understand what women leaders need in order to develop both their leadership and technical capacities. Based on research and findings, we intend to implement a year-long women’s leadership fellowship program in 2018 to develop women leaders via a multi-disciplinary approach. Participants will receive personal leadership development, online and in-person training.

In Indonesia, our PTFI operation has committed to provide 1 percent of its annual revenue for the development of the indigenous Papuan community through the Freeport Partnership Fund for Community Development. PTFI’s contributions to the Partnership Fund were approximately $44 million in 2017 and over $735 million since its inception in 1996. The Amungme and Kamoro Community Development Foundation (LPMAK) is a Papuan community organization that oversees disbursement of the program funds. In 2016, PTFI and LPMAK signed an agreement extending the funding arrangement between the two organizations through December 2018.
GRIEVANCE MANAGEMENT SYSTEMS

Our operations utilize a community grievance management system for recording, processing and responding to local concerns. Grievances may be received by Community Liaison Officers in the field, through engagement at established company/community forums, at physical drop boxes or via local hotlines. Site-level Community Grievance Officers ensure grievances are handled in a timely and transparent manner. During 2017, 152 community grievances were recorded at our global operations. Regardless of the type and credibility of the allegations, all cases reported were documented, reviewed and closed, or are currently being processed.

Our site-level community grievance mechanisms complement our global, publicly-available reporting options associated with our Principles of Business Conduct, which are available to our employees and supply chain partners (via our Supplier Code of Conduct). Both mechanisms reflect our commitment to remedying adverse impacts we cause or to which we contribute. They also help us manage and reduce risks by identifying and addressing problems before they escalate into larger conflicts. Use of our grievance mechanisms does not preclude access to judicial or other non-judicial grievance mechanisms.

In 2017, we initiated a project to review our internal and external grievance management procedures against the effectiveness criteria outlined in the UN Guiding Principles (i.e., legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue). In addition to conducting our own internal benchmarking, we are engaging with a set of employee and community stakeholders to obtain their feedback.

INDIGENOUS PEOPLES

Our engagement and local investment objectives include tailored engagements with indigenous peoples in Papua, Indonesia; Native Americans in the United States; and the communities of Alto El Loa in Chile (Chile’s First People). Through community engagement, cultural promotion and preservation projects, as well as training and development programs, we seek to address the needs, cultures and customs of indigenous peoples near our operations.

We have brownfield expansion opportunities at both our El Abra operation in Chile and our Bagdad operation in the U.S., where we maintain relationships with indigenous communities. As we advance these projects, we are committed to respecting the rights, interests, aspirations, culture and natural resource-based livelihoods of these indigenous communities in project design, development and operation. We seek to achieve their free, prior and informed consent where significant adverse impacts are likely to occur, and capture the outcomes of engagement and consent processes in agreements or resolutions.

In the U.S., we continued to build on our partnerships with federally recognized Native American tribes in the southwest including the Hualapai Tribe, the San Carlos Apache Tribe, the Tohono O’odham Nation and the White Mountain Apache Tribe. By engaging in regular dialogue with the tribes and co-designing initiatives to meet mutual needs, we have been able to further advance our Native American Partnership Fund, Native American Community Activities Contributions Fund, Native American Scholarship Program and DreamCatcher (a one-week entrepreneurial training program for women).

Over the past five years, 208 college scholarships have been awarded to Tribal members, and 36 women entrepreneurs have been trained to start or grow small businesses on their respective reservations.

In 2017, we supported the launch of a new Tribal College on the San Carlos Apache Reservation which will provide a local, post-secondary education option for students.
Our investment in initiatives at Arizona State University also help to address Native American student retention rates and higher education opportunities. In addition, our technical training institute for Tribal members interested in pursuing jobs in mining and related industries continues to be a mutually beneficial program, training 1,150 Tribal members and placing 302 in trade jobs over the past five years. In 2018, we look forward to expanding our relationships with additional federally recognized Tribes in the U.S.

In Chile, our El Abra mine near Calama continued collaborative partnerships with 11 indigenous communities and began engagement with two additional indigenous communities in a corridor where a potential expansion opportunity exists. In response to a jointly identified need to gain a deeper understanding of the environmental permitting process, El Abra invited the Catholic University of Chile to conduct a two-day workshop in Calama for El Abra, indigenous community members and the regional environmental agency. The workshop focused on the indigenous consultation process, required and led by the Chilean government for Environmental Impact Studies, as well as the rights and responsibilities of communities to participate in the process.

