



FREEPORT-McMORAN
COPPER & GOLD

2008 GRI G3 REPORT



Strategy and Analysis

1.1 Statement of the most senior decision maker.

[Letter from the Chairman of the Board and the President and Chief Executive Officer](#)

1.2 Description of key risks, impacts and opportunities.

Please see the [summary of material risks and opportunities](#) section of our 2008 Working Toward Sustainable Development report.

In the table below, we present performance targets that we believe will provide meaningful measurement of our near-term and long-term progress in key areas. Certain of these targets will provide a basis for more definitive objectives in key performance areas over time.

<p>Freeport-McMoRan Copper & Gold Inc.'s 2009 business plans reflect current commodity prices, which resulted in curtailed production at certain operations, reductions in capital spending, deferral of planned expansion projects, and reduction in exploration activities. Our performance targets are based on the copper, molybdenum, and gold sales estimates provided to shareholders in January 2009. Our production and financial goals are subject to change based on market conditions.</p>	
ENVIRONMENT	
Water	<ul style="list-style-type: none"> Implement a water management/conservation plan by the end of 2010 for active mining and smelting sites
Environment	<ul style="list-style-type: none"> Incur zero significant consequence environmental events in 2009 Incur zero penalties >\$100,000 in 2009 Develop a plan to achieve beneficial and sustainable re-use of tailings material at two sites by the end of 2010
Energy Efficiency/ Renewable Energy	<ul style="list-style-type: none"> Implement an energy efficiency/energy conservation plan by the end of 2010 at all active mining operations Establish two renewable energy facilities on mining-related property by 2014
Greenhouse Gas Emissions	<ul style="list-style-type: none"> For sites with direct CO₂ emissions exceeding 100,000 metric tonnes per year, prepare a GHG emissions plan that optimizes fuel-related emissions with long-term mine production plans by the end of 2010
Biodiversity	<ul style="list-style-type: none"> Prepare a biodiversity inventory in 2010 and land management plan by the end of 2011 for all active mining operations
Legacy Liabilities/Environmental Remediation and Mine Closure	<ul style="list-style-type: none"> Reduce legacy liabilities by completing scheduled 2009 remediation work, budgeted at \$120 million Complete scheduled 2009 reclamation work, budgeted at \$35 million
SOCIAL	
Community	<ul style="list-style-type: none"> Develop company-wide criteria by the end of 2009 for social/development program investments that facilitate community sustainability and capacity building Invest (in aggregate) one percent of the average of the previous three years annual revenue, as reported in Freeport-McMoRan Copper & Gold Inc.'s audited consolidated financial statements, in community programs, including in-kind support and administration Develop 5-year Community Development and Engagement Action Plans by the end of 2009 at all active mining operations Establish, implement and maintain systems for recording, processing, and responding to community grievances at all active mine operations by the end of 2010



Safety and Health	<ul style="list-style-type: none"> • Incur zero fatalities in 2009 • Meet 2009 divisional TRIR targets (PT Freeport Indonesia – 0.35, Americas – 1.94, Climax – 2.65, Africa – 0.7, Mining – 1.36, Smelting/ Rod/Refining – 2.30)
Human Rights/Security	<ul style="list-style-type: none"> • Incur zero human rights transgressions in 2009 • Implementation of the new Freeport-McMoRan Copper & Gold Inc. Human Rights policy with ongoing training for international operations • Adopt site-specific human rights policies, designate site-based Human Rights Compliance Officers, and proactively communicate with host government security forces on human rights at all active foreign mining operations • Train all new security employees directly employed at our operations in Indonesia and the Democratic Republic of Congo on the company's human rights policies and procedures
Political Issues/Ethics	<ul style="list-style-type: none"> • 90% of management and 25% of non-management employees will be trained in the Freeport-McMoRan Copper & Gold Inc. Principles of Business Conduct, which includes anti-corruption policies • Publish payments to host governments by 2010 at all active foreign mining operations, in support of the Extractive Industries Transparency Initiative (EITI)
ECONOMIC	
Supply Chain	<ul style="list-style-type: none"> • Develop a supply chain system and procedures across the enterprise to prioritize/ensure sourcing among local suppliers whenever possible
Economic Impact	<ul style="list-style-type: none"> • Complete new third-party studies, with improved methodology, to evaluate direct and indirect economic impacts of all active mining operations at the local/regional/country-level

Organizational Profile

2.1 Name of the organization.

Freeport-McMoRan Copper & Gold Inc.

2.2 Primary brands, products, and/or services.

2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.

2.4 Location of organization's headquarters.

Freeport-McMoRan Copper & Gold Inc.
One North Central Avenue
Phoenix, Arizona 85004

2.5 Number of countries where the organization operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.

North America

We currently have five operating copper mines in North America— Morenci, Sierrita, Bagdad and Safford in Arizona, and Tyrone in New Mexico. In addition, the Chino mine in New Mexico was placed on care-and-maintenance status in December 2008. All of these operations are wholly owned, except for Morenci, an unincorporated joint venture, in which we own an 85 percent undivided interest. In addition to copper, the Sierrita and Bagdad mines produce molybdenum as a by-product. We produce molybdenum at our wholly owned Henderson molybdenum mine in Colorado, which is the largest primary producer of molybdenum in the world. Additionally, we own the Climax molybdenum mine in Colorado, which is currently on care-and-maintenance status.



Our Rod & Refining operations consist of conversion facilities located in North America including a refinery in El Paso, Texas; rod mills in El Paso, Texas; Norwich, Connecticut and Miami, Arizona; and a specialty copper products facility in Bayway, New Jersey. In North America, we operate molybdenum roasters in Sierrita, Arizona and Fort Madison, Iowa.

South America

We have four operating copper mines in South America— Cerro Verde in Peru, and Candelaria, Ojos del Salado and El Abra in Chile. We own a 53.56 percent interest in Cerro Verde, an 80 percent interest in both Candelaria and Ojos del Salado and a 51 percent interest in El Abra.

Indonesia

PT Freeport Indonesia operates the Grasberg minerals district. We have joint venture agreements with Rio Tinto plc, an international mining company, with respect to a portion of our mining activities in Indonesia. We own 90.64 percent of PT Freeport Indonesia and the Government of Indonesia owns the remaining 9.36 percent interest. Our Grasberg minerals district also produces significant quantities of gold and silver as by-products.

Europe

We process molybdenum concentrates at a conversion plant at Rotterdam, the Netherlands, and produce ferromolybdenum disulfide in Stowmarket, United Kingdom. Our wholly owned subsidiary Atlantic Copper, S.A., smelts and refines copper concentrates in Spain.

Africa

We hold an effective 57.75 percent interest in the Tenke Fungurume copper and cobalt concession in the Democratic Republic of Congo. The Tenke Fungurume mine produces copper and cobalt and began commissioning in 2009. Click [here](#) to view a map of our operating mines and the Tenke Fungurume development project.

2.6 Nature of ownership and legal form.

2.7 Markets served.

2.8 Scale of the reporting organization.

Employees

Summary Financial Highlights

Sales/revenues by country/regions that make up 5 percent or more of total revenues

Quantity of products or services provided

2.9 Significant changes during the reporting period regarding size, structure, or ownership.



2.10 Awards received during the reporting period.

Location/Business: Freeport-McMoRan Copper & Gold Inc.

Award: 2008 list of 100 Best Corporate Citizens

Organization Granting Award: The *Corporate Responsibility Officer* Magazine

Description/Criteria: The award is based on a methodology developed by IW Financial that rates Russell 1000 companies on the following categories: climate change, governance, employee relations, environment, financial, human rights and philanthropy.

Location/Business: Freeport-McMoRan Corporation

Award: Cooperative Conservation Award

Organization Granting Award: U.S. Department of the Interior

Description/Criteria: This award recognizes outstanding conservation achievements attained through collaboration and partnership with others. The award recognizes participation in conservation efforts with the Southwestern Bald Eagle Management Committee and Arizona Bald Eagle Nestwatch Program.

Location/Business: Bisbee Copper Queen

Award: Certificate of Honor

Organization Granting Award: Joseph A. Holmes Safety Association, U.S. Department of Labor - Mine Safety and Health Administration (MSHA)

Description/Criteria: The award is based on working 56,946 hours without incurring a lost workday injury.

Location/Business: Cobre Mining Company

Award: Excellence in Reclamation

Organization Granting Award: New Mexico Energy, Minerals and Natural Resources Department, Mining and Minerals Division

Description/Criteria: Reclamation work performed by the closure of 47 mine shafts, 18 adits and 5 tunnels; the construction of 14 engineered bat structures; the dewatering, filling and regrading of two pits/quarries; the removal and regrading of 15 stockpiles; the installation of stream bank reinforcement structures; and the reseeding of selected areas.

Location/Business: El Paso Rod Mill

Award: Voluntary Protection Program Super Star Among Stars

Organization Granting Award: U.S. Occupational Health and Safety Administration (OSHA)

Description/Criteria: This award was given for demonstration of exceptional occupational safety and health record keeping.

Location/Business: PT Freeport Indonesia

Award: Third place for "Best Company Profile"

Organization Granting Award: Indonesian Public Relations Association

Description/Criteria: The award recognized PT Freeport Indonesia's 2007 (Indonesian language) Working Toward Sustainable Development report.

Location/Business: PT Freeport Indonesia

Award: Emergency Response team was named overall winner at the 11th Indonesian Fire & Rescue Challenge (IFRC)

Organization Granting Award: National Fire & Rescue Board

Description/Criteria: The 11th IFRC included eight challenges, with 16 teams participating from various national and international companies in the mining, oil and gas, and other industries. The PT Freeport Indonesia team won three gold medals in the Warehouse Fire Search & Rescue, Rescue from Height, and Written Test categories; and two silver medals in the Skills Event and Fireman Fitness Drill categories.



Location/Business: PT Freeport Indonesia

Award: Primary Certificate of Appreciation

Organization Granting Award: State Ministry of People's Housing

Description/Criteria: The award was granted for PT Freeport Indonesia efforts in providing housing as part of its corporate social responsibility. The aim of the Certificate of Appreciation is to encourage businesses to show more attention toward housing development so that more employees and communities can be placed in adequate housing.

Location/Business: PT Freeport Indonesia

Award: 2008 Millennium Development Goals (MDGs) Award in the category "Fighting HIV/AIDS, Malaria, Tuberculosis, and other Diseases"

Organization Granting Award: The awarding group is a joint cooperation between the United Nations, National Development Planning Ministry, and Metro TV in Indonesia.

Description/Criteria: The MDG Awards are given to institutions and private sector entities implementing programs aimed at supporting millennium development targets.

Location/Business: PT Freeport Indonesia

Award: Silver Award for Mineral, Coal and Geothermal Mining

Organization Granting Award: Department of Energy and Mineral Resources

Description/Criteria: The award is based on an overall analysis of company policy regarding environmental mining management, compliance toward prevailing government legislation, organization of environmental mining management, environmental management programs and implementation of environmental management strategy.

Location/Business: PT Freeport Indonesia

Award: 12th most ideal place to work in Indonesia

Organization Granting Award: Warta Ekonomi

Description/Criteria: *Warta Ekonomi*, a business magazine, conducted a survey of 1,200 Jakarta area business managers who ranked PT Freeport Indonesia as the 12th most ideal place to work.

Location/Business: Henderson

Award: Employee Chris Schumann finished 3rd in the benchman portion of the regional Mine Rescue Competition

Organization Granting Award: MSHA – Southwestern Regional Mine Rescue Contest

Description/Criteria: In the benchman contest, participants test, identify and correct problems with mine rescue equipment. The person with the fastest time and fewest errors wins the competition.

Location/Business: Henderson

Award: Employee Jason Vincent finished 6th (novice division) in the benchman portion of the Metal/Nonmetal National Mine Rescue Contest

Organization Granting Award: MSHA – Metal/Nonmetal National Mine Rescue Contest

Description/Criteria: In the benchman contest, participants test, identify and correct problems with mine rescue equipment. The person with the fastest time and fewest errors wins the competition.

Location/Business: Henderson

Award: Employee Art Davis inducted into Mine Rescue Hall of Fame

Organization Granting Award: MSHA

Description/Criteria: The Hall of Fame honors individuals who stand out in their accomplishments and dedication to mine rescue.



Location/Business: Miami Mine and Hydromet

Award: Sentinels of Safety Award for 2007 (received in 2008)

Organization Granting Award: National Mining Association and MSHA

Description/Criteria: This award goes to one mining operation in each of twenty groups for having the lowest days lost injury incidence rate.

Location/Business: Ojos del Salado

Award: SONAMI's San Lorenzo Award

Organization Granting Award: Chilean National Mining Association - SONAMI

Description/Criteria: The award was based on the work performed by the removal of an old slag pile existing from the early 20th century and the reclamation of the 6.5-hectare parcel located in the village of Tierra Amarilla, in the third region of Chile. The reclaimed land was returned to the community of Tierra Amarilla so the authority may define what types of initiatives are of most benefit for the inhabitants of the district.

Location/Business: Tannery Bay Project, St. Mary's River, City of Sault Ste. Marie, Michigan

Award: Environmental Excellence

Organization Granting Award: National Association of Environmental Professionals™

Description/Criteria: In an innovative funding effort, this project was jointly supported by the U.S. Environmental Protection Agency under the auspices of the Great Lakes National Program Office, Michigan Department of Environmental Quality and Freeport-McMoRan Copper & Gold Inc. In 1999, Cyrus Mines Company (formerly a Phelps Dodge Corporation subsidiary, now Freeport-McMoRan Corporation) acquired the Cannelton Site. The site had several areas of contamination that were addressed by remedial action in the late 1990s; however, impacted sediments remained. During 2008, we completed sediment remediation and bank stabilization efforts at the site.

Location/Business: Tohono Reclamation Project

Award: Sentinels of Safety – Large Metal/Non-Metal Mill Group

Organization Granting Award: Joseph A. Holmes Safety Association, MSHA

Description/Criteria: The award recognizes working 45,192 employee-hours in 2007 without incurring a lost workday injury.

