



CHARGING AHEAD

RESPONSIBLY.

RELIABLY.

RELENTLESSLY.

2020 OECD STEP 5 DUE DILIGENCE REPORT



Table of Contents

- 1 OUR APPROACH
- 4 DUE DILIGENCE
- 8 PERFORMANCE
- 10 LOOKING AHEAD
- 11 ABOUT THIS REPORT

ABOUT FREEPORT-McMoRAN

Freeport-McMoRan Inc. (Freeport-McMoRan, Freeport or FCX) is a leading international mining company with headquarters in Phoenix, Arizona. FCX operates large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. FCX's portfolio of assets includes the Grasberg minerals district in Indonesia (PT Freeport Indonesia or PT-FI), one of the world's largest copper and gold deposits; and significant mining operations in North America and South America (Freeport Minerals Corporation or FMC), including the large-scale Morenci minerals district in Arizona and the Cerro Verde operation in Peru.



Our Approach

Freeport is a leading responsible copper producer. Our commitment to responsibly produced copper is visible in everything we do and is driven by our core values of Safety, Respect, Integrity, Excellence and Commitment. Our core values direct the decisions we make as a company and as individual employees. We have long held **Anti-Corruption** and **Human Rights** policies and programs in place globally. We are committed to implementing the United Nations Guiding Principles on Business and Human Rights and are a founding member of the Voluntary Principles on Security and Human Rights. We have endorsed and supported the Extractive Industries Transparency Initiative since 2008 and are a founding member of the International Council on Mining and Metals (ICMM). Freeport is an early adopter of the Copper Mark assurance framework, which helps to demonstrate our commitment to responsible production practices across our global operations. Founded in 2019, the Copper Mark is a comprehensive assurance framework developed specifically for the industry to demonstrate its responsible production practices and contributions to the United Nations Sustainable Development Goals. The Copper Mark addresses 32 environmental, social and governance (ESG) risk areas using a third-party validation system. Freeport has committed to achieving the Copper Mark at all copper producing sites.

As of the publication of this report, six of our sites have been awarded the Copper Mark and we have initiated our routine check-ins with the Copper Mark on our required improvement plans. The six awarded sites include our Cerro Verde mine in Peru, El Abra mine in Chile, Atlantic Copper smelter and refinery in Spain, Morenci mine and Miami smelter in Arizona, and El Paso refinery in Texas. In addition, we recently signed a new letter of commitment for five of our sites located in the United States including our Bagdad, Sierrita, Chino, Tyrone, and Safford mines. Our letter of commitment and site level Copper Mark assessment reports can be found at coppermark.org.



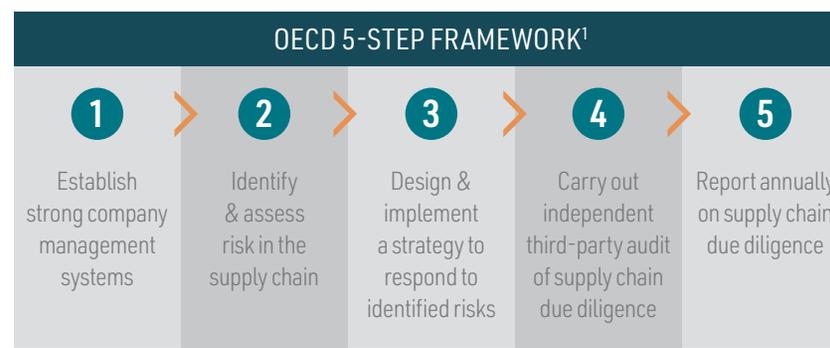
GOVERNANCE

The Freeport-McMoRan Board of Directors (Board) has four standing committees: Audit, Compensation, Corporate Responsibility, and Governance, each of which is comprised entirely of independent directors and regularly reports to the full Board. The Corporate Responsibility Committee (CRC), on behalf of the Board, is responsible for providing advice, recommendations and oversight to the company's management team on environmental and social matters.