In order to gain a better understanding of the cultural and historical ties of the indigenous Conchi Viejo community to the cultural heritage sites within our operational area, El Abra completed an anthropological study in early 2018 with the Conchi Viejo community. The study identified three cultural heritage sites that are critical to the identity of the community, including the village church, which was identified to be the most important site. The results of the study will assist El Abra and the community in working together to preserve cultural heritage for current and future generations.

In 2017, with the aim of increasing employment opportunities for neighboring indigenous communities, El Abra created a hiring process tailored to these communities. Seven communities currently participate in the process, in which certain designated positions are only open to members of these communities. Designated positions are open to the broader public only if the company is unable to fill these positions with qualified community members. As of the end of 2017, 13 positions had been filled.

Our PTFI operation in Papua, Indonesia has engaged with indigenous Papuan tribes for decades, including through multiple formal agreements to promote workforce skills training, health, education and basic infrastructure development. The desire of indigenous Papuans to preserve cultural heritage is shared by PTFI and continuously demonstrated through support for cultural festivals and books documenting the social uniqueness of the Amungme and Kamoro tribes.

PTFI continues to work with Kamoro community members to review and mitigate the impacts of the Levee Extension project through a water transportation program and associated economic development programs. The purpose of the Levee Extension project is to ensure that tailings remain within the Modified Deposition Area (ModADA) as required by the Environmental Impact Assessment approved by the Government of Indonesia. Under the program, developed in consultation with village members, PTFI operates passenger boats to provide regular water transportation services between coastal villages to the east of the tailings deposition area, as well as access to healthcare, education and economic trade facilities in the Timika region to the west. PTFI also works with the Kamoro to encourage economic activities and support the production of local commodities. This includes a fisheries program, which PTFI supports in partnership with the Catholic Church, and the introduction of cocoa as a cash crop. In 2017, PTFI introduced a karaka (mangrove crab) aquaculture program, which includes the provision of crab breeding cages and training for 25 Kamoro youth. PTFI also collaborated with the Mimika government to develop a coconut plantation in Manasari and worked with Kamoro community members to reinvigorate a sago plantation in Nayaro. These programs provide alternative income sources for Kamoro community members.

For more information on our community programs, please visit the Communities section of our website and freeportinmycommunity.com.
The Freeport-McMoRan Environmental Policy, updated in 2018, 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. It requires that we review and take account of the environmental effects of each activity, whether exploration, mining or processing, and that we plan and conduct the design, development, operation and closure of facilities in a manner that optimizes the economic use of resources while minimizing adverse environmental effects.

All of our mining and mineral processing operations maintain Environmental Management Systems (EMS) certified to ISO 14001, which are independently audited on an annual basis. As part of the EMS, employees and contractors are trained on site-specific subject areas including chemical management, waste management, and spill prevention and response.

Our molybdenum processing facility in Rotterdam, Netherlands was the first site in our portfolio to secure EMS certification under the new ISO 14001:2015 standard in late 2016. Fourteen additional facilities certified their EMS under the new standard during 2017. Our remaining operations are expected to achieve certification to the updated standard by September 2018.

During 2017, we conducted internal environmental audits at 13 operations, and our facilities were inspected by governmental regulatory agencies on over 100 occasions. Since 1996, an independent environmental audit has been conducted at PTFI every three years. An executive summary and responses to the 2017 audit recommendations will be posted on our website when available.

When operations have received a notice of a NOV from a regulatory agency such as shown in the table below, the citations typically have involved brief and minor exceedances of permit conditions or other recordkeeping violations which have zero or minimal environmental impact. NOVs also have followed spills or releases related to tailings dust or impacted water.

### CLIMATE-RELATED IMPACTS AND OPPORTUNITIES

Freeport-McMoRan is committed to managing climate-related impacts. While copper is crucial for the transition to a lower carbon future, we are pursuing efforts to mitigate potential impacts while advancing our commercial competitiveness.

Our Corporate Responsibility Committee charter was updated in 2018 to include oversight of programs to evaluate and address climate-related risks and opportunities. We have initiated a multi-year process to adopt applicable reporting recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In doing so, we focus on the copper-producing operations of Freeport Minerals Corporation (FMC); we exclude PTFI, which accounts for approximately 55 percent of the company’s total direct emissions primarily due to its self-generation of coal-fired electricity for reliant power as a result of its extremely remote location.

