



## UK Modern Slavery Act Statement - 2016

The United Kingdom's (UK) 2015 Modern Slavery Act requires every organization (wherever incorporated) carrying on part of a business in the UK with a total annual turnover of £36 million or more to produce an annual slavery and human trafficking statement. We operate a molybdenum conversion plant located in Stowmarket, UK. The following statement highlights steps taken in 2016 to ensure that slavery and human trafficking is not taking place in our business and supply chain. For the purposes of this statement we use the UK government's definition of "modern slavery", including slavery, human trafficking and forced labor.

### Organization Structure, Business and Supply Chain

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

FCX'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.

As of year-end 2016 our global workforce, comprised of employees and contractors, included approximately 59,100 members. FCX has a strong commitment to safety performance, environmental management and to the local communities where it operates. FCX is a founding member of the International Council on Mining and Metals (ICMM) and committed to implementation of the ICMM Sustainable Development Framework.

The products we produce are critical for sustainability and higher standards of living. To supply essential natural resources to current and future generations, we are guided by our stated business objectives, principles and policies, and we work continuously to improve our sustainable development programs.

Our supply chain begins with our suppliers' suppliers and ends with our consumption for the production of metals for the downstream value chain. In 2016, we conducted business with approximately 10,000 suppliers and contractors globally. Key categories of suppliers and contractors included:

- Labor – Contractors whose personnel work at our operations
- Commodities – Refer [here](#) for a list of the major commodities we source

Our operations provide significant direct and indirect economic impacts when we purchase supplies and services in local economies. Our Global Supply Chain Policy encourages consideration of local suppliers. Refer [here](#) for our 2016 procurement spend distribution by geography.

We are committed to avoiding infringing on the human rights of others, including prevention of modern slavery, despite the challenges associated with the size of our business and the thousands of actors within our direct and indirect supply chain. We continue to advance our systems, including implementation of the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), to meet this objective as well as the respect for all human rights.

### Policies and Governance

Respect for human rights is a long-standing commitment of FCX. This commitment is expressed in both our [Human Rights Policy](#) and [Principles of Business Conduct](#) (PBC), which also reflect our commitment to the UN Guiding Principles. The policy requires the company to:

- Conduct operations in a manner consistent with the Universal Declaration of Human Rights
- Provide human rights training to employees, contractors and local stakeholders
- Protect the confidentiality of anyone who reports potential human rights violations

Our policy commits us to:

- Ensuring fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining
- Prohibiting forced, compulsory or child labor and human trafficking
- Eliminating harassment and discrimination in all aspects of our activities

This policy applies to all FCX projects and operations, from exploration to project closure. We expect suppliers of goods and services to operate in a manner in accordance with this policy.

As highlighted in our PBC, we believe in doing business only with suppliers of goods or services, including contractors, consultants, vendors, their subcontractors and any other contracted third parties (collectively Suppliers) who share our values and demonstrate a high level of ethical and legal conduct.

Our [Supplier Code of Conduct](#) specifically requires that our business partners use business practices that uphold:

- The elimination of discrimination in hiring and employment practices
- The elimination of all forms of forced or involuntary labor
- The prohibition of child labor
- The rights to freedom of association and collective bargaining

In this context, we have incorporated standard language on human rights into our corporate contract template.

Our 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.

The Corporate Responsibility Committee of our Board of Directors (Board) assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with our Human Rights Policy and practices (respect for human rights). The Corporate Responsibility Committee oversees the Company's sustainable development programs, including our human rights policy and practices.

Our Sustainable Development Leadership Team provides strategic and operational guidance regarding our sustainability commitments, including our human rights 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. The team includes our Chief Operating Officer and business unit presidents and senior personnel from the safety, supply chain, human resources, sales, security, compliance, and land and water functions.

At a site level, our site human rights compliance officers oversee compliance and training activities, and manage grievance mechanisms for the reporting, documentation and addressing of human rights related allegations that are reported in our areas of influence.

We formally engage with a range of stakeholders including rights holders (such as employees and community members) and other interested stakeholders (such as development institutions, investors, banks, NGOs, civil society, government and suppliers/contractors) on an ongoing basis. We also participate in multi-sector industry

dialogue on human rights through the Business for Social Responsibility human rights working group and Sustainability 50, an executive-level peer-to-peer sharing forum.

### **Due Diligence of Direct / Tier 1 Suppliers**

The [Freeport Compliance eXchange](#) (FCeX) is our online due diligence compliance platform (available in multiple languages). New contractors and contractor renewals are asked to complete an online questionnaire focused on issues of anti-corruption, international trade controls, and human rights compliance.

Completion of the questionnaire enables us and our affiliates to conduct supplier-specific risk assessments to ensure our company and those with which we work operate in compliance with relevant U.S. and international laws. New suppliers and contractors linked to locations not covered by the online system undergo manual screening by our Global Supply Chain department. In 2016, we initiated a process to update the FCeX questionnaire to include additional human rights topics.

### **Sustainable Development Risk Register**

Globally and on an ongoing basis, our Sustainable Development framework is implemented based on operation-specific factors and influences, including regional context, type of operation and social setting. Essential to this framework is the Sustainable Development Risk Register process, which identifies, assesses and prioritizes risks that could have the potential for negative consequences to our business and our stakeholders as it relates to areas including health and safety, respect for human rights, the environment, and community stability and economic impacts. The Sustainable Development Department and senior corporate multi-disciplinary personnel coordinate with operations to ensure prioritization processes are consistent with the corporate procedure and provide guidance to ensure alignment of priorities and mitigation plans.

