

Tenke Fungurume Mining
An affiliate of Freeport-McMoRan Copper & Gold

Tenke Fungurume Mining (TFM), an affiliate of Freeport-McMoRan Copper & Gold, is the largest private foreign investment in the DRC, providing thousands of jobs, supporting social development and creating economic opportunities across the region and the nation. Like all Freeport-McMoRan operations, TFM is committed to prevent, mitigate and ameliorate against economic, social and environmental impacts as well as to identify and maximize opportunities for improving sustainability in local communities. Some of these impacts include land use and population influx, while others include opportunities for improved economic opportunities and development in the areas of infrastructure, health, education and business creation.

Additional information and clarifications on TFM's programs are provided below. TFM remains open to meeting with community stakeholder groups to discuss TFM's community consultation and development programs and any other issues or concerns that they may have. TFM also has a community grievance system and welcomes any community member to report specific grievances to the company for review and resolution.

Community Consultation

Prior to the development of the TFM project, TFM hired external expert consultants to conduct a comprehensive social baseline study of the population living in the mining concession. Consultants were also hired to conduct a comprehensive Environmental and Social Impact Assessment (ESIA) before the project was developed. The baseline study (2006) and ESIA (2007) focused on the communities within the mining concession (both villages and urban centers), as those would be the communities most directly impacted by the project. A series of mitigation programs were put in place to address the project-affected communities, including a resettlement action plan, national hiring policy, community development plan, as well as environmental and safety programs.

All ESIA open house public consultation materials and comment forms were made available in English, French and Swahili. As ESIA results were produced, they were widely communicated and made available for public comment via open house meetings and village consultation meetings. TFM presented feedback responses to comments and questions from previous open houses at subsequent rounds of consultations, which explained how topics were being addressed.

In 2011, TFM finalized an addendum to the 2007 ESIA, which included a Phase II expansion of the TFM plant and mining operations to the Tenke-Fwaulu ore deposits. This ESIA process involved an update to the socio-economic baseline studies for the affected communities, public consultation on the project, as well as the development of a Resettlement Action plan for households that must be relocated due to unavoidable impacts.

TFM filed the ESIA in 2007 with the Environmental Department of the Ministry of Mines in connection with the Kwatebala deposit and the processing plant and filed an Addendum to the ESIA in 2011 with the same department in connection with the Phase II expansion. Both ESIA's received "Letters of No Objection" from the Ministry. The ESIA and ESIA Addendum are public documents available in English and French.

Community Resettlement

Phase I of the TFM mine included a resettlement program of three villages (379 households), which was completed in 2009. In addition, over 1,000 individuals were identified as economically displaced, largely due to the acquisition of farmland for the project footprint, and provided with replacement farmland and livelihood restoration support activities. As part of the ESIA mentioned above, TFM developed a Resettlement Action Plan (RAP) based on DRC law (compensation requirements), and international best practices, including the Equator Principles and International Finance Corporation Performance Standards. The Freeport-McMoRan Community Policy (http://www.fcx.com/envir/soc_com.htm) requires operations to follow international best practices for any involuntary resettlement impacts.

In 2010, TFM commenced working on an addendum to the 2007 ESIA, which included an expansion of the TFM plant and mining operations to the Tenke-Fwaulu ore deposits (Phase II). The addendum was completed in early 2011 and identified additional physical resettlement impacts to 70 households. The TFM RAP Unit, with the support of external expert consultants, are also in the process of completing an assessment of the economic displacement impacts (loss of farmland) associated with the Phase II expansion, which will be added as an addendum to the RAP.

In a community-based participatory process, local community members and leaders were directly involved in the program to ensure that the new village locations and house construction met the desires expressed by the community. In accordance with DRC law, Project Affected Persons (PAPs) are compensated for their existing assets at full market value plus 50%. In order to comply with international best practice (IFC Performance Standard 5), TFM also provides like for like replacement of an asset with equal or better standard. In the case of “physical displacement” affected PAPs are provided new houses of a significantly better quality and value. Households are also provided with a moving allowance and are compensated for any lost assets, farmland, trees, and any crops as well as assistance to restore their livelihoods to the same (or better) standard as before resettlement.