Within FMC, we generally operate very large, low-grade copper deposits. These open-pit operations require significant energy inputs, principally diesel, electricity and natural gas. Our Safe Production objectives include a sharp focus on minimizing operating costs with truck haulage being a major contributor to both cost, as well as direct greenhouse gas (GHG) emissions. As our open pits continue to mature, haul road length increases and haul trucks are required to move ore farther distances to processing facilities. We use real-time systems to monitor equipment health, which enables achievement of the highest availability and utilization of our haul trucks. A global benchmark of this metric indicates that FMC achieves operational efficiencies greater than 10 percent compared to our average mining company peer. Because of this performance, we avoid capital required for purchasing additional trucks, as well as the annual operating costs and direct GHG emissions associated with operating approximately 28 additional haul trucks.

1 Includes Bagdad, Chino/Cobre, Morenci, Safford, Sierrita, and Tyrone mines as well as the Miami smelter in North America. Also includes Cerro Verde and El Abra in South America.

### ENVIRONMENTAL COMPLIANCE INDICATORS

<table>
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<tr>
<th></th>
<th>2013</th>
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<th>2015</th>
<th>2016</th>
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<tr>
<td>Reportable spills or releases of hazardous or toxic chemicals</td>
<td>16</td>
<td>14</td>
<td>13</td>
<td>23</td>
<td>11*</td>
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<tr>
<td>NOVs related to permit exceedances, spills, releases or other compliance matters</td>
<td>10</td>
<td>11</td>
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<td>0</td>
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<tr>
<td>Environmental penalties*</td>
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<td>$123,745</td>
<td>$43,000</td>
<td>$0</td>
<td>$317,000**</td>
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* Excludes PTFI where 35 reportable spills occurred, including 21 from pipeline sabotage.
** Penalties paid were from NOVs at Cerro Verde in 2006 and 2008.
Indirect emissions are primarily those emitted by our electricity providers. In 2017, approximately 80 percent of FMC’s purchased power was from low carbon sources, including natural gas and renewable energy. We can reduce our Scope II emissions over time by seeking additional opportunities to purchase power from renewable energy sources, while balancing the near-term need for reliable, cost-effective power. We have engaged Rocky Mountain Institute to perform a detailed evaluation of these opportunities by operating region.

We do not operate in jurisdictions where existing mechanisms for carbon pricing signal a material increase to our costs. However, as countries implement programs to meet objectives of the COP 21 agreement, we may experience increased costs relating to changes in energy sources for, and GHG emissions from, our operations. In addition, the cost of electricity and other inputs that we purchase may increase if our suppliers incur increased costs from the regulation of their GHG emissions. We continue to model a hypothetical carbon tax of $50 per metric ton on our GHG emissions (both Scope I and II) associated with our global copper mines. The associated hypothetical increase in operating costs does not necessitate changes to our business plans.

Our mining operations and associated infrastructure networks are temporarily affected by weather from time to time, primarily extreme precipitation and wind events. For example, in the first quarter of 2017, the Arequipa region was struck by severe rain events that caused localized flooding and damage to roads. Cerro Verde’s production was impacted, resulting in lower than planned sales volumes for that quarter. While the physical risks of climate-related impacts (including location, timing and duration) remain highly uncertain, we are embarking on a risk assessment to determine vulnerabilities within our business.

Pure copper has the best electrical and thermal conductivity of any commercial metal.

Copper plays a key role in electric vehicle technology.

Renewable energy systems are reliant on copper components.
El Abra recently extended an energy supply contract that increases its use of renewable energy sources, thereby reducing Scope II emissions. By 2021, renewables are expected to supply 100 percent of the operation’s electrical power requirements.

Cerro Verde’s new concentrator includes a High Pressure Grinding Roll circuit that is approximately 40 percent more energy efficient than traditional Semi-Autogenous Grinding circuits.

Maintaining top-quartile equipment utilization across our operations supports our low-cost profile with the benefit of emissions avoidance associated with inefficient use of assets.
WATER SUPPLY AND MANAGEMENT

Freeport-McMoRan operates mines, smelters, metals processing facilities and reclamation projects around the world. Each operation requires significant quantities of water for metal production or for site rehabilitation and maintenance activities. We recognize the importance of responsible and efficient water management.