Our Chairman and CEO has ultimate responsibility for the company's sustainability performance. The company's cross-functional Sustainability Leadership Team (SLT) includes members of the management team tasked with defining the sustainability strategy and implementing our sustainability policies, systems and programs across the organization. In 2020, the SLT met four times and moving forward, will meet monthly and regularly report to executive leadership, including to our Chairman and CEO, and President and Chief Financial Officer (CFO). In addition, members of the SLT report to the CRC on key ESG matters at regularly scheduled meetings. The SLT is sponsored by our Senior Vice President and Chief Administrative Officer and is led by our Vice President and Chief Sustainability Officer, with active participation from other members of the SLT, including our four operational business unit Presidents. SLT membership also includes Vice Presidents or senior representatives from functional groups, including health and safety, security, supply chain, human resources, sales, legal, compliance, sustainability, and finance. The SLT reviews responsible sourcing matters in its meetings.

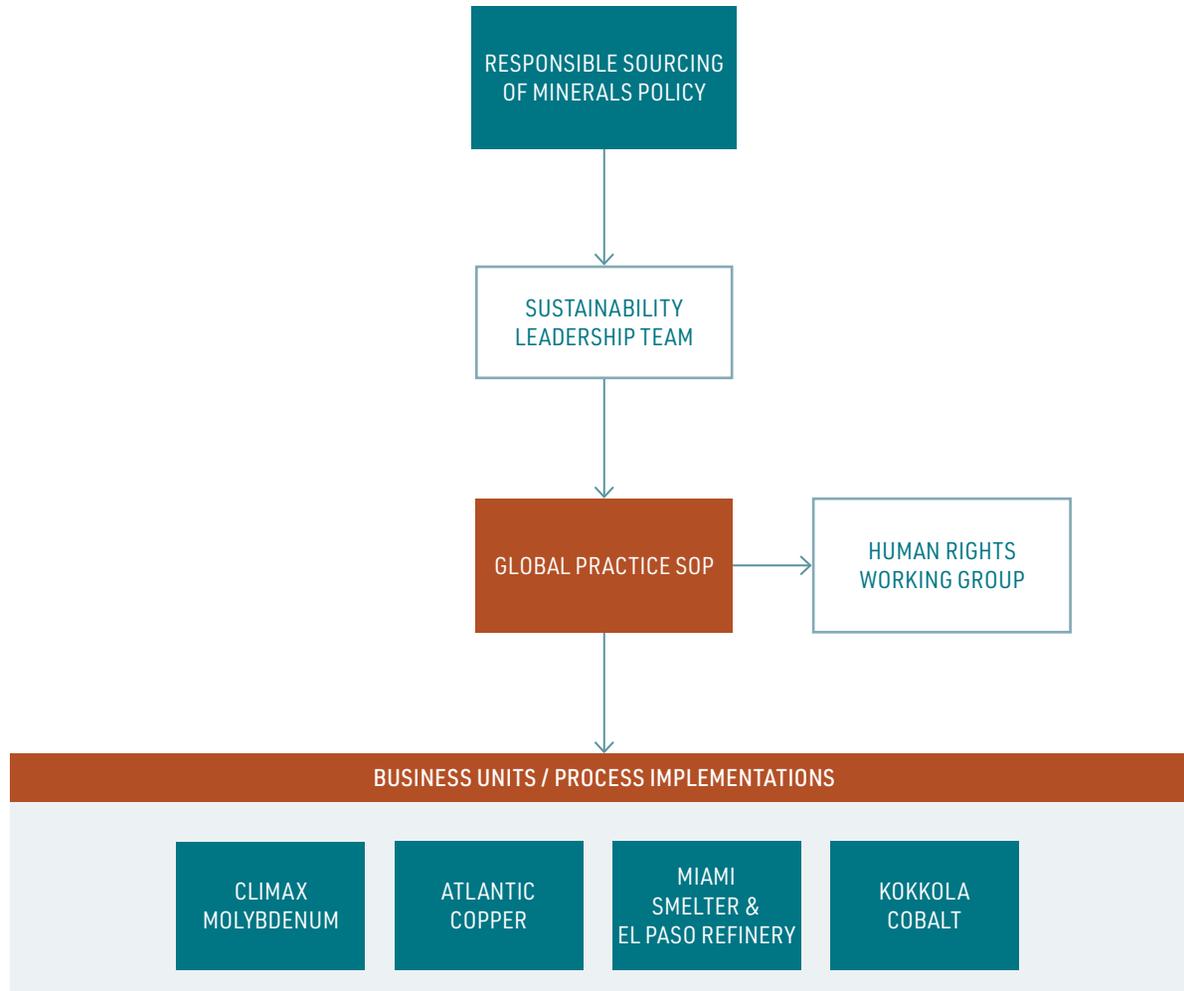
In 2019, Freeport adopted and published our **Responsible Sourcing of Minerals Policy**, which commits the company to identifying and mitigating human rights violations in our supply chain of minerals and metals used in our downstream processing facilities. The policy describes how we are implementing the Organization of Economic Co-operation and Development Guidelines on Mineral Supply Chains in Conflict-Affected and High-Risk Areas (the OECD Guidelines) in our supply chains of minerals and metals.