Location/Business: Tohono Reclamation Project

Award: Certificate of Honor

Organization Granting Award: Joseph A. Holmes Safety Association, MSHA

Description/Criteria: The award is based on working 114,494 work hours from October 1, 2003 to June 30, 2006 in the Metal/Non-Metal Industry without incurring a fatal accident or permanent total disability.

Location/Business: Tohono Reclamation Project

Award: Certificate of Honor

Organization Granting Award: Joseph A. Holmes Safety Association, MSHA

Description/Criteria: The award is based on working 63,310 work hours from July 1, 2005 to June 30, 2006 in the Metal/Non-Metal Industry without incurring a lost workday injury.

Location/Business: Tyrone

Award: Southwest Contractor's New Mexico Best of 2008 Award

Organization Granting Award: *Southwest Contractor Magazine*

Description/Criteria: This award was received for construction and design excellence for the Red Rock Diversion Channel.

Location/Business: Tyrone

Award: Safe Operator of the Year 2007/2008

Organization Granting Award: New Mexico Mining Association, New Mexico Bureau of Mine Safety

Description/Criteria: This award was given for maintaining at least an injury frequency rate below the national average with no fatalities and/or maintaining a zero injury frequency for the period.



Report Parameters

REPORT PROFILE

3.1 Reporting period for information provided.

This report covers the 2008 calendar year.

3.2 Date of most recent previous report.

Our [2007 Working Toward Sustainable Development report](#) and our [2007 GRI report](#), which was prepared according to GRI G2 Guidelines, were published on our web site in 2008.

3.3 Reporting cycle.

Freeport-McMoRan Copper & Gold Inc. reports its progress in Working Toward Sustainable Development annually on a calendar year basis.

3.4 Contact person for questions regarding the report or its contents.

Our sustainability reporting is part of our ongoing dialogue with stakeholders and we appreciate receiving feedback that will help us identify topics that are of interest to you and thus improve the quality of future reporting. You may reach us with comments or questions at sustainability@fmi.com. Alternatively, readers may contact Mr. Bill Collier, Vice President of Communications at:

William L. Collier
1615 Poydras Street
New Orleans, Louisiana, 70112, USA
Email: Bill_Collier@fmi.com
Telephone: 504-582-4000
Fax: 504-582-4936

REPORT SCOPE AND BOUNDARY

3.5 Process for defining report content

Please view the [Summary of Material Risks and Opportunities](#) section in our 2008 Working Toward Sustainable Development report.

3.6 Boundary of the report.

In this report, we cover all of our operating mines and metal processing facilities, including our major operations in North America (U.S.), South America (Chile and Peru), Indonesia and Europe (Spain, U.K., and the Netherlands).

3.7 State any specific limitations on the scope or boundary of the report.

The Tenke Fungurume mine produces copper and cobalt and began commissioning in 2009. We plan to cover the full range of the Tenke Fungurume project's economic, environmental and social impacts in our 2009 sustainability reporting. In our 2008 Working Toward Sustainable Development report, we present case studies (referenced in this report) to illustrate recent examples of our environmental, social and economic activities at the Tenke Fungurume development project.

Phelps Dodge Corporation, now named Freeport-McMoRan Corporation, and many of its affiliates and predecessor companies have been involved in mining, milling and manufacturing in the U.S. for more than a century. Activities that occurred in the late 19th century and the 20th century prior to the advent of modern environmental laws were not subject to environmental regulation and were conducted before American industrial companies understood the long-term effects of their operations on the surrounding environment. As of December 31, 2008, we had more than 100 active remediation projects in the U.S. in approximately 25 states. We also are executing reclamation projects to mitigate the impacts of past mining eras. We do not present GRI performance indicator data for each of these non-operating sites.



3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations

For operations where we are the majority owner (all reported in this report) we assume operating responsibility and do not prorate our social and environmental data based on joint ventures.

3.9 Data measurement techniques and the basis of calculations.

We have aimed to apply the GRI G3 Sustainability Reporting Guidelines under which we are reporting for the first time.

3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.

N/A

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.

This is Freeport-McMoRan Copper & Gold Inc.'s first sustainability report prepared according to the GRI G3 guidelines and is the second annual report to cover the major operations of the former Phelps Dodge Corporation which was acquired by Freeport-McMoRan Copper & Gold Inc. in March 2007. We have followed the GRI G2 guidelines since 2005. In this report, we introduce **performance targets** that we believe will provide meaningful measurement of our near-term and long-term progress in key areas, and we will report our progress in subsequent reports. Therefore, we have not self-declared the application level for this 2008 report. We expect to report the required disclosures for application level of A+ for our 2009 report according to GRI G3 Sustainability Reporting Guidelines as part of the International Council on Mining and Metals (ICMM) assurance requirement.

GRI CONTENT INDEX

3.12 [GRI reporting index](#)

ASSURANCE

3.13 Policy and current practices with regard to external assurance.

Freeport-McMoRan Copper & Gold Inc.'s annual sustainability reports are subject to third-party, independent assurance. Please see the complete [verification statement](#) for this 2008 GRI Report and our 2008 Working Toward Sustainable Development report.



Governance, Commitments and Engagement

GOVERNANCE

4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.

As of December 31, 2008, the Freeport-McMoRan Copper & Gold Inc. Board of Directors (Board) consisted of sixteen members. Freeport-McMoRan Copper & Gold Inc. also has one director emeritus who does not vote.

The Board has four standing committees: an Audit Committee, a Corporate Personnel Committee, a Nominating and Corporate Governance Committee and a Public Policy Committee. Each committee operates under a written charter adopted by the Board.

[Charter of the Audit Committee of the Board of Directors](#)

[Charter of the Corporate Personnel Committee of the Board of Directors](#)

[Charter of the Nominating and Corporate Governance Committee of the Board of Directors](#)

[Charter of the Public Policy Committee of the Board of Directors](#)

The **Public Policy Committee** has the primary responsibility for assisting the Board in fulfilling its oversight responsibilities with respect to the company's 1) environmental policy and implementation programs, 2) governmental and community relations and information programs, 3) social, employment and human rights policies and practices, 4) health and safety programs, and 5) charitable and philanthropic contributions.

The primary functions of the other three standing committees are as follows:

Audit Committee

Assist the Board in fulfilling the Board's oversight responsibilities by monitoring 1) the company's continuing development and performance of its system of financial reporting, auditing, internal controls and legal and regulatory compliance, 2) the operation and integrity of the system, 3) performance and qualifications of the company's external and internal auditors and 4) the independence of the company's external auditors.

Corporate Personnel Committee

Assist the Board in fulfilling the Board's oversight responsibilities by 1) setting annual compensation amounts and annual and long-term incentive plan criteria for the company's executive officers, 2) administering the company's incentive and stock-based compensation plans, and 3) reviewing the Compensation Discussion and Analysis section included in the company's annual proxy statement.

Nominating and Corporate Governance Committee

Assist the Board in fulfilling the Board's oversight responsibilities by 1) identifying individuals qualified to serve as directors and recommending to the Board director nominees consistent with criteria approved by the Board, 2) monitoring the composition of the Board and its committees, 3) maintaining the company's Corporate Governance Guidelines and recommending to the Board any desirable changes, and 4) evaluating the effectiveness of the Board and its committees.

The Freeport-McMoRan Copper & Gold Inc. Board has adopted [Corporate Governance Guidelines](#) to assist the Board in the exercise of its responsibilities.



4.2 Indicate whether the chair of the highest governance body is also an executive officer.

Mr. James R. Moffett is the Executive Chairman of Freeport-McMoRan Copper & Gold Inc. Mr. Moffett has been at the helm of our company since its formation and has guided our growth through significant discoveries of metal reserves using his skills as a geologist. He directs our exploration programs and also continues to be instrumental in fostering our relationship with the Government of Indonesia, the location of our Grasberg mine.

4.3 For organizations that have a unitary Board structure, state the number of members that are independent and/or non-executive members.

On the basis of information solicited from each director, and upon the advice and recommendation of the Nominating and Corporate Governance Committee, the Board affirmatively determined that nine of its sixteen members as of December 31, 2008 had no material relationship with the company and are thus independent within the meaning of our Corporate Governance Guidelines, which comply with the NYSE director independence standards as currently in effect. Messrs. Moffett and Adkerson are the only executive members of the Board.

The chairpersons of our four standing committees are independent within the meaning of our Corporate Governance Guidelines, which comply with the NYSE director independence standards as currently in effect. In accordance with our Corporate Governance Guidelines, non-management directors meet in executive session at the end of each regularly scheduled Board meeting. The chair of executive session meetings generally rotates among the chairpersons of the four standing committees.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

Stockholders or other interested parties may communicate directly with one or more members of our Board, or the non-management Directors as a group, by writing to the director or directors at the following address: Attn: Board of directors or the name of the individual director or directors, One North Central Avenue, Phoenix, Arizona 85004. The company will forward the stockholder's communication to the appropriate directors.

Stockholders may submit stockholder proposals to the company for inclusion in the following year's annual proxy statement by delivering the proposal in writing to our Corporate Secretary, One North Central Avenue, Phoenix, Arizona 85004 by the date specified in the prior year's proxy statement. Stockholders who wish to present a proposal at the following year's annual meeting but do not wish to have it included in the proxy statement must submit the proposal in writing to our Corporate Secretary at the above address by the date specified in the previous year's proxy statement in accordance with the specific procedural requirements in the company's By-Laws.

The Nominating and Corporate Governance Committee will consider candidates proposed for Board membership for nomination by our stockholders. Stockholders may propose candidates by submitting the names and supporting information to: Corporate Secretary, Freeport-McMoRan Copper & Gold Inc., One North Central Avenue, Phoenix, Arizona 85004. Supporting information should include (a) the name and address of the candidate and the proposing stockholder, (b) a comprehensive biography of the candidate and an explanation of why the candidate is qualified to serve as a director taking into account the criteria identified in our corporate governance guidelines, (c) proof of ownership, the class and number of shares, and the length of time that the shares of our voting securities have been beneficially owned by each candidate and the proposing stockholder, and (d) a letter signed by the candidate stating his or her willingness to serve, if elected.

4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.

The Corporate Personnel Committee determines the compensation of our executive officers and administers our annual incentive, long-term incentive and stock incentive plans. Our company's executive compensation philosophy is to:



- “Pay for performance” by emphasizing performance-based compensation that balances rewards for both short- and long-term results and provides our executives with high reward opportunities for high corporate performance,
- Tie compensation to the interests of stockholders, and
- Provide a competitive level of total compensation that will attract and retain talented executives.

Although objective criteria are reviewed, the committee does not apply “hard metrics” to every decision regarding executive compensation. We have a small group of executive officers, and the committee’s decisions regarding salary levels, annual cash bonuses and stock-based incentives and grant amounts reflect the committee’s views as to the broad scope of responsibilities of our executive officers and the committee’s subjective assessment of their significant impact on the company’s overall success. As part of its assessment of the company’s overall performance, the committee considers safety performance, financial/operational performance, achievement of strategic objectives, achievement of sustainable development programs, including effective environmental management and social programs, stock price performance and other factors.

4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.

The Board maintains the company’s Principles of Business Conduct for the directors, officers and employees of the company in compliance with NYSE listing standards. The purpose of the Principles of Business Conduct is to focus the directors, officers and employees on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and foster and maintain a culture of honesty and accountability.

Freeport-McMoRan Copper & Gold Inc.’s Conflicts of Interest Guidelines are designed to provide guidance to directors, officers, and employees so that conflicts of interest may be avoided. The Guidelines also establish procedures for disclosure of actual or potential conflicts of interest so that concerns may be addressed and any necessary corrective action may be taken.

4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.

In evaluating nominees for membership on the Board, the Nominating and Corporate Governance Committee applies the Board membership criteria set forth in our Corporate Governance Guidelines. Under these criteria, the committees take into account many factors, including personal and professional integrity, general understanding of our industry, corporate finance and other matters relevant to the successful management of a large publicly traded company in today’s business environment, educational and professional background, independence, and the ability and willingness to work cooperatively with other members of the Board and senior management. The committee evaluates each individual in the context of the Board as a whole, with the objective of recommending nominees who can best perpetuate the success of the business, be an effective director in conjunction with the full Board, and represent stockholders interests through the exercise of sound judgment using their diversity of experience in these various areas.

4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.

Principles of Business Conduct

The cornerstone of our commitment to integrity is our Principles of Business Conduct. They are designed to be a tool to reinforce what is important in our everyday work life – hard work, honesty, treating people fairly and working safely. Our commitment to these principles is the bond that binds us all in pursuing our common vision, from top-level management to entry-level employees.



Environmental Policy

This policy outlines our guidelines to minimize and mitigate environmental impacts, to protect and enhance the quality of the environment wherever we operate, to comply in all material respects with all applicable laws and regulations and to seek continuous improvement in environmental performance. The policy also includes commitments to achieve ISO 14001 certification at all operating facilities, support biodiversity programs in operational areas, and remediate sites for which we are responsible. The policy adopts the ICMM Sustainable Development Principles.

Environmental Auditing Policy

An effective corporate environmental auditing program increases environmental management effectiveness and our confidence that we are addressing the risks of potential exposure to adverse environmental issues. Our Environmental Auditing Policy requires all major properties worldwide to be audited internally at least every two years and provides additional details on auditing procedures.

Safety & Health Policy

This policy lays out our objective of zero workplace injuries and occupational illnesses and provides for the establishment of benchmarks to evaluate our performance in achieving that objective. The policy also strengthens and re-emphasizes the implementation of safety and industrial health audits at all facilities.

Human Rights Policy

Recently updated to address our more global footprint, this policy outlines our dedication to recognizing and promoting human rights wherever we do business. We are committed to conducting our worldwide operations in a manner that ensures all employees treat everyone in and around our operations with dignity and respect.

Community Policy

We recently updated this policy, in part to explicitly recognize our commitment to the ICMM Sustainable Development Principles and the vital role that stakeholder engagement plays as we align our operations with those principles. We conduct our activities in a manner that promotes positive and open relationships with community, government and other stakeholders to support sustainable benefits for the communities in the areas where we operate, throughout the life cycle of a project.

4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.

