



## UK Modern Slavery Act Statement - 2018

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 2018 to minimize the risk that slavery and human trafficking is 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.

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 2018 our global workforce, comprised of employees and contractors, included approximately 65,600 members. FCX has a strong commitment to safety performance, environmental management and the local communities where we operate. We have been an active member of the International Council on Mining and Metals (ICMM) since it was first established in 2001. Implementation of the ICMM Sustainable Development Framework across the company results in site-level sustainability programs that meet responsible sourcing objectives for the global marketplace.

The global marketplace looks to our resources as a key element for economic growth and technological progress. The copper we produce is critical for renewable energy and electrification systems. At the same time, our sustainability performance is critical to meeting society's responsible sourcing objectives so that we can place our products 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.

Our supply chain begins with our suppliers' suppliers and ends with our consumption for the production of metals for the downstream value chain. In 2018, we conducted business with approximately 14,500 suppliers and contractors globally. Key categories of suppliers and contractors included:

- Goods and services procured to support our operating mining and metals processing facilities from exploration to closure, including:
  - Contractors whose personnel work at our operations
  - [Commodities](#) sourced
- Metals purchased from third-party sources for further processing

Our operations provide significant direct and indirect economic impacts when we purchase supplies and services in local economies. Refer [here](#) for our 2018 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](#), which was first established in the late 1990s and most recently updated in 2017, as well as our [Principles of Business Conduct](#) (PBC). Our Human Rights Policy requires our company to:

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

The 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
- Prohibiting harassment and discrimination in all aspects of our activities

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

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](#), updated in 2018, is based on our PBC and references our Human Rights Policy. Suppliers receive and are expected to perform in accordance with it. As set forth in our Supplier Code of Conduct, we expect our suppliers to treat everyone in and around our operations with dignity and respect. This includes:

- 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
- Prohibiting harassment and discrimination

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

These policies and codes of conduct along with relevant external standards and initiatives applied at corporate- and / or site-level form the overall framework that guides our Sustainable Development (SD) programs and our management of salient human rights issues. Supporting this framework are internal governance and management systems that provide details on 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 implementation of our Human Rights Policy. The Corporate Responsibility Committee also oversees our SD programs, including our human rights policy and practices.

Our SD Leadership Team considers both imminent matters and emerging trends while providing strategic guidance for our SD programs, including our human rights programs. The team is sponsored by our Senior Vice President and Chief Administrative Officer and is led by our Vice President Environmental Services and Sustainable Development. The team includes our Chief Operating Officer and business unit presidents as well as executives from Safety, Supply Chain, Human Resources, Sales, Security, Legal / Compliance, and Land and Water.

At higher risk operations, our site-level Human Rights Compliance Officers oversee compliance and training activities and manage grievance mechanisms for the reporting, documentation and remedy (to the extent possible) of human rights related allegations that are reported in our areas of influence.

In 2018, we launched an internal Human Rights Working Group to support our site-level implementation of the UN Guiding Principles and the integration of human rights considerations across our business. The team is sponsored by our Vice President Environmental Services and Sustainable Development and is co-led by our Director-Sustainability Programs and Manager Business and Human Rights. The group is comprised of representatives from Safety, Supply Chain, Human Resources, Sales, Security, Legal / Compliance, Environment and Community Development. The scope of the working group is reflected in our Human Rights Dashboard, which summarizes the human rights issues relevant to our mining-related activities.

### HUMAN RIGHTS “DASHBOARD”

Topics reflected in the dashboard are mapped against recognized international human rights

EMPLOYEES	VALUE CHAIN	COMMUNITY	ENVIRONMENT	THIRD PARTIES
Working conditions	Working conditions	Standards of living / quality of life	Pollution	Conduct of private security forces
Safe and healthy working conditions	Safe and healthy working conditions	Community health and safety	Water security	Conduct of government security forces
Discrimination	Discrimination	Economic activity / livelihoods	Waste and hazardous materials management	Contribution to conflict
Freedom of association and collective bargaining	Freedom of association and collective bargaining	Minorities and indigenous peoples	Increased exposure to natural hazards	Presence of artisanal / small-scale miners
Child labor	Child labor	Displacement / resettlement		Corruption
Privacy	Privacy	Cultural heritage		NGOs and civil society groups
Forced and compulsory labor	Forced and compulsory labor	Children's rights, including access to education		Judicial system (access to remedy)

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, suppliers / contractors downstream customers, responsible sourcing initiatives, commodity and trade associations, and international governmental agencies on an ongoing basis. Our participation in multi-industry dialogues on respect for human rights continues via the Business for Social Responsibility human rights working group, Sustainability 50's an executive-level, peer-to-peer collaboration forum, ICMM's Community Support Working Group and the Voluntary Principles on Security and Human Rights.

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

Our online due diligence platform, the [Freeport Compliance eXchange](#) (FCeX), is a survey-based software platform designed to assess risk related to a range of legal, regulatory and reputational risk areas, including human rights. The system issues a risk assessment questionnaire that must be completed before new business partners at higher risk operations are approved. FCeX is managed by corporate- and site-level Compliance officers and has enhanced our ability to identify, assess and mitigate compliance risks on an ongoing basis.

During 2018, the FCeX due diligence process did not identify modern slavery as a risk associated with new suppliers or supplier renewals.

### **Responsible Sourcing Program**

In 2018, we advanced the development of responsible sourcing due diligence programs for the goods and services we procure, as well as for metals that we purchase from third-party sources for further processing. This included collaboration with Verisk Maplecroft, a global risk analytics and advisory firm, to develop two training modules to help inform the direction of a pilot framework. Early in 2019, we designated a Global Supply Chain Sustainability Manager and appointed a new Product Stewardship Director to help lead these efforts. The development of these programs is partly linked to the site-level HRIAs we have conducted to date, which have highlighted the need for more visibility into potential human rights risks within our supply chains.