We utilize a water management system to determine near and longer-term water use requirements, as well as to seek sustainable water sources based on catchment factors such as drought exposure and rights to access. Our system begins with using operational-based water models to understand our water use in order to minimize water losses, maintain quality standards and identify recycling opportunities. This allows us to seek a reduction in water needs where operational efficiencies allow, depending on production requirements.

During 2017, our mining operations required fresh, or make-up, water supplies of approximately 275 million cubic meters, which represents only 18 percent of the water used in our processes (82 percent of total water used was recycled or reused). Our operations utilized a total of approximately 1,560 million cubic meters of water during the year.

Minimizing our reliance on freshwater for operations is only one part of our water management program. To achieve a reduced water footprint within local communities where we operate, we continuously analyze the sources of our water and seek renewable and recycled sources. Over the last five years, we have made progress in achieving this management objective. Several examples include:

- Replacing 50 percent of the freshwater needs at Cerro Verde with treated effluent from a newly constructed wastewater treatment plant in Arequipa, Peru
- Securing an annual allocation of Colorado River water, considered a renewable source in Arizona, where the company operates in an arid climate. This effort is focused on obtaining long-term water supply contracts with multiple Native American tribes who have senior water rights in the state. These agreements reduce our reliance on local groundwater and surface water and help Arizona accomplish its goal of moving industrial water users away from groundwater sources.
- El Abra is located in a desert environment within the Chilean Atacama Desert with rainfall averaging less than 1 inch per year. Water for El Abra’s current processing operations comes from the continued pumping of groundwater from the Salar de Ascotán aquifer pursuant to regulatory approval. We continue to evaluate a major expansion at El Abra to process additional sulfide material and to achieve higher recoveries. Exploration results in recent years at El Abra indicate a significant sulfide resource, which could potentially support a major mill project similar to facilities recently constructed at Cerro Verde. Advancement of the feasibility of an expansion includes the evaluation of a desalination plant on the Pacific coast along with an accompanying 90-mile pipeline.

Preventing onsite and offsite impacts to water resources is core to our management system. In 2017, our Chino operation in New Mexico experienced a 500-year rainfall event. At Chino, mine water is contained and recycled in a series of loops from the open pit, milling facility, tailings impoundment, solvent extraction and electrowinning plant, leach stockpiles and various pipes, sumps, containment and dams. During extreme precipitation events, it is critical to route onsite water from areas in danger of overflowing to areas with adequate storage capacity. Preparedness was rewarded as employees were able to leverage instrument readings, back-up power and pumping equipment and close communication to keep the pumps and dams operational through the duration of the event with no offsite impacts.

Barge pumps at Morenci transfer water from the tailings impoundment for recycling. The majority of our recycled water originates from reclaimed water captured at tailings facilities and leach pads.

<table>
<thead>
<tr>
<th>2017 WATER USE</th>
<th>1.560 Million Cubic Meters</th>
</tr>
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<tbody>
<tr>
<td>Recycled Water</td>
<td>82%</td>
</tr>
<tr>
<td>Surface Water</td>
<td>7%</td>
</tr>
<tr>
<td>Ground Water</td>
<td>6%</td>
</tr>
<tr>
<td>Storm Water</td>
<td>3%</td>
</tr>
<tr>
<td>Municipal Wastewater</td>
<td>2%</td>
</tr>
</tbody>
</table>

1 Total: freshwater + recycled + reused
TAILINGS

The tailings and waste rock (including overburden) that we produce represent our largest volume of waste. Managing these large volumes of waste presents significant environmental, safety and engineering challenges. In 2017, we produced approximately 191 million and 154 million metric tons of tailings and waste rock, respectively. The primary risks associated with managing waste rock stockpiles and tailings relate to structural stability, geochemistry, water quality and dust generation. Management of this waste is regulated in the jurisdictions where we operate, and our programs are designed to be in compliance with applicable national, state and local laws, permits and approved Environmental Impact Studies.

Freeport-McMoRan’s objective is to have zero catastrophic structural failures of tailings storage facilities (TSFs). We maintain a tailings management and stewardship program designed for continual improvement and assurance, currently operating 19 TSFs and managing 56 TSFs that are inactive or have been reclaimed. The Tailings Stewardship Program includes inspection and management processes associated with water dams and crush leach stockpiles.