The OECD Guidelines are critical to addressing the requirements of the London Metals Exchange Policy on Responsible Sourcing announced in October 2019, where we trade several of our products. Implementing the OECD Guidelines is also a requirement of the ICMM Mining Principles, the Copper Mark and the Responsible Minerals Assurance Process (RMAP) and Downstream Assessment Program (DAP) of the Responsible Minerals Initiative (RMI).



¹ www.OECD.org

As indicated in the figure on the next page, our Responsible Sourcing of Minerals Policy, which is signed by our CEO, is implemented by our SLT and supported by our Human Rights Working Group. A global Standard Operating Procedure (SOP) defines the process, roles and responsibilities across the organization. Key to the implementation of the SOP is the role of Responsible Sourcing Committees within each business unit and process. These committees are made up of key individuals from both business units and the corporate office and meet as needed to review the outcomes of the due diligence process.





Due Diligence

Freeport uses a combination of tools to help gather critical data on suppliers with regard to compliance, ESG and other related risks. The Freeport Compliance Exchange (FCeX) is the company's online due diligence platform. This survey-based software platform was originally designed to assess risk in areas of anti-corruption, international trade and human rights for our International operations. In 2020, we added a "responsible sourcing" section to the survey to gather information from each supplier on their ESG programs, including sustainability-related management systems and certifications, human rights, health and safety, and environmental commitments, among others. We are utilizing the updated survey across the business.

FCeX issues a risk assessment questionnaire to new suppliers, which suppliers must complete to be approved as business partners. All existing suppliers must complete the survey again on either an annual or a tri-annual basis thereafter, depending on their risk profile. FCeX has enhanced our ability to identify, assess and mitigate compliance risks, and is used alongside our minerals due diligence process outlined on page 7, which covers origin and transit risk identification.

In 2020, we also initiated implementing a software system, called Ariba Supplier Risk Management (the Ariba platform), that will be integrated into our central purchasing system. The new software enhances our supplier risk assessment using data from external sources – including operations, regulatory (anti-corruption and human rights), environmental, and financial – and will provide more in-depth risk-based assessments through targeted questionnaires and audits. We continue to subscribe to country level risk indices mapped to OECD Guidelines' Annex II risks and are working to integrate them into the Ariba platform to better support a risk-based approach to supplier risk management. We will track these assessments and resulting actions, engagement and approvals for ongoing supplier life cycle management. This graphic describes the supplier life cycle process, and the Ariba platform will support us through each step.