The Public Policy Committee has the primary responsibility for assisting the Board in fulfilling its oversight responsibilities with respect to the company's 1) environmental policy and implementation programs, 2) governmental and community relations and information programs, 3) social, employment and human rights policies and practices, 4) health and safety programs, and 5) charitable and philanthropic contributions.

4.10 Process for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.

Pursuant to the company's Corporate Governance Guidelines, the Nominating and Corporate Governance Committee is responsible for overseeing the annual evaluation of the performance of the Board as a whole and each committee of the Board. The Nominating and Corporate Governance Committee's report generally includes an assessment of the Board's compliance with the principles set forth in the company's Corporate Governance Guidelines, as well as identification of areas in which the Board and its committees could improve performance. In addition, each of the four committees annually reviews and evaluates its own performance.



COMMITMENTS TO EXTERNAL INITIATIVES

4.11 Explanation of whether and how the precautionary principle is addressed by the organization.

We address the precautionary principle as described below.

Freeport-McMoRan Copper & Gold Inc. is implementing the ICMM 10 Sustainable Development Principles. ICMM Sustainable Development Principle #4 requires implementation of risk management strategies based on valid data and sound science. Furthermore, our Environmental Policy requires that we and our subsidiaries review and take account of the environmental effects of each activity, whether exploration, mining or processing; and plan and conduct the design, development, operation and closure of each facility, including pollution control systems, in a manner that optimizes the economic use of resources while reducing adverse environmental effects.

The environmental management systems at all Freeport-McMoRan Copper & Gold Inc. operating facilities are certified to the International Organization for Standardization (ISO) 14001 framework. The certification requires that all environmental aspects of the operations be identified and the potential impacts evaluated. Those aspects that have higher degrees of probability and potential damage are addressed in the form of action plans to control, reduce or eliminate impacts. Through this system we aim for continuous improvement of our environmental performance. As a prudent business practice, Freeport-McMoRan Copper & Gold Inc. also conducts formal risk assessments and internal and external audits for its projects and operating sites.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses.

Freeport-McMoRan Copper & Gold Inc. has committed to implement the ICMM Sustainable Development Framework and comply with policy statements of the ICMM Council. ICMM member companies formulated the 10 Sustainable Development Principles to address accords that are most appropriate and applicable to mining companies in the changing landscape of evolving external agreements.

Prior to the ICMM development, Freeport-McMoRan Copper & Gold Inc. made strong, unequivocal commitments to human rights. It is our policy to comply with the laws and regulations of the host countries in which we operate, and respect the culture of the people who are indigenous to the company's operational areas. This commitment is expressed in our new Human Rights Policy adopted in February 2009 by the Board. The policy requires us to conduct our operations in a manner consistent with the Universal Declaration of Human Rights, to educate our employees about human rights and to protect any employee who reports suspected human rights violations. With regard to employees, the policy states a prohibition of forced and child labor, and addresses health and safety, discrimination, wages and the right to unionize.

We are a signatory to the U.S. State Department-British Foreign Office Voluntary Principles on Security and Human Rights. Security department employees participate in ongoing human rights training and are required to periodically certify compliance with our Human Rights Policy. Contractors and privatized companies serving us must also comply with this policy or implement their own similar policy.

Freeport-McMoRan Copper & Gold Inc. has endorsed and signed the Extractive Industries Transparency Initiative (EITI) principles and criteria making an international commitment to disclose revenues and payments in those countries where EITI agreements are in place. At the Tenke Fungurume project in the DRC, our primary development project, commitments and policies are also aligned with International Finance Corporation (IFC) performance standards and the Equator Principles.

Our Environmental Policy requires certification of our operating locations to ISO 14001, which we have accomplished. We have reported according to the Global Reporting Initiative since 2005. We also participate in the Carbon Disclosure Project and work cooperatively with responsible ethical investors to respond to surveys and requests for information on a wide range of sustainable development topics.



4.13 Memberships in associations and/or national /international advocacy organizations.

Freeport-McMoRan Copper & Gold Inc. participates as a member of a number of industry organizations (some listed below) from international to local levels. Our membership in organizations is generally active and may include funding and provision of technical or managerial talent in working groups. Mr. Richard C. Adkerson, our President and Chief Executive Officer, was appointed Chairman of ICMM in October 2008. Mr. Adkerson has served on the ICMM Council since May 2005.

Organization	Web site
Arizona Mining Association	www.azcu.org
Amcham (Chilean American Chamber of Commerce)	www.amchamchile.cl/english
American Chamber of Commerce Shanghai	www.amcham-shanghai.org
American Indonesian Chamber of Commerce	www.aiccusa.org
APINDO (Asosiasi Pengusaha Indonesia)	www.apindo.or.id www.apindo.or.id/eng
Asia Society	www.asiasociety.org
Australian Minerals Council (Associate Member)	www.minerals.org.au
Boston College Center for Corporate Citizenship	www.bccccc.net
Business for Social Responsibility	www.bsr.org
Catalyst Manufacturers' Association of Japan	www.cmaj.jp www.cmaj.jp/en/index.html
Colorado Mining Association	www.coloradomining.org
Consejo Minero (Chilean Mining Council)	www.consejominero.cl www.consejominero.cl/english.html
European Copper Institute	www.eurocopper.org
European Lubricating Grease Institute (ELGI)	www.elgi.org/joomla
Indonesian Mining Association	www.ima-api.com
International Copper Association	www.copperinfo.com
International Council on Mining and Metals (ICMM)	www.icmm.com
International Molybdenum Association (IMO)	www.imoa.info
International Tungsten Industry Association (ITIA)	www.itia.info
Metal Powders Industries Federation Refractory Metals Assoc (MPIF RMA)	www.mpif.org
National Associations of Manufacturers	www.nam.org
National Lubricating Grease Institute (NLGI)	www.nlgi.org
National Mining Association	www.nma.org
New Mexico Mining Association	www.nmmining.org
Sociedad Nacional de Minería, Petróleo, Y Energía (National Society of Mining, Oil and Energy)	www.snmpe.org.pe
Society of Tribologists and Lubricating Engineers (STLE)	www.stle.org/about/default.aspx
The Cobalt Development Institute	www.thecdi.com
U.S. Chamber of Commerce	www.uschamber.com
U.S. Indonesia Society	www.usindo.org
US-ASEAN (Association of Southeast Asian Nations) Business Council	www.us-asean.org

STAKEHOLDER ENGAGEMENT

4.14 List of stakeholder groups engaged by the organization.

[See 4.17](#)

4.15 Basis for identification and selection of stakeholders with whom to engage.

Freeport-McMoRan Copper & Gold Inc. engages with a wide range of stakeholders with varying interests in our business. From shareholders to indigenous peoples near our operations, in providing valuable information regarding interests and concerns, our stakeholders are critical to our approach in identifying and addressing sustainability challenges and opportunities.

Freeport-McMoRan Copper & Gold Inc. conducts an Environmental and Social Impact Assessment at the initiation of new operations or expansions, which help us identify and prioritize our major stakeholders at the operating level. At existing locations, stakeholders are identified through a collaborative process with



an internal team of people who have interactions with parties external to the organization. After an initial list is developed, identified stakeholders are asked to suggest others who may have an interest in the subject project or operation. Our goal is to be inclusive in the identification of and interaction with stakeholders. Due to the dynamic communities in which we operate, we also periodically re-evaluate our stakeholder groups to ensure that we identify and recognize new stakeholders as they emerge.

4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.

See 4.17

4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.

STAKEHOLDER ENGAGEMENT			
Stakeholder Groups	Description	General Areas of Interest	Types of Engagement
Communities	Communities near our operations have important needs and interests. Community engagement is a fundamental commitment at our company which is critical to working toward sustainable development.	<ul style="list-style-type: none"> • Employment opportunities • Economic development • Education • Health and safety • Environmental protection 	<ul style="list-style-type: none"> • Public community engagement forums (i.e., Community Partnership Panels) • Participation in community advisory panels • Community Liaison Officer positions • Formal governance structures of certain community trust funds • Media placements • Specific meeting requests
Customers	We primarily sell our copper products to smelters, wire and cable fabricators, and brass mills. Gold is primarily sold as a component of our copper concentrate. We sell molybdenum to steel mills and specialty markets. Cobalt from our Tenke Fungurume operations is sold to specialty markets.	<ul style="list-style-type: none"> • Quality products • Delivery commitments • Regulatory compliance 	<ul style="list-style-type: none"> • Daily interactions with our sales and marketing groups • Customer satisfaction surveys • Operations tours • Product information sheets
Employees and Contractors	At December 31, 2008, we employed a diverse workforce of approximately 29,300 employees and 11,500 contractors across our operations.	<ul style="list-style-type: none"> • Operational changes/workforce management • Alignment with local community interests • Training and career development • Workplace health and safety 	<ul style="list-style-type: none"> • Timely site-level dissemination of company news and events • Two-way communications with supervisors and management • Direct home mailings • PT Freeport Indonesia "quality of life" meetings • Principles of Business Conduct hotline • FM WEB - company intranet • Sustainability reporting • Health and safety programs and initiatives
Governments	Our company works with governments at international, national, regional and local levels.	<ul style="list-style-type: none"> • Resource access • Environmental protection • Taxes and royalties • Economic development • Workforce development 	<ul style="list-style-type: none"> • Interaction with company management • Regulatory processes and requirements • Communications with our government relations department • Governmental representation at stakeholder engagement forums • Participation in trade associations

Indigenous	Near our Grasberg operation in Indonesia,	• Human rights	• Local leadership by tradition or
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people & Native Americans	Tenke Fungurume development project in the DRC, and El Abra operation in Chile, there are traditional people whose cultural heritage and land rights we respect. In North America we work with Native Americans on land, water and cultural issues.	<ul style="list-style-type: none"> • Land rights • Partnerships • Education • Employment and career development • Cultural heritage 	<p>election</p> <ul style="list-style-type: none"> • Our employees • Training and dialogue • Workshops and meetings • One-on-One interactions • Community programs
Industry Associations	We participate in sector specific industry associations at the international, national regional and local levels (see 4.13).	<ul style="list-style-type: none"> • Industry policy topics • Sharing best practices • Sustainable development 	<ul style="list-style-type: none"> • Membership • Governance bodies • Technical working groups
Non-governmental organizations (NGOs)	We interact regularly with NGOs (international to local) focused on a broad range of sustainable development topics. These groups frequently include development agencies, educational institutions, civic organizations, environmental protection groups and groups interested in issues related to human rights.	<ul style="list-style-type: none"> • Health and safety • Economic development • Human rights • Environmental performance • Corporate governance • Ethics • Politics 	<ul style="list-style-type: none"> • NGO engagement typically occurs utilizing methods outlined in the Shareholders and Financial Community and Communities sections
Shareholders and Financial Community	<p>Institutional investors</p> <p>Individual investors</p> <p>Securities analysts</p> <p>Socially Responsible Investment (SRI) Analysts</p> <p>Lenders</p> <p>Rating agencies</p> <p>NYSE</p> <p>Financial media</p>	<ul style="list-style-type: none"> • Financial performance • Corporate governance • Access to capital • Environmental performance • Health and safety • Business risk • Human rights 	<ul style="list-style-type: none"> • Public news releases and presentations • Public filings with the Securities Exchange Commission • Public presentations to the investment community • Communications between our Sustainable Development Group and SRI Analysts • Annual meeting of stockholders/solicitation of proxies • Annual meeting of stockholders/solicitation of proxies • Sustainability reporting, including topic-specific resources • Corporate Social Responsibility surveys
Suppliers	Our suppliers range from local businesses near our operations to large, international companies.	<ul style="list-style-type: none"> • Supplier requirements • Long-term business relationships • Agreement terms 	<ul style="list-style-type: none"> • Training in the FCX e-business initiative • Contract administrators • Community development representative interaction with local businesses • Entrepreneurial programs
Unions	Certain of our employees at our operating sites are represented by unions according to applicable union agreements.	<ul style="list-style-type: none"> • Wages and benefits • Work schedule • Health and safety • Job security 	<ul style="list-style-type: none"> • Communications with labor representation on workforce related topics per agreements



Environmental

The Freeport-McMoRan Copper & Gold Inc. Environmental Policy establishes that we seek to minimize the impact of our operations on the environment using risk management strategies based on valid data and sound science and, where practicable, to protect and enhance the quality of the environment in areas where we operate. In our Environmental Policy we commit to implement the ICMM 10 Sustainable Development Principles, ISO 14001 certification of all operating facilities worldwide, environmental reviews and compliance audits on a regular basis, supporting biodiversity programs in all operational areas, and remediation of historical sites for which we are responsible.

During 2008, Freeport-McMoRan Copper & Gold Inc. established the Environmental Services and Sustainable Development department, including a Senior Director of Sustainable Development. This department was formed to more clearly and directly address the environmental, social and economic challenges and opportunities faced by the company daily. The department, which provides regular updates to senior management on key environmental issues, spans traditional management structures, taking an integrated approach to addressing material sustainability issues. The Vice President-Environmental Services and Sustainable Development reports to Freeport-McMoRan Copper & Gold Inc.'s Executive Vice President and Chief Administrative Officer.

Our site environmental teams are responsible for implementing and continuously improving our ISO 14001 certified environmental management systems, including programs to address site-specific impacts. This site-specific information was used, in part, to respond to materiality surveys for prioritization of our key challenges. Our material environmental priorities for the near-term, based on site-specific, corporate-level and stakeholder information, are discussed in the table below.