At the operational level:

• Qualified internal tailings-dedicated engineers and onsite leaders manage TSF stability. Roles, responsibilities and competencies are clearly defined for these professionals.

• We employ qualified external Engineer(s) of Record (EoRs) for analyses, designs, inspections and reviews for stability. Our EoRs inspect our operating TSFs at least quarterly (monthly in some cases). EoRs are actively engaged with our operating teams to review ongoing operations, performance on stability indicators, and planning for life of mine tailings requirements.

• We regularly inspect and monitor phreatic level trends and adhere to deposition plans, good operational construction practices, water management controls, seepage management strategies and other stability components. We also periodically review as built conditions through field and laboratory geotechnical testing programs under the guidance of our EoRs.

• Water management is a key aspect of tailings management to maintain structural stability. Our tailings management program includes measures to reduce fugitive dust emissions from the surface of tailings impoundments and increase reclaimed water capture to both minimize the amount of ponded water for stability purposes while also reducing evaporation losses (reduces freshwater consumption).

At the corporate level:

• Our corporate tailings team provides direction and support for implementation of program guidance, procedures and operational engineering good practices. Corporate tailings engineers are assigned as “Points-of-Contact” for specific operations to actively support operations, engineering and surveillance, and facilitate communications between site teams, the corporate tailings team and EoRs.

• In the Americas, the Tailings Stewardship Team (TST), a multi-disciplinary group of internal and external experts, evaluates the design, operation and maintenance of TSFs to ensure that we are following and internally sharing good practices. The TST documents, prioritizes and tracks progress on recommended actions and inspects all active and select inactive TSFs annually and other inactive and closed TSFs on a site-specific schedule. In 2017, our TST conducted annual field inspections at 19 active and 32 inactive TSFs. Sites have achieved 95 percent completion on TST recommended activities for TSFs (2004 to 2017).

A company tailings engineer and a third-party inspector perform an annual tailings stewardship assessment at the Robinson impoundment at Climax, which has been inactive since the 1970s and was reclaimed in the 1990s.
• In the Americas, we also seek the advice of Technical Review Boards / External Tailings Review Boards (TRBs), composed of internationally recognized independent experts, regarding our EoRs’ design and analysis, as well as management of TSF stability and water controls. The TRBs provide a layer of assurance that our practices are aligned with TSF good practices. We utilize TRBs for all of our active TSFs in North America and South America.

We implement the elements of the ICMM Position Statement on Preventing Catastrophic Failure of Tailings Storage Facilities published in December 2016: accountability, responsibility and competency; planning and resourcing; risk management; change management; emergency preparedness and response; and review and assurance. Likewise, we continue to enhance individual elements.

For example, during 2017:

• We began drafting an “umbrella” TSF Framework Management document that connects all of the associated programs and procedures together for more effective internal communications.

• We continued to enhance our operations, surveillance, and critical controls systems, and continue to make improvements on our Key Performance Indicator Dashboard for internal communication between multiple levels of operations, engineering, and management.

• We added multiple tailings engineers to address resource gaps and reinforced accountability and responsibility among existing teams; new engineers, along with existing engineers, receive continuing education and career guidance to verify they have necessary competence and leadership to manage assigned scope.

PTFI’s controlled riverine tailings management system is implemented based on methods approved and permitted by the Government of Indonesia. The site-specific system, chosen after extensive evaluations of over a dozen alternatives, uses an unnavigable river to transport tailings out of the highlands (from approximately 3,000 meters elevation) to an engineered deposition area in the lowlands referred to as the ModADA. The river is not used for potable water, agriculture, fishing or other domestic or commercial uses, nor was it used for these purposes before operations began. Levees have been and continue to be constructed to laterally contain the footprint of the tailings and natural sediment within the ModADA while quantities of finer tailings are used to laterally contain the footprint of the tailings and natural sediment within the ModADA while quantities of finer tailings and other sediments deposit in the estuary and the sea.

Independent environmental management expert audits have reaffirmed the controlled riverine tailings management system is the best site-specific management alternative considering the topographical, seismic and geotechnical, geological, climatological and environmental conditions of the project area.