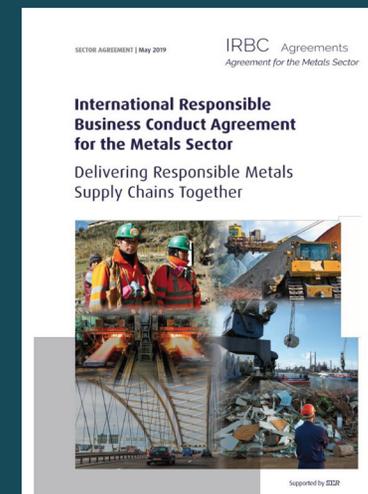
COLLABORATING TO ADVANCE DUE DILIGENCE GLOBALLY

Climax Rotterdam, one of our molybdenum concentrate conversion plants, signed on to the International Responsible Business Conduct Agreement for the Metals Sector in the Netherlands in 2019. The Agreement commits Climax Rotterdam to implement the OECD Due Diligence Guidance for Multinational Enterprises and for Responsible Supply Chains in Conflict Affected and High Risk Areas in the coming years as well as collaborating across the sector in the Netherlands to encourage uptake. The parties to the Agreement consist of various companies in the Dutch metals sector, two ministries, industry associations, civil society organizations and supporting organizations.

During the first year of the Agreement, the parties developed several tools to support the OECD due diligence approach. These tools help to assess the maturity of the organization, to develop an improvement plan, and identify potential adverse impacts within the supply chain. Climax Rotterdam completed the baseline for its maturity assessment in 2020, and after one year under the Agreement, now scores "Advanced". Climax Rotterdam is now working together with stakeholders to better understand potential risks in their supply chain and how best to address them.

Our 2019/2020 annual progress report can be found on our [website](#).

This agreement and further information can be found at imvoconvenanten.nl/en.



SUPPORTING DEVELOPMENT OF A BASE METALS DUE DILIGENCE STANDARD

In 2020, Freeport played an important role in the development of a base metals due diligence standard managed by the Copper Mark and in partnership with the RMI. The standard provides specific steps for base metal producers of copper, nickel, zinc, and lead to meet the OECD Guidelines and to aid in conformance with the London Metals Exchange's forthcoming responsible sourcing commitments. The standard was published in February 2021 by the Copper Mark and its partners. In 2021, our Atlantic Copper refinery and smelter in Spain will participate as a pilot test site for this new standard.

More information on the base metals due diligence standard can be found at coppermark.org/standards/due-diligence.



RISK IDENTIFICATION & MITIGATION PROCESS

To support the identification of risks in our mineral supply chains, we map and assess our incoming materials to identify potential “orange” or “red” flags as defined under the OECD Guidelines' Annex II risks. The graphic on page 7 describes our parallel processes designed to assess both mineral origin/transit flags and supplier flags.

The mineral origin/transit review identifies risks associated with the location of material origin and transport route using the “TDI Copper Due Diligence Tool” (TDI Tool). In the TDI Tool, mineral origins and transit routes are reviewed to determine if a risk flag is present related to “conflict-affected or high-risk areas” (CAHRAs) as defined by the indices and thresholds set in the tool. The TDI Tool assesses countries and regions against a set of 10 well-known indicators related to corruption, human rights, and governance, including those produced by the Heidelberg Institute for International Conflict Research, Transparency International, and Worldwide Governance Indicators, among others. The results are then classified using a scoring system into either green, orange or red as defined by predetermined thresholds.