Where displacement is “economic” (i.e. where people’s livelihoods are impacted but not necessarily their physical residence), TFM provides compensation for lost crops at market value plus 50% as per DRC law. TFM also provides new land and livelihood restoration support (seeds and fertilizer) for a period of three years.

As new farmland was allocated to the impacted households near their new village of Mpala, TFM supported the residents to have access to and start farming their new fields. TFM did not dismantle homes or displace any families from their home until new resettlement houses were available. TFM provided tents for temporary shelter for farmers to use while working in their new fields. According to the local customary practice for farmers in the region when farming remotely from their home village, straw huts are built in which they stay while cultivating their crops during the agricultural seasons. TFM provided free bus transport three times a week between the new fields in Mpala and the residents’ home village of Mulumbu.

Land Acquisition and Compensation

TFM provided in-kind compensation by replacing “land with land” in all cases where land acquisition took place. TFM compensation included the added value of the lost land through calculations on improvements (e.g. brush clearing), transaction fees and standing crops.

TFM provided livelihood restoration support in the form of improved seeds, fertilizer and technical assistance for a period of three years. In some cases, households chose not to participate in the program.

Community Development Initiatives

As part of our commitment to supporting long-term sustainable development, TFM supports a number of social investment programs to assist local community development in the areas of health, infrastructure, education and economic development. Since 2006, TFM has funded a total of \$45 million in social projects. Additionally, since the commencement of commercial production, TFM has set aside 0.3% of net metal sales revenue to fund the TFM Social Community Fund. Since the commencement of production, contributions committed to the Fund have totaled \$7.6 million. The TFM Social Community Fund is directed by representatives from the Tenke and Fungurume communities, the Province of Katanga, and TFM, who manage funds for local community development projects.

Clean Water and Sanitation

TFM has supported the construction of over 60 rural water wells as well as urban water distribution systems for the towns of Fungurume and Tenke. In 2011, additional work was done to develop the capacity of local water management committees, including fencing water points, training on maintaining and fixing wells, and formation of a water cooperative to manage the water supply in Fungurume. The National Service of Rural Hydrology was invited to support the community in establishing the management committee and will continue supporting the early functioning of the cooperative. The TFM Social Community Fund also supported the construction of 11 new rural water wells (resulting in 78 wells total).

After a major cholera epidemic during the 2008-2009 rainy season, TFM, in collaboration with the local Health Zone, installed tanks of potable water throughout the town of Fungurume and in outlying communities. This brought a dramatic reduction in cholera and other waterborne diseases with no cholera cases reported in the area during the past three rainy seasons.

Improved Healthcare Services

In 2008, TFM conducted a baseline community health assessment and identified a number of public health issues and serious diseases that impact the local community, including malaria, HIV/AIDS and other sexually transmitted infections (STIs), tuberculosis, measles and polio. In addition, rapid population influx into the urban center of Fungurume for people looking for economic opportunities linked to the mine and supporting businesses has created additional strains on the provision of limited public health services to cope with rising demands.

TFM is currently providing medical care free of charge to its workforce and dependents through its medical care provider International SOS. Furthermore, TFM has been supporting several health initiatives in the Fungurume Health Zone since 2008. The framework for this support is a Memorandum of Understanding signed in 2009 with the provincial health authorities. TFM’s support is consistent with the national health development strategies and respectful of international best practices; therefore all health activities realized in the communities are carried out with the involvement of local and national

authorities, with the consent of the communities who act as partners, and in synergy with other existing development programs and initiatives.