In addition to internal and external audits and assessments, PTFI uses the ModADA Management Board (MMB) for oversight of the tailings system. The MMB is a multi-disciplinary expert panel that meets on site to assess system performance and risks associated with the ModADA and coastal zone area. The MMB focuses on the structural integrity of the levees and the geochemical stability of the deposition area, as well as associated stakeholder engagement. The MMB provides recommendations to PTFI leadership and engineering teams on priority activities and tracks progress on detailed recommendations.

PTFI’s environmental impacts are well documented, monitored and managed, and have been subject to the Government of Indonesia’s regulatory oversight, including the approval of the AMDAL for PTFI operations, and the approval of annual work plans. Impacts of the system, including increases in sedimentation, were predicted in numerous studies and are consistent with the design and operation of the chosen alternative. Monitoring programs have established, except for elevation changes, the environmental impacts of tailings deposition are reversible at the end of mine life.

Data from biological sampling continue to demonstrate that the estuaries downstream of the tailings deposition area are functioning ecosystems, based on both the number of species and the number of specimens collected of nektonic, or free-swimming, organisms such as fish and shrimp. Large-scale demonstration reclamation projects show that several land-use options are possible after final closure of the deposition area. When mining is completed, this area can be reclaimed with natural vegetation or used for agriculture, forestry, grazing of livestock and aquaculture among other options, depending on stakeholder ambitions.

For more information on this topic, including PTFI’s extensive biological monitoring system, please refer to the Controlled Riverine Tailings Management at PTFI summary document available on our website at fcx.com.
BIODIVERSITY

Freeport-McMoRan is committed to minimizing operational impacts on biodiversity and ecosystem services while promoting opportunities to conserve and enhance wildlife resources in the areas in which we operate.

The conservation and management of biodiversity and ecosystem services is a key element of our sustainability programs and biodiversity considerations are integrated into our EMS. This enables us to understand potential impacts of our operations, to minimize adverse impacts to the maximum extent practicable and to seek opportunities to promote positive conservation outcomes at the local and regional levels from project design to eventual closure.

In 2017, all of our North America mining operations adopted site-specific Wildlife Protection Plans that include a summary of biodiversity baseline data, an assessment of wildlife risks associated with site operations and the identification of protection measures. The plans are based on an adaptive management approach to promote continual improvement in wildlife protection and ensure new risks arising from operational and ecological changes are adequately addressed.

Several operations conducted programs to promote the conservation of imperiled species in 2017. Tyrone operations in New Mexico and Morenci and Miami operations in Arizona continued to implement management plans that provide conservation benefits for endangered fish and bird species including the loach minnow and southwestern willow flycatcher. In partnership with Colorado Parks and Wildlife, our Henderson operations supported boreal toad conservation efforts and documented successful reproduction on mine property for the second consecutive year. Sierrita operations collaborated with Arizona Game and Fish and the U.S. Fish and Wildlife Service to establish a new population of threatened Chiricahua leopard frogs by relocating over 500 frogs from the mine area to a previously unoccupied pond in the Coronado National Forest. Our Bagdad operations supported an Arizona Game and Fish program to establish new populations of rare native fish by capturing and relocating approximately 200 roundtail chub, 42 Sonora suckers and 161 desert suckers from Bagdad’s property to nearby East Ash Creek. In South America, Cerro Verde operations continued conservation programs for endangered guanaco and the Peruvian long-snouted bat while our El Abra operations in Chile conducted programs benefitting regionally endemic vegetation and wildlife at the Salar de Ascotán wetlands area.

PTFI continued to implement biodiversity programs in 2017 including conducting long-term ecological studies on natural succession processes at two recently-formed islands in the Ajkwa Estuary. A total of 66 bird species were documented on the islands during quarterly surveys conducted in 2017, and long-term data indicate a gradual increase in annual species diversity and total number of individuals since monitoring was initiated in 2009. This trend, which includes observations of avian predators, indicates the health of the estuary ecosystem.

Since 2006, the PTFI Environmental Team’s repatriation program has released over 40,000 animals previously held as wild pets or confiscated by authorities from illegal traffickers. In November 2017, the team released 129 pig-nosed turtles to the Minajerwi River.