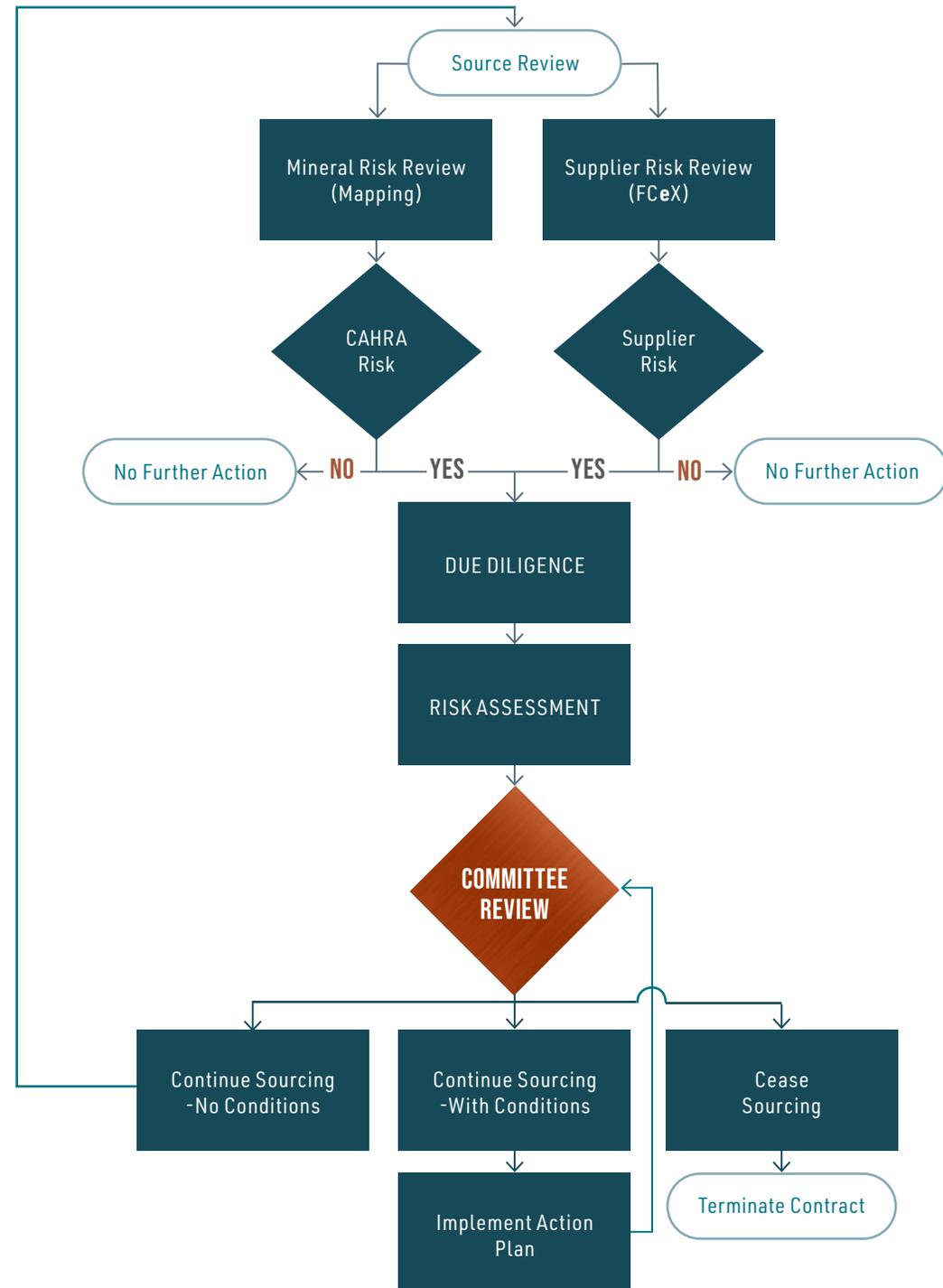
In parallel, to support the identification of supplier risks, the compliance officer sends out the FCeX questionnaire to the site or to the supplier to analyze risks associated with the supplier's activities. Suppliers are required in the questionnaire to agree to our Terms and Conditions and sign and certify. Once completed, it is sent back and routed to the compliance officer to review and determine the risk level.

If there is an acceptable level of risk identified in both FCeX and the mineral origin/transit review, no further actions are required. If a risk flag is identified (e.g., orange or red), further due diligence is triggered and a fact-finding process is undertaken by a member of the responsible sourcing team. This process can include gathering data and information from public sources, specialized studies on a specific region and direct conversations with suppliers. It can also include a site visit or audit if warranted. When we purchase from traders (i.e., not from the mine directly), we work closely with the trading companies to understand their responsible sourcing programs and the level of due diligence that they have performed on the mine origin and transit. We also undertake our own risk assessment and, if necessary, due diligence. In some cases, we will utilize a trading company's due diligence, and in others, we will conduct our own.