Material Environmental Risks and Opportunities	Why The Issue is Important	What We Are Doing About It
Water	<ul style="list-style-type: none"> • Competing uses prevalent around several of our sites • Water rights in Arizona and Colorado are currently under litigation • Water levels in our Chilean well fields are declining 	<ul style="list-style-type: none"> • Site-specific water supply actions being permitted (e.g. – Candelaria and El Abra mines in Chile) or purchases being evaluated • Explore settlement options to ongoing Arizona and Colorado water rights litigation <p><i>Performance Target: Implement a water management/conservation plan by the end of 2010 for active mining and smelting sites</i></p>
Environment	<ul style="list-style-type: none"> • Air, water, and land-related releases in the U.S. reported through U.S. EPA's Toxics Release Inventory (TRI) program are basis for U.S. EPA enforcement and regulatory actions • Riverine tailings management at Grasberg is a key issue for many stakeholders • Our largest environmental footprint is associated with management of tailings, waste rock, open pits and leach stockpiles • Impacted groundwater represents a significant component of closure costs 	<ul style="list-style-type: none"> • Continue to report TRI releases but work with U.S. EPA on possible changes to program to meet stakeholder needs • Participate in U.S. EPA enforcement and regulatory development efforts focused on mining • Continue extensive environmental monitoring and reporting at Grasberg; provide additional information on our web site • Evaluate continuous improvement options on management of tailings, waste rock, open pits, and leach stockpiles <p><i>Performance Target: Incur zero significant consequence environmental events in 2009</i></p>



		<p>Performance Target: Incur zero penalties >\$100,000 in 2009</p> <p>Performance Target: Develop a plan to achieve beneficial and sustainable re-use of tailings material at two sites by the end of 2010</p>
Energy Efficiency/ Renewable Energy	<ul style="list-style-type: none"> Energy costs were about 25% of our operating costs in 2008 	<ul style="list-style-type: none"> Continue to evaluate technology changes that can improve energy efficiency (e.g. – HPGR grinding mills, alternate anodes) Encourage energy efficiency improvements with major equipment suppliers <p>Performance Target: Implement an energy efficiency/energy conservation plan by the end of 2010 at all active mining operations</p> <p>Performance Target: Establish two renewable energy facilities on mining-related property by 2014</p>
Greenhouse Gas Emissions	<ul style="list-style-type: none"> Potential regulatory change in U.S. on CO₂ emissions 	<ul style="list-style-type: none"> Report annually to the Carbon Disclosure Project Monitor and evaluate proposed U.S./International legislation <p>Performance Target: For sites with direct CO₂ emissions exceeding 100,000 metric tonnes per year, prepare a GHG emissions plan that optimizes fuel-related emissions with long-term mine production plans by the end of 2010</p>
Legacy Liabilities/ Environmental Remediation and Mine Closure	<ul style="list-style-type: none"> As of December 31, 2008, we have more than 100 projects to address environmental conditions at historic sites; we have environmental reserves of \$1.4 billion recorded in our consolidated balance sheets 	<ul style="list-style-type: none"> We devote significant internal and external resources to the management of these projects <p>Performance Target: Complete scheduled 2009 remediation work, budgeted at \$120 million, for reducing legacy liabilities</p> <p>Performance Target: Complete scheduled 2009 reclamation work, budgeted at \$35 million</p>
<p>Freeport-McMoRan Copper & Gold Inc. incurred aggregate environmental capital expenditures, including joint venture partners' share, totaling \$468 million in 2008.</p>		



In addition to our key environmental priorities, there are basic environmental functions identified in our Environmental Policy that also align with GRI G3 performance indicators. These issues are discussed in the table below.

Environmental Issues	Why the Issue is Important	What We Are Doing About It
Compliance	<ul style="list-style-type: none"> • Regulatory mandates • Corporate Environmental Policy 	<ul style="list-style-type: none"> • Corporate environmental auditing program – evaluate compliance and effectiveness of Environmental Management System (EMS), and identify potential risks at sites • Implementation of standardized corporate best management practices • Regulatory training at sites • Site implementation of internal audits
ISO 14001 Certification	<ul style="list-style-type: none"> • Corporate Environmental Policy requires all facilities worldwide to be certified 	<ul style="list-style-type: none"> • Maintain certifications • EMS-based training and awareness of site-specific environmental issues
Materials Management	<ul style="list-style-type: none"> • Compliance improvement • Reduce risk of impact to human health and the environment 	<ul style="list-style-type: none"> • Eliminate the use of PCBs • Evaluate replacement of materials containing VOCs • Implement asbestos management plans
Recycling	<ul style="list-style-type: none"> • Corporate Environmental Policy • Business opportunities for “green programs” • Cost efficiencies • Reduction in GHG emissions 	<ul style="list-style-type: none"> • Site-specific programs: Electroplating sludge (F006) recycling at the Miami mine for copper recovery; reprocessing of copper-impacted soils; Morenci mine’s HDPE recycled offsite for reuse onsite • Tailings use in concrete at Grasberg operation; magnetite recovery from tailings at the Candelaria mine • Corporate effort to promote slag reuse in U.S. “green highways” program
Biodiversity	<ul style="list-style-type: none"> • Consideration of ecological services in decision making is an evolving practice area • Critical long-term element of environmental sustainability 	<ul style="list-style-type: none"> • Initiating biodiversity data gathering efforts at U.S., Chile and Peru sites • Implement site-specific projects to address regulatory issues, such as endangered species (e.g. – the Tenke Fungurume development project) habitat management (e.g. – the Morenci mine) or habitat enhancement (e.g. – bat habitats at legacy sites in North America) • Continue PT Freeport Indonesia sponsorship of biodiversity research <p>Performance Target: Prepare a biodiversity inventory in 2010 and land management plan by the end of 2011 for all active mining operations</p>
Technology Transfer	<ul style="list-style-type: none"> • Corporate Environmental Policy • Energy efficiency/GHG emission improvements • Environmental remediation cost reductions • Groundwater treatment cost reductions 	<ul style="list-style-type: none"> • Technology Center (Safford, AZ) tests various technologies to improve operational performance including energy efficiency • Technology Center testing several technologies that could reduce remediation and groundwater treatment costs • Water treatment technology demonstration plant to be built near Tucson, AZ in 2009/2010
Closure	<ul style="list-style-type: none"> • Cost reduction opportunities tied to 	<ul style="list-style-type: none"> • Life cycle strategies being evaluated to reduce closure



Planning	post-mining land uses <ul style="list-style-type: none"> • Opportunities for near-term reclamation of impacted lands 	costs through operational improvements <ul style="list-style-type: none"> • Tailings reclamation at the Chino and Bisbee mines in the U.S.; stockpile reclamation at the Tyrone and Bisbee operations in the U.S.
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As highlighted in the table above, there are EMS-related training efforts that are a basic part of our operational practices. In April 2008 we held a regional conference in Chile for the environmental managers of our South American sites. During August 2008, we held a conference in Phoenix, Arizona for our worldwide site managers for environmental and social programs. The major focus of the multi-day conferences was the introduction of our new Sustainable Development organization, and in-depth review of our ICMM commitments including implementation of the 10 Sustainable Development Principles, reporting against the GRI G3 guidelines, and development of processes to identify material risks and opportunities. Additional training was provided on the GRI G3 indicators for both environmental and social staff members. During fall and winter 2008, we updated our Standard Operating Procedures for GRI G3 environmental indicator data collection and provided site-level training on their implementation. Due to economic conditions, we will replace our worldwide or regional conferences in 2009 with site visits by key corporate personnel.

Site environmental managers in the U.S. participate in monthly conference calls and quarterly meetings to review key issues and initiatives, including most of the environmental issues listed in the two tables above. Site environmental managers in South America also participate in monthly conference calls to review key corporate and regional issues and initiatives. Regular conference calls are scheduled with Tenke Fungurume staff to review permitting issues and implementation progress of our environmental management programs that stem from our Environmental and Social Impact Assessment. In addition, site visits are conducted by corporate environmental staff to both U.S. and international facilities as part of ensuring compliance with the corporate environmental policy, sharing environmental practices and striving for consistency. These activities occurred during 2008 and will continue through 2009.

During 2008, Freeport-McMoRan Copper & Gold Inc. was recognized for several environmental accomplishments that align with both ICMM 10 Sustainable Development Principles and our material environmental issues:

- Cobre Mining Company won the 2008 Excellence in Mine Reclamation Award from the Mining and Minerals Division of the New Mexico Energy, Minerals and Natural Resources Department for reclamation of the historic Hanover Empire Zinc Mines and associated areas. The reclamation focused on addressing impacts to groundwater and surface water, public safety and preservation of important bat habitat (addresses ICMM Sustainable Development Principles #2 and #6).
- Morenci (Arizona) was given the U.S. Department of Interior COOPERATIVE CONSERVATION AWARD for participating with Southwestern Bald Eagle Management Committee and Arizona Bald Eagle Nestwatch Program in 2008 (addresses ICMM Sustainable Development Principle #7).
- PT Freeport Indonesia (Grasberg) was given the Silver Award for Mineral, Coal and Geothermal Mining from the Indonesian Department of Energy and Mineral Resources (DEMUR) based on an overall analysis of company policy regarding environmental mining management, compliance towards prevailing government legislation, organization of environmental mining management, environmental management programs, and implementation of environmental management strategy (addresses ICMM Sustainable Development Principles #2 and #6).



- Our Tannery Bay Sediment Remediation Project in the St. Mary's River at Sault Ste. Marie, Michigan was given the National Association of Environmental Professionals Award for Environmental Excellence. This sediment remediation/habitat enhancement project was jointly funded by U.S. EPA, Michigan Department of Environmental Quality, and Freeport-McMoRan Copper & Gold Inc. (addresses ICMM Sustainable Development Principle #7 and material issues on Environmental Impacts and Remediation).

The Ojos del Salado facility in Chile received the "SONAMI – San Lorenzo" Award from the Chilean National Mining Association for the removal of an old slag pile existing from the early 20th century and the reclamation of the 6.5 hectares parcel located in the adjacent village of Tierra Amarilla. The reclaimed land was returned to the community of Tierra Amarilla for future uses that benefit the local inhabitants (addresses ICMM Sustainable Development Principles #2 and #9 and material issues on Environmental Impacts).

During 2008, Freeport-McMoRan Copper & Gold Inc.'s environmental performance on Notices of Violation continued to show improvement from 2006 and 2007; however, our performance on permit exceedances did not improve from 2007 and increased to 2006 levels. We had one significant environmental release at Morenci (Arizona): 180,000 gallons of process solution was released into an offsite ephemeral drainage, but the spill was contained before reaching the San Francisco River. The impacted area was cleaned up and impacted materials recycled onsite; a cleanup report has been provided to the Arizona Department of Environmental Quality and Morenci is awaiting a response to that report. The release was caused by human error during a maintenance activity. An ongoing environmental, as well as safety, challenge for our operating sites is the elimination of the human error factor that subsequently results in a sudden and significant environmental impact or a fatality.

PT Freeport Indonesia voluntarily committed to perform an external environmental audit every three years as part of the 300K expansion Environmental Impact Statement (ANDAL). This external audit is conducted with the aim of measuring and evaluating company performance in the area of environmental management, adherence to the laws and regulations of the Indonesian government, and fulfillment of PT Freeport Indonesia's commitment to complying with environmental best practices as part of the international mining community. An external environmental audit was conducted in November 2008, the fifth external environmental audit at PT Freeport Indonesia since 1996. The executive summary of the complete external audit report, along with PT Freeport Indonesia's response to the audit recommendations are available at www.fcx.com.

Freeport-McMoRan Copper & Gold Inc. incurred aggregate environmental capital expenditures, including joint venture partners' share, totaling \$468 million in 2008. A significant challenge for 2009, and possibly through 2010, will be the company's ability to sustain its budgeted expenditures during extended periods of low commodity prices. Reductions in spending directly affect the pace of implementing projects and related activities aimed at meeting our performance targets and improved performance in other noted environmental-related areas.

Freeport-McMoRan Copper & Gold Inc. 2008 GRI G3 environmental performance indicators are presented below.

MATERIALS

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Materials								
EN 01 Materials used by weight	Ore	million tonnes	756	80	490	186	0	
	Concentrate	thousand tonnes	2	0.0	0.9	0.0	1.1	Concentrate (purchased from third-party) input to concentrate leaching plants, molybdenum roasters and smelters
	Scrap copper	thousand tonnes	11	0	3	0	8	
	Materials exclusive of ore, concentrate and scrap copper	thousand tonnes	4,465	158	2,702	941	664	Includes explosives, lubricants, caustics, acids, flotation and SX/EW chemicals, wearing steel and other process chemicals.
EN 02 Percentage of materials used that are recycled input materials	Recycled input materials	%	See Note	0	4	0	8	Three processing facilities in North America and one in Europe utilize recycled materials from external sources.
MM 04 Percentage of products derived from recycled materials	Secondary materials In products	%	See Note	0	3	0	33	One processing facility in North America and one in Europe utilize secondary materials from external sources.

ENERGY

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Energy								
EN 03 Direct energy consumption by primary energy source	Coal	terajoules	20,012	20,012	0	0	0	
	Total liquid fossil fuels	terajoules	44,407	15,489	21,716	5,883	1,319	Includes diesel, jet fuel, natural gas, used oil, gasoline and propane.
	Direct energy-renewable sources	terajoules	0	0	0	0	0	



	Total Direct Energy Consumption	terajoules	64,419	35,501	21,716	5,883	1,319	
EN 04 Indirect energy consumption by primary source	Total Indirect Energy Consumption (Grid electricity)	terajoules	28,467	0	17,847	9,717	903	
	Primary fuels consumed to produce grid electricity (purchased)							
	Primary fuel - coal	terajoules	37,770	0	23,406	14,010	354	
	Primary fuel - diesel	terajoules	388	0	3	385	0	
	Primary fuel - natural gas	terajoules	13,032	0	11,863	470	699	
	Primary fuel - fuel oil	terajoules	799	0	56	718	25	
	Total primary liquid fossil fuels	terajoules	14,219	0	11,922	1,574	723	Energy data from estimated annual fuel quantities used by electric power providers to produce supplied electricity.
	Hydroelectric	terajoules	4,764	0	132	4,527	105	
	Nuclear	terajoules	1,196	0	1,025	0	170	
	Renewable energy sources	terajoules	355	0	215	0	140	

EN 05 Energy saved due to conservation and efficiency improvements.

Freeport-McMoRan Copper & Gold Inc. operates a Technology Center at Safford, Arizona which directs a technology development program that invests significant capital to improve the efficiency of our operations, and improve the overall efficiency of our copper mining and recovery processes. The facility was established to provide support services for the continuous improvement of existing operations and technologies currently in use, as well as to develop new cost-competitive technologies. Expenditures for research and development programs, together with contributions to industry and government-supported research programs, totaled \$44 million in 2008 and \$33 million in 2007. Expenditures are expected to be substantially lower in 2009 in connection with company-wide steps to reduce costs in response to lower copper and molybdenum prices.