Sustainability focus areas identified through this process at the global level are reviewed annually by our Sustainable Development Leadership Team and communicated to members of the board. Human rights is one of these focus areas.

During 2016, the Sustainable Development Risk Register process did not identify modern slavery as a risk at the corporate-level or at any of our sites.

Refer to our 2016 [Working Toward Sustainable Development Report](#) for more information.

### **Corporate and Site-Level Human Rights Impact Assessments**

Our Human Rights Policy requires us to conduct business in a manner consistent with the Universal Declaration of Human Rights, and to align of our human rights due diligence practices with the UN Guiding Principles.

#### Corporate Human Rights Impact Assessment (Corporate HRIA)

In line with this commitment, we completed a Corporate HRIA in 2014. The Corporate HRIA covered 28 mining and metals operations (in Chile, DRC, Finland, Indonesia, the Netherlands, Peru, Spain, the UK and the U.S.). The dashboard of human rights issues assessed in the Corporate HRIA included (amongst other elements):

- Contractors and workers in the supply chain
- Forced and compulsory labor
- Child labor
- Working conditions
- Freedom of association and collective bargaining

The Corporate HRIA did not identify any impacts related to either forced and compulsory labor or child labor. The results of the Corporate HRIA helped us begin to integrate human rights considerations across relevant business functions and processes in order to prevent and mitigate adverse human rights impacts.

Refer to our [2014 Working Toward Sustainable Development Report](#) for more information.

#### Site-level Human Rights Impact Assessments (Site-level HRIAs)

Our ongoing program of site-level HRIAs act as a form of ‘deep-dive’ verification exercise that builds on our established Sustainable Development Risk Register process. These assessments use a comprehensive and dedicated HRIA methodology that is aligned with the UN Guiding Principles to identify and prioritize each site’s human rights risks and impacts. These site-level HRIAs help us test our established human rights relevant management systems to ensure they are effective in identifying and mitigating human rights risks and impacts.

We completed our first site-level HRIA at our former Tenke Fungurume Mine (TFM HRIA) in the Democratic Republic of Congo in 2015. TFM was prioritized for a site-level assessment on the basis that it was identified as our highest-ranking site for both potential and actual impacts in the Corporate HRIA. The same dashboard of human rights issues assessed in the Corporate HRIA (see above) was applied for the TFM HRIA. The TFM HRIA involved the direct engagement of more than 70 stakeholders in and around TFM and in the broader southeastern DRC, including employees, contract workers and suppliers. Refer to pages 19-20 of our [2015 Working Toward Sustainable Development Report](#) for more information on the key risks and impacts identified, and how they were addressed.

In 2016, we developed a work plan to carry out a risk-based roll out of the site-level HRIA framework to other operations, and initiated preliminary work on a site-level HRIA at our Cerro Verde operation in Peru (Cerro Verde HRIA). The ‘dashboard’ of human rights topics to be addressed in the Cerro Verde HRIA will build on that used for the Corporate and TFM HRIAs - but with additional emphasis on the local/domestic value chain. This is in response to one of the lessons learned from the TFM HRIA, namely the need for further transparency around conditions in the local/domestic supply chain. The Cerro Verde HRIA is scheduled for completion in 2017. Lessons learned from the Cerro Verde HRIA will further shape our global human rights strategy as well as site-level HRIA work at other higher risk sites over time. Refer to the [Human Rights](#) section of our website for more information.

#### **Training**

Although we do not carry out dedicated training on modern slavery, we promote awareness of our human rights commitments through a variety of mechanisms. We conduct comprehensive training on our PBC, including annual certification of management-level employees (approximately 97 percent were trained in 2016). 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. Beginning in 2017, the PBC training will be provided annually to all employees.

#### **Access to Remedy - Reporting Mechanisms**

We have established multiple mechanisms for employees and others to report concerns. One of the primary mechanisms is the FCX Compliance Line, a phone system managed by an independent third party that allows for anonymous reporting of issues or concerns relating to our PBCs, policies or procedures. In addition, the company offers a similar 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 mechanisms. We are committed to:

- Protecting the confidentiality of anyone who reports potential violations
- Cooperating with human rights-related investigations
- Supporting appropriate remediation for proven violations

We do not tolerate retaliation against any employee for raising a question or concern in good faith. Use of our internal and external grievance mechanisms does not preclude access to judicial or other non-judicial grievance mechanisms. By providing multiple reporting mechanisms, including anonymous communications, employees and others are encouraged to *Speak Up* if something violates or, could possibly violate, our policies.

For information on complaints received via the Freeport-McMoRan Compliance Line and how they are processed, refer to: [PBC](#). For information on complaints received via the Community Grievance Mechanism and how they are processed, refer to: [Assessing and Managing Impacts](#). For information on complaints received via the Human Rights Grievance Mechanism and how they are handled, refer to: [2016 Report to the Voluntary Principles Plenary](#). We did not receive any grievances regarding modern day slavery in 2016.

Freeport-McMoRan is committed to continuing its work with stakeholders to address its duty to respect human rights, including ensuring modern slavery does not occur in our business and supply chain.

This statement has been approved by the Freeport-McMoRan Board of Directors.

A handwritten signature in black ink, appearing to read 'RCA Adkerson', written in a cursive style.

Richard C. Adkerson  
Vice Chairman, President and Chief Executive Officer  
Freeport-McMoRan Board of Directors