Cerro Verde’s recently commissioned wastewater treatment plant in Arequipa, Peru supplements existing operational water supplies while significantly improving water quality within the Rio Chili. Just months after commissioning, an increase in aquatic and avian species have been observed, including this rainbow trout held by fresh water systems technician, Tulio Peralta.
PTFI also continued to implement its wildlife repatriation program, which involves releasing wild animals that were used as exotic pets or confiscated from illegal traffickers back into native habitats. The program involves collaboration with a number of organizations, including the Indonesian Ministry of Environment - Natural Resources Conservation Center, Lorentz National Park, Mimika Agriculture Quarantine Center, Indonesian National Police, USAID LESTARI - Animal Welfare and Papua Animal Care. In 2017, a variety of species were treated at PTFI’s biodiversity research facility and, once in good health, released into their native habitats. These animals included 11 endangered or protected species such as the black-headed parrot, Papua New Guinea soft-shell turtle, red-breasted turtle, Papua freshwater crocodile, double-wattled Cassowary, ground kangaroo and Panama lizard.

Freeport-McMoRan continued to participate in the Wildlife Habitat Council’s (WHC) certification program, which formally recognizes meaningful biodiversity conservation and environmental education and community outreach programs. As of December 2017, a total of 15 operating sites and facilities were certified through WHC, 10 of which were recognized with gold or silver-tier certifications through WHC’s new Conservation Certification process. PTFI also won the Marine Intertidal Project award for its restoration of the Ajkwa and Waii mangrove islands, the Other Habitats Project award for its reclamation work at Grasberg and the Training Project award for its environmental internship program. Most notably, Freeport-McMoRan won the prestigious Employee Engagement award, which recognizes a company’s contribution towards conservation through the sheer strength of its employee involvement in habitat management and conservation education activities.

While the company’s biodiversity projects vary in scope and size, each provides an opportunity to benefit both local ecosystems and the communities in which we operate. Most biodiversity projects involve productive collaborations with stakeholders, such as government agencies and NGOs, and many incorporate formal outreach elements and STEM education opportunities for learners of all ages. For example, the company organized and led 10 pollinator-focused employee engagement and community outreach activities at our active and discontinued Arizona operations in 2017, including Earth Day celebrations, pollinator education workshops and hands-on planting events. In total, these activities reached over 750 individuals across the state. Safford also leveraged its Burrowing Owl Habitat Enhancement Program for conservation education by hosting a Conservation Day event that celebrated owl species and provided environmental education activities for local students. The Arizona Mining Association recognized Safford for its long-standing commitment to burrowing owl conservation by awarding it with the 2017 Sustainability, Preservation and Diversity in the Environment award.

Safford was recognized at the Platinum level for its compliance history, environmental management system and habitat conservation efforts along the Gila River. Manager Jeff Monteith accepts the Arizona Department of Environmental Quality Voluntary Environmental Stewardship certificate, a first for a mining operation.
2017 Biodiversity Photo Contest
Co-winner: Jeremy Burton, Climax Electrical Apprentice I

Mountain goat at sunrise among wild flowers near Climax mine in Colorado.
Co-winner: Russ Gossett, Lead Environmental Specialist

Sunset along Burro Creek near Six Mile Crossing, an area just west of Bagdad known for its wildlife, vegetation and geology.
### Workforce

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<td>Percent Employees Under Collective Bargaining Agreements</td>
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### Safety & Health

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### Environment

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<td>Direct Greenhouse Gas Emissions (million metric tons)</td>
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</tr>
<tr>
<td>Indirect Greenhouse Gas Emissions (million metric tons)</td>
<td>4.3</td>
<td>4.3</td>
<td>4.6</td>
<td>4.9</td>
<td>3.6</td>
</tr>
<tr>
<td>Total Water Consumptionb (million cubic meters)</td>
<td>689</td>
<td>1,326</td>
<td>1,459</td>
<td>1,738</td>
<td>1,560</td>
</tr>
<tr>
<td>Percent Recycled Waterb</td>
<td>69%</td>
<td>79%</td>
<td>80%</td>
<td>81%</td>
<td>82%</td>
</tr>
<tr>
<td>Reportable spills or releases of hazardous or toxic chemicals</td>
<td>16</td>
<td>14</td>
<td>13</td>
<td>23</td>
<td>11c</td>
</tr>
<tr>
<td>Notices of Violations related to permit exceedances, spills, releases or other compliance matters</td>
<td>10</td>
<td>11</td>
<td>2</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Environmental Penalties ($ thousands)</td>
<td>$ 80</td>
<td>$ 124</td>
<td>$ 43</td>
<td>$ 0</td>
<td>$ 317</td>
</tr>
</tbody>
</table>