Freeport-McMoRan Copper & Gold Inc.'s technology development group has developed an overall "energy consumption map" for the various processes Freeport-McMoRan Copper & Gold Inc. uses from extraction of ore from the ground to the transportation of a final product to market¹. While not site-specific, this initial map provides a basis to identify opportunities for energy-efficient improvement projects. Freeport-McMoRan Copper & Gold Inc. also has many other projects currently in testing phase, making it premature to accurately quantify actual savings.

Energy Efficiency and Mining Technology

The company has applied new engine technology for large mining equipment (240-ton class haul trucks) to improve diesel fuel consumption per engine operating hour, including installation of new Fuel-Efficient High Displacement engines in 128 large haul trucks in the last five years. These engines have reduced fuel consumption in haulage by an average of five percent. Freeport-McMoRan Copper & Gold Inc. operations have spent \$35 million to convert 40 percent of our haul trucks to Fuel-Efficient High Displacement engines.

Fuel additives are being tested to improve fuel economy and reduce emissions at several of the company's mines. These additives are estimated to provide two to three percent reductions in diesel

¹ Marsden, J. O. (2008) "Energy Efficiency and Copper Hydrometallurgy". *Hydrometallurgy 2008, Proceedings of the Sixth International Symposium*. Eds. Young, C. A., Taylor, P. R., Anderson, C. A., & Choi, Y. Society for Mining, Metallurgy & Exploration Inc. pp29-42.



consumption. Use of these additives at all of our operations could potentially reduce diesel consumption by several million gallons annually.

New products and processes are being used at the company's Bagdad, Safford, Sierrita and Morenci mines to improve fragmentation within rock mass, thereby using less energy to process the ore in the crushing and grinding circuits. This means using less electricity and/or other energy sources. Improved fragmentation also reduces dig energy required during the loading process while reducing emissions associated with auxiliary support equipment due to improved ripping and dozing conditions.

Auto drill technology is being developed for use on large drill equipment, resulting in improved energy efficiency. For example, we have converted four Bucyrus Model 49R II series rotary drills, two Atlas Copco Pit Viper Model 351's and one Pit Viper Model 271 for auto drill operation at our Morenci, Arizona mine, which automatically drills 55 ft. deep rotary blast holes 20 percent more efficiently than manual operation. We have a total of seven drills in operation at Morenci, three at Safford, and three at Grasberg.

The company has partnered with other parties to design and build a more energy- efficient shovel dipper. The new dipper design will be able to move more easily through the blasted rock bank and is estimated to provide up to a 3.5 percent reduction in energy requirements associated with loading. Currently we have large Optima 110 dippers (74 cubic yards) in use at our Morenci operation.

Energy Efficiency and Process Technology

Freeport-McMoRan Copper & Gold Inc. produces a significant portion of its copper as electrowon copper cathode using leaching and solution extraction/electrowinning (SX/EW) technology. In general, leaching and SX/EW requires between 30 to 50 percent less energy than a typical mining, milling, flotation, smelting and refining route to a saleable cathode product, but this energy-saving technology can only be applied when specific ore mineralogy is favorable.

During 2006 Freeport-McMoRan Copper & Gold Inc. began deploying advanced, biologically enhanced heap leaching technology to improve the leaching of primary chalcopyrite and bornite ores, which historically have proven difficult to leach using conventional methods. Low-grade chalcopyrite stockpiles are being treated using this technology at the Bagdad and Morenci operations in Arizona. In addition, as an outgrowth of this work, the El Abra operation in Chile will use biologically enhanced heap leaching to treat primary bornite ore. All of these processes provide significant overall energy savings (30 to 50 percent) for copper extraction when compared with conventional milling, flotation, smelting and refining technology.

Over the past decade, Freeport-McMoRan Copper & Gold Inc. developed and commercialized a copper concentrate leaching technology that can be applied for the treatment of certain concentrates as an alternative to conventional smelting and refining. In 2003, the company installed a large-scale demonstration plant at the Bagdad, Arizona mine to produce approximately 16,000 tons per year of copper using a high temperature or medium temperature pressure leaching process. The high temperature copper process consumes approximately 18 percent less energy than the smelting and refining process for copper production, so that with 16,000 tons of production, energy savings are approximately 4,780 Btu/lb of copper, or 160,000 GJ/yr. The demonstration plant operated successfully for several years processing copper concentrate and was recently converted to process molybdenum concentrate.

Based on successful testing at the Bagdad, Arizona mine, Freeport-McMoRan Copper & Gold Inc. installed a large-scale copper concentrate leaching facility at Morenci, Arizona to process concentrates in 2007. This new process technology provides energy savings of approximately 22 percent compared with conventional transportation, smelting and refining, so that with a design production of 74,000 tons per year of copper, the high temperature concentrate leach process saves approximately 5,400 Btu/lb of copper or 820,000 GJ/yr when fully operational. The operation of this facility will depend on the company's concentrate and acid balance. Freeport-McMoRan Copper & Gold Inc. continues to pursue

and further develop effective concentrate leaching technology as a potential alternative to smelting and refining in certain applications.

The application of high pressure grinding rolls (HPGR) at our Cerro Verde primary sulfide operation in Peru, which began operation in 2006, and at our Indonesian operations results in 13 percent lower energy consumption when compared with conventional semi-autogenous milling technology, resulting in reduction of overall power consumption of approximately 3.8 kWh/t (20 MW). These are the first applications of such technology in the processing of “hard rock” base metal ores.

Freeport-McMoRan Copper & Gold Inc. is also advancing the development of more energy-efficient electrowinning technology for the recovery of copper from solution. The primary technology we are implementing is the use of alternative anodes. The alternative anode technology has been fully implemented at our Chino, New Mexico operation resulting in a 15 percent energy reduction. This is the first commercial application of the technology in the world. In addition to the implementation of alternate anode technology at Chino, Freeport-McMoRan Copper & Gold Inc. is planning additional installations at its Bagdad, Tyrone, Safford, Morenci and El Abra operations.

Our Atlantic Copper smelter generates 20 to 25 percent of its electrical requirements through recovery of heat generated during sulfuric acid production.

EN 06 Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

Freeport-McMoRan Copper & Gold Inc. produces copper concentrate, copper anodes, copper cathodes, copper rod, molybdenum concentrate, molybdenum oxide and molybdenum special chemicals. These products are sold and used by other industries as inputs for the production of manufactured materials. Copper is the most energy-efficient conductor of electricity and molybdenum alloyed steel and specialty chemicals are used because of their durability and unique chemical and physical properties. Freeport-McMoRan Copper & Gold Inc. is a member of the International Copper Association and International Molybdenum Association. Each of these organizations promote new uses for copper and molybdenum products.

EN 07 Initiatives to reduce indirect energy consumption and reductions achieved.

Freeport-McMoRan Copper & Gold Inc. has not implemented detailed indirect energy consumption studies of upstream and downstream energy uses related to our products or operations. Those areas we have identified for technology changes to reduce direct and indirect energy consumption are discussed in [EN 05](#). Since Freeport-McMoRan Copper & Gold Inc. operates mines and mineral processing sites and exploration offices in Africa, Europe, Indonesia, and North and South America a limited number of our employees travel internationally using commercial air carriers. Normally business-related travel to and from our mine sites and offices are by automobile and buses. Freeport-McMoRan Copper & Gold Inc. supports employee use of carpools and provides 100 percent financial support for municipal bus/light rail passes at the corporate office located in Phoenix, Arizona.

WATER

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Water								
EN 08 Total water withdrawal by source	Surface water	million cubic meters	140.7	59.9	2.0	18.4	60.4	Water data for Arizona facilities are not reported for EN8 and EN10 due to ongoing water rights litigation.
	Groundwater	million cubic meters	38.0	1.4	16.6	18.3	0.0	
	Stormwater	million cubic meters	25.2	0.0	22.1	3.1	0.0	
	Municipal water	million cubic meters	0.2	0.0	0.1	0.0	0.1	
	Municipal wastewater	million cubic meters	0.5	0.0	0.5	0.0	0.0	



	Other water	million cubic meters	2.1	0.0	0.2	1.9	0.0	
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EN 09 Water sources significantly affected by withdrawal of water.

South America

The Candelaria mining operation in Chile is a careful steward of the Copiapó River basin’s water supply. The Candelaria concentrator uses less fresh water per ton of ore processed than the Chilean mining industry average for flotation processes. Candelaria annually withdraws approximately 6.5 percent of the total groundwater usage of the Copiapó River aquifer. Overall, the largest water user in the area is the agriculture sector which uses 75 percent of annual withdrawals. Candelaria maximizes its operational water efficiency and aggressively recycles its water to minimize its impact on the aquifer. In that pursuit, Candelaria is working cooperatively with regional authorities and communities to develop a water management plan to optimize and manage withdrawals from the Copiapó River aquifer.

El Abra owns consumptive water rights at the Ascotán salt-flat basin located in the high Andes Mountains in Region II of Chile. Water is extracted from five deep wells using submersible pumps that are located between 150 and 250 meters below ground surface. The average withdrawal rate is less than the volume granted by the water rights. The salt-flat, while not a protected area, is a sensitive habitat. The water source supports an ecosystem that consists of a series of springs located along the eastern side of the Ascotán salt-flat basin. The *Orestias ascotanensi*, a fish which is endemic to the area and has been identified as an endangered species in some scientific publications, lives in some of these springs.

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Water								
EN 10 Percentage and total volume of water recycled and reused	Recycled and reused water	million cubic meters	423.1	68.6	128.6	219.5	6.4	Water data for Arizona facilities are not reported for EN8 and EN10 due to ongoing water rights litigation.
	Total water withdrawal/ Total water usage	%	33	47	25	16	90	

BIODIVERSITY

The table shown below shows consolidated information for environmental indicators EN 11 (location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas) and EN12 (description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity outside protected areas).

Operating Site	Biodiversity Area/Value	Description of Significant Impacts
Europe		
Atlantic Copper Southwestern Spain Smelter Site 0.39 km ²	Paraje Natural Marismas de Odiel (Odiel River Marshes) Adjacent to smelter site Marine and terrestrial – UNESCO (United Nations Educational, Scientific and Cultural Organization)	None



Indonesia		
<p>Grasberg – (PT Freeport Indonesia)</p> <p>Papua, Indonesia</p> <p>Extractive – mine and mill</p> <p>2930 km²</p>	<p>Lorentz National Park and World Heritage Site</p> <p>Adjacent to Contract of Work area</p> <p>Terrestrial, freshwater and marine – World Wildlife Fund’s Global 200 Ecoregion</p>	<p>Grasberg mining operations and its Tailings Management Area produce localized disruptions in habitat, but annual ecological and water quality monitoring indicates recovery is rapid when the disturbing activity ceases</p>
North America		
<p>Bagdad</p> <p>Bagdad, AZ</p> <p>Extractive – mine, mill and leach</p> <p>88 km²</p>	<p>1) Upper Burro Creek Wilderness</p> <p>Adjacent to Bagdad mine property</p> <p>Terrestrial and freshwater – U.S. Bureau of Land Management - Wilderness Management Area</p> <p>2) Big Sandy Southwestern Willow Flycatcher Riparian Habitat</p> <p>Adjacent to Bagdad mine property</p> <p>Freshwater – U.S. Fish and Wildlife Service</p>	<p>None</p> <p>None</p>
<p>Morenci</p> <p>Morenci, AZ</p> <p>Extractive – mine, mill and leach</p> <p>218 km²</p>	<p>1) Eagle Creek Riparian Area (habitat for Spikedace and Loach Minnow) – Outside protected areas</p> <p>Adjacent to and within Morenci mine property</p> <p>Freshwater – U.S. Fish and Wildlife Service</p> <p>2) Rocky cliffs that create a travel corridor for Big Horn Sheep – Outside protected areas</p> <p>Adjacent to and within Morenci mine property</p> <p>Terrestrial – U.S. Fish and Wildlife Service</p>	<p>None</p> <p>None</p>
<p>Tyrone</p> <p>Southwest New Mexico</p> <p>Extractive – mine and leach</p> <p>142 km²</p>	<p>Southwestern Willow Flycatcher Habitat</p> <p>Adjacent to Tyrone Mine property</p> <p>Freshwater – U.S. Fish and Wildlife Service</p>	<p>None</p>
South America		
<p>El Abra</p> <p>Antofagasta region, Chile</p> <p>Extractive – water wells</p>	<p>Southeast Border Ascotán (Ascotán salt-flat)</p> <p>Adjacent to and located in protected area</p> <p>Freshwater – DGA - national water agency</p>	<p>At the Ascotán salt-flat, El Abra mining operations maintains five water production wells. Comprehensive environmental assessments have determined that environmental impacts related to water extraction and the decrease in phreatic levels at the wells</p>



<p>field for mine and leach</p> <p>0.095 hectares</p>		<p>are localized, temporal (will occur during the life of the mine), and are reversible in the long term. Specific impacts reviewed were the modification of habitat containing native flora, decrease in vegetation cover, decrease of the phreatic level near water supply wells, and modification of the habitat of the fauna <i>ictious</i> at one spring.</p>
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GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Biodiversity								
MM EN 23 Land Managed for Production	Total land disturbed & not rehabilitated (open balance)	hectares	60,425	26,000	24,830	9,550	45	Listed opening balance land data adjusted due to change from G2 to G3 guidelines for 2008.
	Total amount of land newly disturbed	hectares	2,442	0	467	1,975	0	
	Total amount of land newly rehabilitated	hectares	543	0	536	6	0	
	Total land disturbed & not rehabilitated (close balance)	hectares	62,324	26,000	24,760	11,519	45	

MM 03 Number of sites identified as requiring biodiversity plans

Our current criterion for determining if a site needs a biodiversity plan is based on existing environmental permits provided to an operation for implementation of a new project. This process has occurred at three of our mine sites in South America and also in our new development project in the DRC, which will be reported next year. Specific details of these plans are provided below.