The responsible sourcing of minerals committee of the applicable business unit reviews the results and appropriate action is taken. Results and corresponding actions can include:

1. **Acceptable risk exposure:** proceed without restrictions
2. **Moderate risk exposure:** proceed with an action plan implemented in conjunction with the supplier
3. **Unacceptable risk exposure:** supplier termination or non-acceptance

Such committees review progress on action plans and conduct ongoing reviews on a risk basis in an iterative manner, as illustrated in the process map on the right.





Performance

In 2020, we continued our implementation of the OECD Guidelines' five-step process across the business. This included incorporating our Responsible Sourcing of Minerals Policy into new contracts and agreements with feedstock suppliers, regardless of the source of origin. At our Atlantic Copper smelter and refinery in Spain and our Miami copper smelter in Arizona, we continued the process outlined in the previous section for due diligence for orange and red flags across the breadth of concentrate suppliers. In addition, at Miami – and across our U.S. operations – we rolled out our FCeX tool, as described above; the process was already in place at Atlantic Copper.

The COVID-19 pandemic had a significant impact on our minerals purchasing plans, with many mining operations and export facilities affected. We successfully adapted our purchasing plans to include minerals from sources that had not been included in our original pre-pandemic plans for the year. Despite COVID-19 related travel constraints that precluded in-person visits to red flag sites, we were able to successfully conduct our risk assessments and due diligence efforts efficiently, using desktop reviews and collaborating with suppliers virtually.

We began implementing our Responsible Sourcing of Minerals program for Climax Molybdenum and plan to complete implementation during 2021. Most molybdenum concentrates processed by Climax are internally sourced; however, a small portion of externally sourced molybdenum concentrates are processed at our conversion facilities. Many of these concentrates are by-products of the same copper mines we source copper concentrates from, enabling us to leverage ongoing due diligence across the business.

Our Freeport Cobalt facility in Kokkola, Finland became the first cobalt chemical producer in the world to achieve “conformant downstream facility” status through the RMI's DAP. This assessment is valid through September 24, 2022. RMI developed the DAP as a mechanism by which downstream companies, within the cobalt, tin, tantalum, tungsten, or gold supply chains, can obtain independent validation that their responsible sourcing practices are aligned to the OECD Guidelines. In addition, this assessment identifies and confirms all sources of cobalt are sourced from RMAP (or equivalent) companies or are scrap or recycled materials. Freeport Cobalt's conformance status is publicly listed at responsiblemineralsinitiative.org/smelters-refiners-lists.



Huelva, Spain

RISK REVIEW & MITIGATION

In 2020, we identified 14 orange or red flags across our copper concentrate suppliers (some of which are also molybdenum suppliers). Of the 14 flags identified, five were associated with internal sources and nine were associated with external sources.

Of the five flags associated with internal sources, three originated from the transit route concentrates produced at our U.S. operations in Arizona and New Mexico take through the Port of Guaymas in Sonora, Mexico. This risk is related to a small amount of theft during transit (less than 0.1% over the last 5 years). In our inaugural 2019 OECD Step 5 Report, we disclosed the actions taken to address the risks identified including this risk. This year, we are pleased to report that the actions taken have led to a reduction in theft, and we continue to partner closely with our rail vendor to maintain the actions and monitor the situation.

The other two internal sources flagged (due to origin) were from our PT Freeport Indonesia operations in Papua, Indonesia and our Cerro Verde mine in Arequipa, Peru. We maintain strong programs to identify and mitigate human rights and environmental risks at both of these operations. Please refer to our **2020 Annual Report on Sustainability** for more information.

The remaining nine flagged sources were associated with externally-sourced copper concentrates from a variety of countries in South America and Europe. Due diligence was conducted for each of the nine flags. Two of the nine external sources evaluated were determined to present either an unacceptable level of risk (e.g., active conflict zone) or were sources where we would not be able to effectively mitigate the associated risks (i.e., we have little to no leverage). As a result, we decided not to make any further purchases from those sources. Due diligence conducted on the remaining seven flags resulted in either a determination of an acceptable level of risk or implementation of risk mitigation actions through collaboration with suppliers.