TFM built two health facilities in the resettlement communities which are managed by the Fungurume Health Zone. In addition, TFM continues to work to strengthen the infrastructure and capacity of the Fungurume Health Zone services. In 2011, TFM completed an expansion to replace the existing Tenke Clinic, which included an operating room, radiology suite, and new maternity ward. TFM also provided additional renovations to the Dipeta Clinic in Fungurume, where transfusion and minor surgery are performed, to increase capacity and support services. TFM also provides health outreach in rural communities to support mother and child health via provision of a mobile clinic that is operated in coordination with the Fungurume Health Zone.

Improved Access to Electricity

In addition to construction of infrastructure for its operations and numerous community facilities in its mining concession, TFM has invested in major infrastructure improvement projects that will bring benefits at the provincial and national level. TFM has invested US\$140 million in the refurbishment of two transformers at the N'Seke Power Station, an improvement with far-reaching regional impact.

In 2010, TFM also provided emergency assistance to the national electric company, SNEL, when a transformer broke down and they were unable to repair it. TFM provided a 1 megawatt generator to provide power to the Fungurume community for four hours each day to assist during the power supply crisis. TFM has also provided and maintains a number of generators in the community to provide electricity for public facilities such as schools and clinics.

Education

TFM has constructed six new elementary schools. Construction and renovation of three high schools have recently been completed in Fungurume and construction is underway on a fourth in Tenke. The schools are managed in partnership with the government and local education providers. These new schools (existing and planned) will provide educational opportunities for an additional 7,000 students. TFM provided preparatory mathematics and language training for children from the local community culminating in company-funded scholarships for twenty local youth to the Mutoshi Technical Institute in Kolwezi for four years.

Economic Development

TFM's presence in Fungurume continues to spur an influx of people in search of job opportunities. Population influx not only increases competition for jobs and resources, but creates more of a burden on limited government services and creates a greater dependence on TFM for employment and development programs. TFM's economic development activities seek to improve livelihoods through capacity building and increased agriculture production.

Throughout 2011, TFM continued to provide support and capacity building to micro and small entrepreneurs in business development and management to promote income generating activities for the local community. Nine local entrepreneurs were equipped with skills to satisfy TFM's procurement requirements and become competitive in the local market. These enterprises have provided employment opportunities to more than 400 workers in the areas of sample bag production, construction, painting, scaffolding and services (such as fence installation and grass cutting) in and around the concession.

Increased agricultural production continues to improve revenues and livelihoods for 320 beneficiaries in TFM's In-Kind Maize Credit program. Thirty-five percent of program beneficiaries are women. The farmers received training and informational materials on good agricultural practices for maize production.

Employment and Training

The current project phase provides employment to approximately 2,500 full-time workers and 1,500 contractors. Approximately 98% of direct TFM employees are DRC citizens. As the project grows, additional opportunities will be created for training and development of the local workforce.

TFM prioritizes the hiring of workers from the communities closest to our operations. However, due to a shortage of skilled workers in the area, training and development programs have been established to ready non-employees from the local communities for future work opportunities. Hundreds of individuals are enrolled in company-provided training programs.

TFM operates adult basic skills development and apprenticeship programs, which promote opportunities for local community members to work with TFM or a contractor, or find employment elsewhere in the region. TFM launched the basic skills program in 2009 and as of December 2011, has trained over 290 local community members. Approximately 180 trainees have advanced to the apprenticeship program, which includes a six-month internship with a local TFM contractor for each level of the program. The others have found employment with TFM, a contractor or elsewhere in the region.

At the end of the mine and plant construction period in 2009, contract laborers were demobilized as their contracts for the construction period had ended, which is normal for any large industrial development. These employees were all informed about the terms of their contracts when they accepted their positions.

TFM has committed to providing employment opportunities for local residents as jobs become available; however, TFM never promised jobs to artisanal miners or any other specific group. Artisanal miners are able to apply for jobs at TFM the same as any other eligible individual in accordance with TFM's hiring policies and practices, which are in accordance with the DRC Labor Code.