South America

The Candelaria mining operation has developed a Biodiversity Plan for addressing management of local flora, vegetation cover, cactus transplant and management of the Chañar (*Geoffroea decorticons*) and Algarrobo (*Prosopis chilensis*). In addition, this effort provides guidelines for management of local marine and terrestrial fauna, the rescue, documentation and release of wildlife, as well as pest control efforts.

The Cerro Verde mining operation has a comprehensive flora management plan for the cactus, *Weberbauerocereus weberbaueri*, including the rescue of seeds, propagation tests, re-colonization and transfer of species.

In addition, a fauna management plan has been established to:

- Protect long-headed bats living in certain caves and old shafts. This plan considers protecting the access to adits and the relocation of some cactus that are part of their food chain.
- Improve the understanding of the guanaco (*Lama guanicoe*), whose habitat is present in the vicinity of the mine site. Satellite images have been used to assess the extension of the guanaco population in the area as well as the main corridors. The site has maintained primary guanaco corridors, relocated certain wallow areas and provided water in artificial containers.

At the El Abra mining operation, a Biodiversity Plan has been prepared and is under implementation for the Ascotán salt-flat area and the mine site. In terms of the flora management plan, primary aspects cover not only the monitoring of flora diversity, but also vegetation cover, while the fauna program includes the characterization of abundance and variety of birds, mammals, reptiles, amphibians and fish species.

EMISSIONS, EFFLUENTS AND WASTE

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe
Emissions, Effluents, and Waste							
EN16	Direct CO ₂ equivalent emissions	million tonnes	5.1	3.1	1.5	0.4	0.1
	Total direct and indirect GHG emissions by weight						
	Indirect CO ₂ equivalent emissions	million tonnes	4.5	0.0	2.9	1.5	0.1

EN 17 Other relevant indirect greenhouse gas emissions by weight.

Freeport-McMoRan Copper & Gold Inc.'s indirect greenhouse gas (GHG) emissions, not related to purchased electricity, are from fossil fuel combustion and are related to shipment of materials to and shipment of products from our facilities by commercial vehicle, rail and ocean-going carriers. The volume of indirect emissions are qualitatively small compared to direct GHG emissions related to on-site vehicle use and energy used for processing concentrates in our smelter complexes. At this time, Freeport-McMoRan Copper & Gold Inc. has not quantified any of these transportation-related indirect GHG emissions.

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.

Currently Freeport-McMoRan Copper & Gold Inc. has several energy savings initiatives at its mineral processing facilities which will contribute to a reduction in its GHG emissions (see [EN 07](#)). An additional example includes the Norwich, Connecticut rod mill that has recently installed energy-efficient lighting and replaced less efficient, older electric motors in equipment with new variable-speed motors.

GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Emissions, Effluents and Waste								
EN19	Total ODS emissions	tonnes	4.6	1.5	2.0	1.0	0.2	
	Emissions of ozone-depleting substances by weight							
	ODS Emissions - CFC-11 equivalent	tonnes	0.1	0.0	0.1	0.0	0.0	
EN20	NOx emissions	thousand tonnes	48.2	15.1	26.3	6.7	0.1	Nitrogen oxides
	SOx emissions	thousand tonnes	16.7	6.6	6.8	0.2	3.2	Sulfur oxides
	PM10 emissions	thousand tonnes	64.9	12.1	36.0	16.7	0.0	Point and fugitive sources of particulate matter
	VOC emissions	thousand tonnes	12.7	4.1	5.9	2.7	0.0	Volatile organic compounds
	HAP emissions	thousand tonnes	0.4	0.0	0.2	0.1	0.0	Hazardous air pollutants

EN21 Total water discharge by quality and destination.

North America

At the Henderson mine in Colorado, pumped mine water (de-watering operations) is managed at an on-site treatment plant that utilizes a high-density sludge process to remove dissolved metals. The process includes an aerated reactor, a clarifier with sludge recycle/removal, and ancillary lime, flocculent, and sulfuric acid addition systems. Annual discharged water volume to Woods Creek/Clear Creek was 2.9 million cubic meters. Water quality data for the treated water are:

pH			Zinc mg/l			Copper mg/l			TSS mg/l		
Min	Max	Mean	Min	Max	Mean	Min	Max	Mean	Min	Max	Mean
6.9	8.4	7.8	0.009	0.098	0.033	<0.0005	0.010	0.0018	<5.0	10.0	5.5

At the Henderson Mill, the facility operates a closed loop water management circuit where no water is treated or discharged to receiving waters.

Indonesia

In 2008, Grasberg mining operations in Indonesia discharged water into a highland river, the Otomona. Discharged volumes transported by the river from highland and lowland operations are provided below:

Transport water = 46 million cubic meters
Power plant = 0.6 million cubic meters
Dewatering Plant = 2.3 million cubic meters

Europe

At the Atlantic Copper operation, seawater is withdrawn from and discharged to the Rio del Odeil for cooling purposes. This water's 2008 in-take and discharge metal concentrations are listed below.

Seawater Withdrawal from Rio del Odeil					Seawater Discharge to Rio del Odeil			
Volume	Zn	As	Cu	Cd	Zn	As	Cu	Cd
MM m3	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
58.6	0.528	0.020	0.034	0.008	0.530	0.029	0.037	0.008

This facility also treats and discharges its process water. All treated industrial wastewater discharges meet the European Union's effluent criteria. The table below shows average annual discharge data.

Volume	pH	SPM	F	TOC	NH4+	Hg	Zn	As	Cu	Cd	Pb	N (total)	Ni	Se
MM m3		mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
0.20	8	13	10	149	47.9	0.015	0.857	0.216	0.015	0.012	0.043	35.8	0.039	0.645

Legend	
As	arsenic
Cd	cadmium
TOC	total organic carbon
Cu	copper
F	fluorine
Hg	mercury
N	nitrogen
Ni	nickel
Pb	lead
Se	selenium
SPM	suspended particulate matter
Zn	zinc



GRI Indicator	Description	Units of Measurement	FCX Total	Indonesia	North America	South America	Europe	Note
Emissions, Effluents and Waste								
EN 22 Total weight of waste by type and disposal method	Hazardous waste sent to a landfill	thousand tonnes	9.3	0.2	2.2	0.5	6.4	
	Hazardous waste recycled	thousand tonnes	6.5	5.4	0.5	0.5	0.1	
	Hazardous waste treated	thousand tonnes	14.7	5.5	0.2	0.0	8.9	e.g. incinerated
	Hazardous waste stored onsite	tonnes	2.1	0.0	0.0	2.1	0.0	
	Total Hazardous waste generated	thousand tonnes	30.5	11.1	2.9	1.0	15.4	
	Non-hazardous waste sent to a landfill	thousand tonnes	55.8	22.5	24.3	8.6	0.4	
	Non-hazardous waste recycled	thousand tonnes	51.0	12.6	25.7	11.2	1.6	
	Non-hazardous waste on-site disposal	thousand tonnes	4.2	0.0	2.7	1.4	0.0	Not placed in a landfill
	Non-hazardous waste other disposal	thousand tonnes	39.7	0.0	18.5	0.0	21.2	
	Total non-hazardous waste generated	thousand tonnes	150.7	35.1	71.2	21.2	23.2	
	Used oil	thousand cubic meters	17.9	6.2	9.4	2.3	0.0	Not used in ammonium nitrate-fuel oil
EN 23 Total number and volume of significant spills	Significant spills	number	85	62	18	5	0	
	Volume spilled	thousand cubic meters	7.1	0.4	6.2	0.5	0.0	

PRODUCTS AND SERVICES

EN 26 Initiatives to mitigate environmental impacts of products, and services and extent of impact mitigation.

Freeport-McMoRan Copper & Gold Inc.'s principal end products are copper, copper concentrates (some bearing gold), molybdenum sulfides and molybdenum specialty chemicals. In 2008, the International Copper Association sponsored programs with the European Union (EU) and the National Nutrition Institute from the University of Chile. These programs included press releases and booklets that highlight the use of copper for energy efficiency, renewable energy programs and anti-microbial applications for healthcare. In North America a cable television network aired a program that focused on the Copper Development Association and the cooperative effort in 2008 between the copper industry, healthcare sector and national governments on the antimicrobial benefits of copper.



EN 27 Percentage of products sold and their packaging materials that are reclaimed by category.

The entire weight of copper wire, rods, tubing and electronic components are 100 percent reclaimable. The reclaimable percent of molybdenum in manufactured products will depend on product end usage. Molybdenum specialty chemicals used as catalysts can be reclaimed and regenerated. Molybdenum used in the manufacture of molybdenum based steel alloys, machined parts and tools can be recycled for their combined metal content. The actual percentage of molybdenum reclaimed will depend on the end product and has not been determined at this time.

Wooden pallets used for packaging and shipment of copper rod and cathodes are partially reclaimed if returned to Freeport-McMoRan Copper & Gold Inc. At the Miami rod mill, plastic pallets used for copper rod are recycled.

COMPLIANCE

EN 28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.

Across our operations, we did not have a single compliance-related fine or penalty in 2008 that exceeded \$100,000. We did, however, pay a total of \$191,000 in fines to various U.S. state regulatory agencies.

OVERALL

EN 30 Total environmental protection expenditures and investments by type.

Freeport-McMoRan Copper & Gold Inc. incurred aggregate environmental capital expenditures and other environmental costs, including minority shareholders' and joint venture partners' share, totaling \$468 million in 2008. Expenditures include operating expenses, capital costs, reclamation and environmental remediation activities.

MATERIAL STEWARDSHIP

MM 05 Policies for assessing the eco-efficiency and sustainability attributes of products.

Copper is the most energy-efficient conductor of electricity. Copper has an extremely high degree of electrical conductivity that results in lower heat loss during electrical transportation and more efficient electrical power generation. Maximizing energy efficiency results in lower fuel combustion and lower GHG emissions. Copper can be reclaimed for recycling from virtually any manufactured product. Life cycle assessment information for copper is available from the European Copper Institute and the International Molybdenum Association provides similar information for molybdenum products.

LARGE VOLUME MINING AND MINERAL PROCESSING WASTE

MM 06 Approach to management of overburden, waste rock, tailings, sludges/residues.

Freeport-McMoRan Copper & Gold Inc. manages overburden, waste rock, tailings, sludges/residues in compliance with applicable national, state and local laws, permits and Environmental Impact Studies' approvals. Sludge includes electrowinning tankhouse sludge and lime scrubber sludges. Residues include smelter slag, smelter brick and other furnace brick that are recycled for metal value or sent to a designated landfill or placed in surface stockpiles.

Overburden and Waste Rock

In general, excavated overburden and waste rock are segregated into separate stockpiles constructed at angle of repose. Non-mineralized overburden is a potential source of clean cover for future reclamation activities. Waste rock usually contains low concentrations of sulfide and/or oxide minerals (low grade ore) and is not covered during mine operation because it could one day be processed for its metal content depending on economics and technological improvements.



Overburden and waste rock stockpiles are evaluated for structural stability and local seismic design criteria and monitored routinely. Metal leaching potential from waste rock is controlled by segregation of materials according to hazard potential and by use of physical engineered structures such as drainage channels and use of natural hydrogeologic features. Our regulatory permits require routine qualitative and quantitative monitoring of surface and groundwater in and around our active mine operations, including overburden and waste rock stockpiles. Specific chemical constituents present in waste rock are measured for operational purposes and reported according to existing regulatory requirements.

Many sites have initiated a life cycle analysis to establish timelines for closure, reclamation and water management. In these strategic reclamation plans, studies are included to determine metal leaching potential and to assess the potential for long-term water quality impact.

Tailings Storage Facilities

Tailings generated at mill/concentrator operations are comprised of residual solids suspended in process fluid whose primary constituent is water. Tailings are discharged from mill thickeners and sent to tailings storage facilities (TSFs). Freeport-McMoRan Copper & Gold Inc. currently operates 15 TSFs and manages 57 TSFs that are inactive or have been fully reclaimed. TSFs are managed under our tailings stewardship program which is directed by an inter-disciplinary group of company management, internal technical experts and operators along with technical expert consultants. The program team conducts detailed field audits of the 15 active TSFs at least every two years. The audits include reviews of design, construction and operational issues such as phreatic level management, toe-drains, decant ponds, structural integrity, seepage management, and available stability evaluations.

TSF stability is controlled through use of recognized mining engineering standards and practices utilizing visual observation, as well as manual and automated measurement techniques and equipment. Barge systems are used to collect decanted tailings water. In addition, interceptor wells at the toe of the TSFs collect seepage water. Stability is monitored by site personnel, internal engineering personnel, and outside contracted engineering firms. All Freeport-McMoRan Copper & Gold Inc. site personnel receive training in recognition of stability hazards.

At TSFs located in arid areas, the tailings management program also includes a comprehensive evaluation and planning effort to reduce fugitive dust emissions from the surface of tailings impoundments and to reclaim water from the clarification ponds for reuse in the flotation mills.

Riverine Tailings Management

We continue to manage tailings at PT Freeport Indonesia using a unique controlled system. Because of the site-specific topography and seismic activity and annual rainfall in excess of 30 feet, we use riverine transport of material from the concentrating complex in the mountains to a designated engineered and managed deposition zone in the lowlands and coastal zone. This system was approved by the Government of Indonesia following numerous technical studies, which included the evaluation of 14 different tailings management options, and a multi-year review process. Freeport-McMoRan Copper & Gold Inc. created a management review board in 2008 with four senior Freeport-McMoRan Copper & Gold Inc. staff members and four international tailings and geochemistry experts who review monitoring data and make specific operational recommendations for improving levee designs and construction and system-wide performance. The system undergoes ongoing reviews by independent experts. When mining is completed, the deposition area will be reclaimed with natural vegetation or used for agriculture, forestry or aquaculture. For more information about tailings management at PT Freeport Indonesia, please view our [Controlled Riverine Tailings Management](#) publication.