### Social

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Investments ($ millions)</td>
<td>$ 173</td>
<td>$ 198</td>
<td>$ 165</td>
<td>$ 142</td>
<td>$ 153</td>
</tr>
<tr>
<td>Cash Payments to Governmentse ($ millions)</td>
<td>$ 2,814</td>
<td>$ 3,355</td>
<td>$ 1,993</td>
<td>$ 1,428</td>
<td>$ 1,346</td>
</tr>
<tr>
<td>Direct Economic Contributionse ($ millions)</td>
<td>$ 17,283</td>
<td>$ 17,030</td>
<td>$ 14,475</td>
<td>$ 13,414</td>
<td>$ 12,158</td>
</tr>
</tbody>
</table>

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a. TRIR = [(Fatalities + Lost Time Incidents + Restricted Duty Incidents + Medical Treatment) x 200,000] / Total Hours Worked.
b. Excludes all facilities located in Arizona for year 2013 due to water rights litigation.
c. Excludes PTFI where 35 reportable spills occurred, including 21 from pipeline sabotage.
d. Penalties paid were from NOVs at Cerro Verde in 2006 and 2008.
e. Please see detailed information in our WTSD reports published on fcx.com/sustainability.

Note: 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.
ASSURANCE STATEMENT

The Freeport-McMoRan Inc. (Freeport-McMoRan) 2017 Working Toward Sustainable Development (WTSD) report, including information referenced by the Global Reporting Initiative (GRI) G4 Content Index published on the Freeport-McMoRan web site has been prepared by the management of Freeport-McMoRan who are responsible for the collection and presentation of this information.

SCOPE

Corporate Integrity Ltd., in accordance with Freeport-McMoRan management’s instructions, was asked to perform:


2. A review of statements made in the 2017 WTSD report and information referenced by the GRI G4 Content Index.

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 mining and metals processing operations defined by the reporting boundaries of the 2017 WTSD report. The scope did not cover any content or statements relating to the company’s remaining oil and gas assets.

The work involved selective reviews of documents, interviews and site visits to:

- Cerro Verde Mine, Peru
- PT Freeport Indonesia (PTFI)- Grasberg Mine, Indonesia
- El Paso Refinery and Rod Mill, USA
- Chino mine, USA (included coverage of Tyrone mine, USA due to shared management arrangements with Chino)
- Bagdad Mine, USA
- Head Office, Phoenix, USA

The review also involved a desktop review and telephone interview with management of the Freeport Kokkola cobalt refinery in Finland.

Freeport-McMoRan’s site visit programme is part of an ongoing process to conduct this assurance scope of work at all major Freeport-McMoRan mining and processing sites at least one time every three years. The programme includes annual site-level assurance at Cerro Verde and PTFI.

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 in the 2017 WTSD Report and information referenced by the GRI G4 Content Index regarding Freeport-McMoRan 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 Freeport-McMoRan is not reporting in accordance with the GRI G4 Guidelines core option.

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 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 prioritise 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 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 MATTERS 4 AND 5 IN THE ICMM SD FRAMEWORK:
ASSURANCE PROCEDURE

4. Review of Standard Operating Procedures (SOPs) for the collection and assimilation of GRI G4 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 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 2017 WTSD report and information referenced by the GRI G4 Content Index regarding Freeport-McMoRan sustainable development processes and achievements in 2017 including its implementation of the ICMM SD Framework. This involved VP-level and Executive Officer-level management interviews and documentation reviews in support of corporate-level reported information, including interviews with members of the company’s Sustainable Development Leadership Team. A telephone interview was also held with the CEO and CFO to discuss observations of the 2017 assurance cycle.

6. Review and selective testing for accuracy of qualitative statements made in the 2017 WTSD report and information referenced by the GRI G4 Content Index.

7. Assessment of Freeport-McMoRan’s claim to be reporting in accordance with the GRI G4 core option.

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.

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 Ltd.

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 Ltd. 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.

STANDARD APPLIED TO THIS ENGAGEMENT

International Standard on Assurance ISEA3000 (revised) – Assurance Engagements other than Audits & Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board (IAASB).

Corporate Integrity Ltd.