### **Sustainable Development Risk Register**

Our SD 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 SD Risk Register Process, which facilitates the identification, prioritization and management of the most significant risks that could have negative consequences to our business and our stakeholders across areas including health and safety, respect for human rights, environmental management, community development and economic impacts. Each of our operating mining and metals processing facilities maintains an SD Risk Register. In 2018 we updated our SD Risk Register Process to include additional categorical topics with more extensive definitions for risk evaluation. The potential and/or actual impacts on rights holders are considered under each of the SD risk category definitions as outlined in our Human Rights Dashboard, including modern slavery. The SD Department and senior multi-disciplinary experts coordinate with operations to ensure prioritization processes are consistent with corporate procedures and provide associated guidance. The global, prioritized outcomes of our SD Risk Register Process (Sustainability Focus Areas) are reviewed annually by our SD Leadership Team and communicated to members of our Board. Human rights is one of these focus areas. During 2018, the SD Risk Register Process did not identify modern slavery as a risk.

Refer to our [2018 Working Toward Sustainable Development reporting](#) 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 UN Guiding Principles. This includes utilizing Human Rights Impact Assessments (HRIAs) to prevent and mitigate impacts.

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

In line with this commitment, we worked with Verisk Maplecroft to complete a Corporate HRIA in 2014 using a framework aligned with the UN Guiding Principles. 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)

We are also implementing site-level HRIAs, which act as a form of deep dive verification that builds on our established SD Risk Register process. These assessments use a comprehensive, systematic and [UN Guiding](#)

[Principles aligned methodology](#) to identify and prioritize each operation’s human rights risks and impacts. Site-level HRIAs help us test our established management systems for effectiveness in identifying, mitigating and remediating human rights risks and impacts.

Our Human Rights Dashboard reflects the extent of our potential human rights risks and impacts and thus the scope of our HRIA methodology. Each dashboard topic is mapped to recognized international human rights to support a comprehensive, rights-driven approach that is organized in a way that is accessible to our internal and external stakeholders.

In 2018, we engaged Verisk Maplecroft to carry out a Human Rights Impact Assessment (HRIA) at our New Mexico operations in the U.S. (Chino and Tyrone). This included completion of a desk-based assessment of potential human rights risks and impacts, as well as planning for and implementation of associated fieldwork. Fieldwork included extensive direct engagement with more than 150 stakeholders in and around our Chino and Tyrone mines in Grant County. This included a range of actually or potentially affected rights holders as well as those with insight into such rights holders – including employees, contract workers, suppliers and third parties.

The New Mexico Operations HRIA did not identify any impacts related to either forced and compulsory labor or child labor during the assessment period.

For more information on the New Mexico HRIA and our overall human rights program, please refer to the [Human Rights](#) section of our website. As with previous HRIAs, lessons learned from the New Mexico Operations HRIA are helping to guide our global human rights approach and site-level HRIA work at other operations.

### **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 including conducting comprehensive training on our PBC. Our PBC defines the expected behavior of all employees – including respect for human rights. All employees receive PBC training annually. Please refer to [Business Ethics](#) for more information on our PBC training.

On-site contractors are subject to an onboarding process, which consists of a review of company policies, procedures, and security protocols and validation of required certifications. Some sites also provide targeted training on human rights and / or our Supplier Code of Conduct in addition to the on-site contractor onboarding process. Refer to the [Cerro Verde HRIA section](#) as well as our [2018 Report to the Voluntary Principles Plenary](#) for examples at our PTFI operation in Indonesia and our Cerro Verde operation in Peru.

Refer to [Integrating Respect for Human Rights](#) for more information on Communication, Training and Awareness Raising related to human rights.

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

While we seek to avoid causing adverse impacts, we acknowledge that they may occur despite our best efforts. Our [Human Rights Policy](#) outlines our commitment to remediating any proven adverse impacts on individuals, workers and communities that are caused by or contributed to by our operations. Grievance mechanisms support our commitment to remedy. We have multiple mechanisms for employees, community members, members of our supply chain and others to report concerns. These mechanisms help us address concerns early and remediate impacts directly.

Our global, publicly available reporting options associated with our PBC are available to our employees. They also are available to members of our supply chain via our Supplier Code of Conduct. Such channels include:

- 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 PBC, policies or procedures
- A similar, web-based reporting system, also operated by a third party

- The option to send a direct email to our corporate Compliance Department

In addition to making our global, publicly available reporting options open to those in our supply chain, we expect our suppliers to establish and maintain grievance mechanisms to record and address concerns in a timely and transparent manner.

We also maintain long-established site-level community grievance mechanisms at our operating facilities per our [Community Policy](#) as well as dedicated human rights grievance mechanisms at higher risk operations. All of these grievance mechanisms are available in local languages.

We do not tolerate retaliation against anyone who raises a question or concern about our business practices in good faith. We are committed to:

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

Per our Human Rights Policy, 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.

In 2018, we continued a project to review our grievance management procedures against the UN Guiding Principles effectiveness criteria (e.g., legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue).

Please refer to the [Grievance Mechanisms and Remedy section](#) of our reporting for more information on our global review project and a table summarizing our primary grievance mechanisms with links to examples of grievances received and remedy provided. We did not receive any grievances regarding modern day slavery in 2018.

Freeport-McMoRan is committed to continuing its work with stakeholders to address its responsibility to respect human rights, including taking steps to prevent modern slavery from occurring in our business and supply chain.

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



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