Sludges/Residues

At Freeport-McMoRan Copper & Gold Inc. solvent extraction and electrowinning facilities, dissolved copper is recovered in the form of cathodes. Any residual tankhouse sludges are also recovered and some are sent to heap leach piles for additional copper recovery. Lime scrubber sludge generated during the roasting of molybdenum sulfide to oxide is considered non-hazardous and disposed of in



onsite landfills. Sludge produced from smelter/acid plant scrubbers is either 1) fed back to the smelter to recover copper values or 2) is shipped off-site to third parties for the purpose of recovering lead and mercury. Smelter slag is placed on land surface in stockpiles that have hydrologic controls to manage stormwater.

One additional type of residue recycled in North America is used refractory brick from smelter operations. This brick is sent to a mine site where it is crushed and floated in the mill to recover copper, which is subsequently returned to the smelter as concentrate. In contrast, used refractory roaster brick from molybdenum roasting circuits is disposed of as non-hazardous waste in a landfill.



Human Rights

With operations at remote locations in developing countries, managing any risks related to human rights is of fundamental importance. At certain operations, we work closely with host government military and police authorities who are assigned to our operations to serve on behalf of their host governments and communities. Ensuring professional relationships between host security forces, company employees and local communities are of prime importance to a wide array of stakeholders. We have identified security and human rights as a key material sustainability challenge for our company, particularly as we operate our existing mines and initiate new projects in developing countries.

Our Grasberg operation has been responding to security and human rights issues for many years and, as a result of lessons learned, we have developed best practice programs and procedures in the area of human rights. We are committed to conducting our operations in a manner consistent with the Universal Declaration of Human Rights (UDHR), the joint U.S. State Department-British Foreign Office Voluntary Principles on Security and Human Rights and the laws, regulations and cultures of our host countries. Our updated corporate Human Rights Policy was approved by our Board of Directors on February 3, 2009; each of our operational sites and foreign affiliates is required to implement the policy beginning in 2009. Recently updated to address our more global footprint, this policy outlines our dedication to recognizing and promoting human rights wherever we do business. The policy requires fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining, and prohibiting forced, compulsory or child labor. The policy also establishes that we implement policies and practices that eliminate harassment and unfair discrimination.

For our international projects and operations in developing countries that present higher levels of risk, we are working with our foreign affiliates to ensure, among other items, the establishment of local guidelines and procedures consistent with our Human Rights Policy, the UDHR, the Voluntary Principles on Security and Human Rights and the ICMM Sustainable Development Principles. We are also requiring implementation of an effective program and management structure for compliance, promotion, education, training, reporting and responding to human rights issues, as well as ongoing assessments of these programs.

Overseeing the development and implementation of our policy on human rights is an internationally recognized expert, Judge Gabrielle Kirk McDonald. Judge McDonald has been a distinguished civil rights attorney and U.S. federal judge and most recently served as President of the International Criminal Tribunal for the former Yugoslavia. She serves as Special Counsel on Human Rights to Freeport-McMoRan Copper & Gold Inc. As a member of our Board of Directors, Judge McDonald reports regularly to the Board on human rights issues and developments.

Freeport-McMoRan Copper & Gold Inc. has developed an annual work program for Human Rights and presented the plan at the Oslo, Norway Plenary on the Voluntary Principles in March 2009. Freeport-McMoRan Copper & Gold Inc. has a Human Rights Compliance Officer located in the corporate office in Phoenix, Arizona and a senior legal advisor to objectively oversee and review the program's continuing progress. Both of these professionals will work with our operations in Indonesia, the DRC, Chile and Peru and to establish country-based human rights policies consistent with the laws and regulations of each country. Under the new Freeport-McMoRan Copper & Gold Inc. Human Rights Policy, each operating site is required to establish its own Human Rights Compliance Officer, who will serve as liaison with site-based departments, including security, human resources and community affairs, as well as with host government security organizations, to ensure that reporting of any potential human rights violation is documented, investigated and resolved in a timely fashion. Training is provided not only to employees and contractors but also to government security organizations where feasible to ensure consistent implementation and tracking by all responsible parties. Our PT Freeport Indonesia operation has developed videos and presentations for security personnel which will be used in promoting human rights in the DRC, Chile and Peru. Our company has a very dedicated team of employees working in this area who share a profound desire to promote human rights.



Our key human rights/security-related priorities are discussed in the table below.

Material Human Rights/Security Risks and Opportunities	Why the Issue is Important	What We Are Doing About It
Human Rights Violations	<ul style="list-style-type: none"> Some of our operations are located in post-conflict nations or areas with histories of human rights violations 	<ul style="list-style-type: none"> Implement Freeport-McMoRan Copper & Gold Inc. Human Rights Policy and promote and educate our workforce and business partners, as well as our local communities and host country guard forces about human rights with the goal of preventing human rights transgressions <p>Performance Target: <i>Incur zero human rights transgressions in 2009</i></p>
Promotion of Human Rights and Reporting Transparency	<ul style="list-style-type: none"> Transparency on our performance in the area of human rights enables us to continually improve our performance and allows our stakeholders to hold us accountable 	<ul style="list-style-type: none"> New Freeport-McMoRan Copper & Gold Inc. Human Rights Policy adopted and being implemented in 2009 Participate in the Annual Voluntary Principles on Security and Human Rights Plenary <p>Performance Target: <i>Implementation of the new Freeport-McMoRan Copper & Gold Inc. Human Rights policy with ongoing training for international operations</i></p> <p>(Please see our Human Rights work plan presented at the 2009 Voluntary Principles Plenary in Oslo, Norway)</p>
Human Rights Compliance Systems and Assurance	<ul style="list-style-type: none"> Our policies and procedures will only work if they are effectively implemented, and our compliance system is key to monitoring our progress 	<ul style="list-style-type: none"> The PT Freeport Indonesia human rights program includes: site-based policy, Human Rights Compliance Officer, mandatory training on company Human Rights Policy for security and other required employees, compliance form completed annually for required employees, and ongoing training with host government security forces, community groups and contractors <p>Performance Target: <i>Adopt site-specific human rights policies, designate site-based Human Rights Compliance Officers, and proactively communicate with host government security forces on human rights at all active foreign mining operations</i></p>
Risks of Human Rights Abuses by Security Forces	<ul style="list-style-type: none"> Security employees are usually the frontline in conflict situations, and thus face the highest risk for human rights incidents to occur 	<ul style="list-style-type: none"> Human rights training programs conducted for all company security guard forces Human rights training conducted for host country security forces Tenke Fungurume Mining participates in monthly meetings on the Voluntary Principles on Human Rights and Security, which are attended by other mining and security companies working in the region, the United Nations, and host country police and armed forces <p>Performance Target: <i>Train all new security employees directly employed at our operations in Indonesia and the Democratic Republic of Congo on the company's human rights policies and procedures</i></p>

The support for the government-provided security at PT Freeport Indonesia includes in-kind assistance and monetary allowances to mitigate living costs and the hardship elements of posting in the mining areas. This type of support helps maintain positive morale, ensures that personnel are properly fed and lodged and provides the logistical resources necessary to patrol and secure the company's operating area. This support for the government security institutions assigned to the company's area of operations represents a prudent step by our company to protect its workforce and property, and to meet the expectations imposed by the respective governments on companies conducting business in remote areas. This provision of support is consistent with the company's obligations under our agreements, our philosophy of responsible corporate citizenship, the Voluntary Principles on Security and Human Rights and is in keeping with our commitment to pursue practices to promote human rights. We periodically review our support practices to ensure that they are appropriate, lawful, and properly controlled.

INVESTMENT AND PROCUREMENT PRACTICES

HR 01 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.

Freeport-McMoRan Copper & Gold Inc. defines significant investment agreements as those in which the company is acquiring an ownership interest in an entity or project, or entering into a joint venture agreement, or entering into a project requiring a large capital investment (\$500 million or more), such as a contract for a construction project. During 2008, Freeport-McMoRan Copper & Gold Inc. did not enter into any significant investment agreements.

HR 02 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.

Freeport-McMoRan Copper & Gold Inc., consistent with its Principles of Business Conduct, is dedicated to the recognition, protection and promotion of human rights wherever we do business. It is our policy to do business with suppliers, contractors, consultants and other business partners who demonstrate high standards of ethical business conduct. We seek to establish mutually beneficial, long-term relationships with business partners who demonstrate their commitment to our principles.

At this time Freeport-McMoRan Copper & Gold Inc. does not have a formal global screening program for its contractors and suppliers with respect to human rights. Our updated Human Rights Policy, adopted in the first quarter of 2009, requires that we work with our foreign affiliates to ensure that contractor and supplier companies abide by our policy or adopt similar guidelines and procedures to ensure compliance.

HR 03 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.

Our updated Human Rights Policy requires all of our operations to recognize, protect and promote human rights wherever we do business. We are committed to conducting our worldwide operations in a manner consistent with the Universal Declaration of Human Rights, the laws and regulations of the U.S., as well as the laws and regulations of host countries. In addition, our policy requires our foreign affiliates, in developing countries that present a higher level of risk, to:

- Establish local guidelines and procedures consistent with the corporate policy, in-country laws and regulations, the Voluntary Principles on Security and Human Rights and the ICMM Sustainable Development Principles;
- Implement an effective program and management structure for compliance, promotion, education, training, reporting and responding to human rights issues and ongoing assessment of these programs; and
- Conduct periodic certification of compliance with this policy for all relevant personnel.

We have a well-developed human rights education, training and compliance program in Indonesia and will focus on developing similar site-based human rights policies and compliance programs for operations in the DRC, Peru and Chile in 2009. Awareness of our commitments to respect and promote



human rights is also included in our annual training and promotion of our company-wide Principles of Business Conduct.

During 2008, both PT Freeport Indonesia and Atlantic Copper adhered to human rights commitments as established in the previous corporate Social, Employment and Human Rights Policy. This policy required these operations to ensure that their activities are conducted in a manner that respects the Universal Declaration of Human Rights, the Voluntary Principles on Security and Human Rights, other applicable international standards of human rights, the laws and regulations of the host country and the culture of the people who are indigenous to the areas in which the company operates.

PT Freeport Indonesia conducted 20,046 hours of training on the company's Human Rights Policy in 2008. A total of 80 percent (8,537) of PT Freeport Indonesia employees and 9 percent (871) of contractor employees received training, as well as 615 other individuals representing community partner organizations, temporary local contractors, and police and armed forces personnel. Human rights training is prioritized for security personnel and employees working in the areas of community, government and employee relations; however, training is not limited to those groups and is available to all departments, contractors and community partners.

Human rights training is provided by Spain's public education system and is a requirement to work at Atlantic Copper. In 2008, all Atlantic Copper employees (577) and contractor employees (384) were trained on human rights.

Our goal is to prevent human rights incidents by promoting education, training, and awareness of our Human Rights Policy and commitments. Our goal is to have no human rights transgressions at any of our global sites.

NON-DISCRIMINATION

HR 04 Total number of incidents of discrimination and actions taken.

Freeport-McMoRan Copper & Gold Inc. is committed to providing its employees with a work environment free from any type of unlawful discrimination and harassment. This includes freedom from all forms of harassment and discrimination based on sex, race, color, religion, national origin, age, disability, protected veteran status and special disabled veteran status.

Through our compliance mechanisms, such as the Principles of Business Conduct Hotline, we aim to monitor and document any incidents of discrimination across our operating regions.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR 05 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken.

Freeport-McMoRan Copper & Gold Inc. complies with the principles set forth by the International Labor Organization (ILO) in its International Labor Standards with respect to the freedom of association of employees and workers. Freeport-McMoRan Copper & Gold Inc. recognizes, consistent with these standards, the right of its employees to organize and form workers associations and that such associations provide a foundation for effective collective bargaining and for the efficient negotiation of appropriate working relationships. The Freeport-McMoRan Copper & Gold Inc. Human Rights Policy requires fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining. The approximate number of **employees represented by unions** at December 31, 2008 and the expiration date of the applicable union agreements is presented in our 2008 Form 10-K. All of our employees are free to be represented collectively and we do not believe that the right to exercise freedom of association and collective bargaining is at risk at any of our operations.



CHILD/FORCED AND COMPULSORY LABOR

HR 06 Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor.

The Freeport-McMoRan Copper & Gold Inc. Human Rights Policy requires fair treatment and work conditions for all employees and prohibits child labor. We do not believe that any of our operations are at significant risk for incidents of child labor.

HR 07 Operations identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor.

The Freeport-McMoRan Copper & Gold Inc. Human Rights Policy requires fair treatment and work conditions for all employees and prohibits forced or compulsory labor. We do not believe that any of our operations are at significant risk for incidents of forced or compulsory labor.

SECURITY PRACTICES

HR 08 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.

Our updated Human Rights Policy requires all of our operations to recognize, protect and promote human rights wherever we do business. Please see [HR 03](#) and the [Security](#) section of our 2008 Working Toward Sustainable Development report for further information about the updated policy and its requirements.

Human rights training for security personnel is being implemented at our sites in South America and the Tenke Fungurume development project in 2009. Awareness of our commitments to respect and promote human rights is also included in our annual training and promotion of our company-wide Principles of Business Conduct. We have not set a performance target to implement human rights training for our security personnel in the U.S., due to a far lower risk of human rights incidents.

In 2008, 97 percent (745) of PT Freeport Indonesia security personnel and 84 percent (333) of contractor/third-party security personnel were trained on human rights. In addition, PT Freeport Indonesia provided human rights training to 875 host country police and military personnel.

Each of Atlantic Copper's four security personnel received human rights training in 2008.

INDIGENOUS RIGHTS

HR 09 Total number of incidents of violations involving rights of indigenous people and actions taken.

Certain of our operations are located in areas where indigenous peoples comprise part of our local stakeholder communities. Primary indigenous peoples communities we interact with include the ethnic Papuans in Papua; Native Americans in the U.S. and the communities of Alto Loa (Chile's First People) in Chile.

In Indonesia, the company has received claims from local Papuan community members related to purported prior existing land rights associated with areas impacted by PT Freeport Indonesia's operations. The company has responded to all legitimate claims for compensation from the original inhabitants of the impacted areas through a number of programs with the local community, including the Amungme and Kamoro Trust Funds, the Freeport Partnership Fund for Community Development and recognition projects providing infrastructure and community development assistance as agreed with affected Amungme and Kamoro villages. A total of 14 claims were made during 2008 and have been reviewed and determined to be invalid and unsubstantiated.