Throughout 2020, we continued our efforts to build deeper relationships with our suppliers. We did this by continuing collaborations with suppliers previously established in 2019 and started several new collaborations with ongoing suppliers. Collaborations can take many forms and are generally founded on the premise that by building stronger programs together, we can better mitigate and prevent human rights abuses. While the primary focus in these collaborations is human rights, we also seek to share our commitment to the Copper Mark and improving performance across a broader range of ESG issues.

For details on the due diligence performed and actions taken in our cobalt business, please see our **Public Due Diligence Report**.





Looking Ahead

While we are still challenged by COVID-19 at our operations, we plan to continue our efforts to improve our process and deepen our implementation across the business in 2021. This includes continuing business-to-business collaborations with our mineral concentrate suppliers to identify and mitigate risks and share best practices, working to improve our internal reporting process to enable better access to data and information from due diligence, and continuing our Ariba platform implementation to help streamline processes and centralize data storage for all suppliers globally. In addition, we are conducting a gap assessment against the new Copper Mark "multi-metal due diligence standard" and participating in the pilot process to enable OECD alignment assessment of such standard to enable streamlined London Metals Exchange compliance.



About This Report

EXTERNAL ASSURANCE

Our overall approach and business unit implementations are assured through our annual sustainability assurance program by Corporate Integrity Ltd., in accordance with the ICMM Mining Principles Assurance and Validation Procedure and the Copper Mark Assurance Process. Corporate Integrity Ltd.'s assurance statement can be found in our **2020 Annual Report on Sustainability**. This process includes external assurance on the program at the corporate level as well as our sites, including our mines, smelters and refineries. Several of our sites have been awarded the Copper Mark, which includes external assurance of our processes described herein. These reports are available on the Copper Mark website at coppermark.org. At our Kokkola cobalt operation, our conformance with RMI Standards and the OECD Guidelines was assessed and verified by independent third-party auditors as part of RMI's RMAP. Our conformance status is publicly listed on the RMI website.

Cautionary Statement Regarding Forward-Looking Statements

This report contains forward-looking statements in which we discuss our potential future performance. Forward-looking statements are all statements other than statements of historical facts, such as plans, projections, expectations, targets, objectives, strategies or goals relating to environmental, social, safety and governance performance, including improvements to due diligence and risk mitigation strategies, and the underlying assumptions and estimated impacts on our business related thereto; future risk mitigation; our continuing commitment to safe and reliable operations; our commitment to human rights; and our commitment to deliver responsibly produced copper, including plans to implement and validate our operating sites under specific frameworks. The words "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "could," "to be," "potential," "assumptions," "guidance," "future" and any similar expressions are intended to identify those assertions as forward-looking statements. We caution readers that forward-looking statements are not guarantees of future performance and actual results may differ materially from those anticipated, expected, projected or assumed in the forward-looking statements. Important factors that can cause our actual results to differ materially from those anticipated in the forward-looking statements include, but are not limited to, our suppliers' and traders' responsiveness and cooperation with our due diligence efforts and the accuracy of the information provided by our suppliers; our ability to identify and mitigate risks in our supply chain; our ability to obtain reliable information as to whether smelters, refiners and other market participants responsibly source base metals and purchased production materials; and other factors described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the U.S. Securities and Exchange Commission (SEC), as updated by our subsequent filings with the SEC, and available on our website at fcx.com. Many of the assumptions upon which our forward-looking statements are based are likely to change after the forward-looking statements are made. Further, we may make changes to our business plans that could affect our results. We do not intend to update forward-looking statements and undertake no obligation to update any forward-looking statements, which speak only as of the date made, notwithstanding any changes in our assumptions, changes in business plans, actual experience or other changes.



We Welcome Your Feedback

We would love to hear from you. Please contact us at ir@fmi.com or sustainability@fmi.com to ask questions and provide input to our company.



333 North Central Avenue, Phoenix, AZ 85004

602.366.8100

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