No other incidents of violations involving the rights of indigenous people were reported in 2008 at any of our operations



Labor Practices and Decent Work

Freeport-McMoRan Copper & Gold Inc. recognizes the importance of having employees who take pride in their work and enjoy a strong sense of engagement in their careers. We know success as a company relies on the individual contributions of many. To foster rewarding employment with our company, we seek to maintain a work environment that is physically, psychologically and emotionally safe, encourages employees to make suggestions, opens lines of communication and supports professional growth.

Our Principles of Business Conduct define how we work and the behavior we expect of all employees. These principles are an overarching affirmation of our commitment to integrity, from top-level management to entry-level employees, and are a tool to remind ourselves of what is important in our everyday work life – hard work, honesty, treating people fairly and operating safely. It is the responsibility of every employee to follow the Principles. Managers and supervisors are additionally accountable for ensuring that employees who report to them understand the Principles and all applicable policies, procedures and laws pertaining to their work.

Safety is a core value of our company and an ongoing material sustainable development issue. We believe that all injuries and occupational illnesses are preventable. “Safe Production” captures the essence of our philosophy that safety and health considerations are integral to, and compatible with, all other management functions in the organization. We consider safety and health program activities, both on and off the job, to be a critically important investment in our employees. At the direction of the Freeport-McMoRan Copper & Gold Inc. Board of Directors, occupational health and safety audits are conducted on a scheduled basis at each of our operations. The purpose of these audits is to verify, for Board review, that occupational safety and health matters are well managed and programs support continuous performance improvement.

We are saddened to report five fatalities at our operations during 2008, including three employees and two contractors. The occurrence of any workplace fatality is unacceptable, and we deeply regret the loss of life. The company has identified the root causes of these fatalities and has executed action plans to prevent any recurrence. We are implementing the ICMM fatality reduction program. For 2009, we have again set a consistent goal of zero fatalities, along with division-specific safety performance targets. Please see the [Safety and Health](#) section in our 2008 Working Toward Sustainable Development report for more information on our efforts to maintain safe workplaces.

Our Human Rights Policy requires that Freeport-McMoRan Copper & Gold Inc. and its affiliates ensure fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining, and prohibit forced, compulsory and child labor. The policy also requires that we work with foreign affiliates to ensure that contractor and supplier companies abide by the Freeport-McMoRan Copper & Gold Inc. Human Rights Policy or adopt similar guidelines and procedures to ensure compliance. We will continue to evaluate labor practices across our organization as we transition to a risk-based approach to the identification and management of sustainability challenges and opportunities.



EMPLOYMENT

LA 01 Total workforce by employment type, employment contract and region

LA 02 Total number and rate of employee turnover by age group, gender, and region.

In 2008, Freeport-McMoRan Copper & Gold Inc. experienced a total employee turnover rate of 15 percent. In 2008, North America had the highest turnover rate of our operating regions at 27 percent. Europe, South America and Indonesia saw turnover rates of 13 percent, 12 percent and 4 percent, respectively. Male employees represented 84 percent of our turnover. Approximately 44 percent of our turnover was represented by employees 30 to 50 years of age, 39 percent less than 30 years old and 17 percent greater than 50 years of age.

LABOR/MANAGEMENT RELATIONS

LA 04 Percentage of employees covered by collective bargaining agreements.

As of December 31, 2008, approximately 32 percent of our employees were represented by collective bargaining agreements, including approximately 2 percent in North America, 53 percent in Europe, 63 percent of employees in South America and 68 percent in Indonesia.

LA 05 Minimum notice period regarding operational changes, including whether it is specified in collective agreements.

Freeport-McMoRan Copper & Gold Inc. has retained the authority and freedom to suspend, limit, curtail or restructure its operations as it deems appropriate to respond to varying economic conditions. When such decisions are made they are communicated to employees at the earliest appropriate time along with information on whose employment may be affected by the change in operations and the benefits that are available should reductions in employment occur. The company's established policies, past practices and collective bargaining agreements set forth the processes used for determining who may be affected by any reductions in force associated with such operational changes. The majority of reductions in workforce associated with revised operating plans have occurred in 2009. A summary of the temporary curtailments announced in late 2008 and early 2009 in response to current market conditions can be viewed [here](#).

OCCUPATIONAL HEALTH AND SAFETY

LA 06 Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs.

All Freeport-McMoRan Copper & Gold Inc. operations have dedicated site Health and Safety professionals who serve as technical resources to operations management in their responsibility to lead and manage safety. These safety professionals are also a conduit to the workforce, responsible to teach and reinforce key safety behaviors. All Freeport-McMoRan Copper & Gold Inc. employees are actively involved in the safety processes at their respective site locations. Expectations of safe work have been established and are consistently communicated through forums including training sessions, workplace safety conversations with supervisors, involvement in safety programs (audits, observations, risk management, etc.), daily safety tailgate meetings and standard scheduled safety meetings.

Our employees maintain safety committees across most of our operating sites which address operation and task-specific safety topics ranging from coordination of preventative activities with contractors to fall risk mitigation. Not all of these committees operate according to written rules; however most operate as part of an active safety culture.

Employees at the majority of Freeport-McMoRan Copper & Gold Inc. operating locations, primarily in North America, are not represented by collected bargaining agreements. Hence, formalized committees between management and worker representatives are not a part of the safety management system.



Rather, interaction between management and the workforce is proactive in nature, and is enhanced by the implementation of recognized health and safety management systems in place at our operations (e.g. OHSAS 18001 international occupational health and safety management system, National Occupational Safety Association's 5-Star rating system, and the United States Occupational Safety and Health Administration Voluntary Protection Programs).

LA 07 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.

	Fatalities			Lost Time Incident Rate (LTIR)			Total Recordable Incident Rate (TRIR)			Occupational Illness Rate (OIR)		
	Emp	Ncon	Total	Emp	Ncon	Total	Emp	Ncon	Total	Emp	Ncon	Total
United States	0	1	1	2.51	1.35	2.20	3.43	2.63	3.21	0.02	0.00	0.01
Peru	1	0	1	0.47	0.66	0.58	0.73	0.82	0.78	0.00	0.00	0.00
Chile	0	0	0	0.69	1.10	0.98	0.93	1.24	1.15	0.00	0.00	0.00
Europe	0	0	0	1.71	1.65	1.69	2.64	2.13	2.44	0.00	0.00	0.00
Indonesia	2	1	3	0.09	0.12	0.10	0.34	0.43	0.37	0.00	0.00	0.00

Emp = Employees

Ncon = Contract workers

LTIR = ((Lost Time Incidents + Restricted Duty Incidents)*200,000)/Total Hours Worked

TRIR = ((Fatalities + Lost Time Incidents + Restricted Duty Incidents + Medical Treatment Incidents + Occupational Illness Incidents)*200,000)/Total Hours Worked

OIR = (Occupational Illness Incidents*200,000)/Total Hours Worked

MM 12 Describe approach to identifying, preparing for, and responding to emergency situations.

Emergency preparedness and response is a fundamental component of our site safety program activities. All sites have trained emergency responders to effectively manage potential emergencies. Working with local government entities, we identify a range of response scenarios to ensure the proper coordination of emergency response equipment and personnel to address potential emergencies. Mock drills, community education and regular coordination meetings are steps taken to ensure we have the knowledge and skills necessary to manage emergency events and to protect our workforce and the communities surrounding our operations. PT Freeport Indonesia's Emergency Response team was named overall winner at the 11th Indonesian Fire & Rescue Challenge in November 2008. The PT Freeport Indonesia team won three gold and two silver medals in the week-long event, which included first responders from 16 national and international firms within the mining, oil & gas and other industries. The team members were selected from among dozens of full-time, highly skilled first responders who work in PT Freeport Indonesia's rugged project area, which spans from the Grasberg mine at an elevation of 14,000 feet to port facilities near the Arafura Sea coast.

MM 13 Number of new cases of occupational disease by type. Describe programs to prevent occupational disease.

In 2008, there were two cases of occupational diseases reported across our operations, both of which occurred in the United States. One case involved a respiratory condition resulting from carbon monoxide exposure at our Chino mine in New Mexico. The other case involved carpal tunnel syndrome at our Henderson mine operations in Colorado. To prevent these types of cases from recurring, the exhaust systems for all site equipment were evaluated at our Chino operations and our Henderson mine is continuing its ergonomics program, including training, throughout its operations.

To prevent occupational disease the company has developed numerous programs addressing areas such as respirator protection, hearing conservation, blood borne pathogens, silica medical management, arsenic exposure, ergonomics training and control of health hazards from welding and generation of metal particulates.



LA 08 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

Illness and disease can devastate employees, their families and the network of people who support a community's infrastructure. In addition to promoting healthy behavior and health education among our employees and their dependents, we coordinate with local governments and other organizations to identify and prioritize unmet needs for health care infrastructure and services, and we work to try to build local capacity in those areas. Funding from our company has helped to advance medical care, access to health care services, health education and prevention programs. In 2008, we spent approximately \$14 million on community health initiatives.

Communicable diseases prevalent in local communities that pose a risk to the quality of health of its members are considered serious by our company (e.g., HIV/AIDS, malaria and tuberculosis).

North America

While no prevalent serious diseases have warranted specific health programs near our U.S. operations, we do engage in disease prevention partnerships to benefit community members. Freeport-McMoRan Copper & Gold Inc. has supported a drug abuse education and prevention program in each of our five operating communities in Arizona. Working with the Partnership for a Drug Free Arizona, we have implemented parent training and distributed educational materials to assist parents, teachers and other adult leaders in talking to youth about drugs and drug abuse prevention.

South America

At the Cerro Verde mine in Peru we have initiated a baseline study of the health status in the communities of Uchumayo and Yarabamba which neighbor our operation. This study will help to identify the greatest health needs and the results can be used to set priorities and measure success of programs funded by the company. We have also supported public health campaigns regarding the prevention of intestinal and respiratory diseases, which are commonly present. Our recent flagship health project in Peru was funding for a new cancer center at a local hospital in Arequipa.

Currently, no other serious diseases have warranted specific health programs at our South American operations, however ongoing programs include general health education, hygiene and sanitation, disease and illness prevention, and mother/child nutrition.

Indonesia

PT Freeport Indonesia has identified HIV/AIDS, tuberculosis (TB) and malaria as three serious diseases impacting our employees, their families and the local community around the company's areas of operation. The HIV epidemic in Papua is characterized by predominant heterosexual transmission, and the prevalence of HIV is rising and has been well above two percent for a number of years. TB is endemic to Indonesia, with the third highest incidence in the world. Together with the HIV epidemic, TB is an important cause of related mortality and morbidity. Papua Province has the highest malaria prevalence in Indonesia with high levels of related mortality and morbidity. Through the PT Freeport Indonesia Public Health and Malaria Control (PHMC) Department, the Company has implemented comprehensive programs addressing these diseases through education and training, prevention, counseling and treatment. In 2008, PT Freeport Indonesia received the Millennium Development Goals Award for our work in fighting HIV/AIDS, malaria, TB and other diseases.

PT Freeport Indonesia's HIV and AIDS Statement of Policy, published in January 2004, clarifies the company's policy and procedures on the medical, social and employment issues surrounding HIV/AIDS and is a component of PT Freeport Indonesia's new employee induction program. HIV/AIDS education and prevention activities consist of peer educators (more than 60 employee volunteers reaching out to the community), media promotions, participation in global awareness campaigns (with over 1,000 participants in World AIDS Day activities), training for health care providers, focus groups with commercial sex workers and reproductive health education for students. HIV/AIDS education activities also target employees via workplace education centers established in barracks and use of the company's closed-circuit TV channel and other media campaigns at the jobsite. PT Freeport Indonesia



has worked closely with the local government, nongovernmental organizations (NGOs) and other community groups to make HIV a high-visibility concern by providing financial, technical and logistical support. PT Freeport Indonesia also provides access to free condoms at all supported health centers. In 2008, 3,902 patients attended the sexual health clinics and over 190,000 condoms were distributed.

PT Freeport Indonesia also provides confidential HIV/AIDS Voluntary Counseling and Testing (VCT) services for employees at a community Sexual Health and HIV clinic operated in cooperation with the local government in Timika, as well as scheduled Sexual Health clinics for commercial sex workers. PT Freeport Indonesia has a dedicated HIV/AIDS medical case manager and we provide focused counseling and support for HIV positive persons with referral for antiretroviral therapy.

PT Freeport Indonesia incorporates a coordinated approach to TB and HIV, and provides concomitant screening with positive HIV cases. PT Freeport Indonesia participated in education activities including over 500 participants in World TB Day and education sessions to approximately 1,300 junior and senior high school students. In 2008, PT Freeport Indonesia provided education and counseling to 570 families of TB patients to promote disease prevention practices, as well as conducting staff education meetings to improve TB awareness. In cooperation with the local government and the Amungme and Kamoro Community Development Organization (LPMK), PT Freeport Indonesia operates a TB clinic in Timika that provides active detection and treatment of new TB cases, implementing the Direct Observed Treatment Shortcourse (DOTS) treatment method. In 2008, 2,786 persons visited the Timika TB clinic of which around a half (1,382) were investigated for TB and of these, 491 were new TB cases.

PT Freeport Indonesia implements a world-class malaria control program in its project area as well as in the local community. PT Freeport Indonesia produces and distributes informational pamphlets and posters on how to avoid mosquito bites and control mosquito numbers and breeding sites. We also provide direct counseling on malaria prevention to patients in our employee and community health centers. Regular active and passive surveillance programs are conducted for the detection of malaria infections, including semi-annual school surveys at sponsored community sites. PT Freeport Indonesia implements an indoor residual insecticide spraying program in select villages twice a year and sprayed approximately 6,000 structures in 2008. PT Freeport Indonesia also conducts drainage control and distributes insecticide-treated bed nets. All malaria cases detected and are treated with appropriate artemisinin combination treatment (ACT) drugs at clinic sites and in the community. In 2008, approximately 60,000 community-based cases were detected and treated.

Europe

No prevalent serious diseases have warranted specific health programs at our European operations.

Africa

At the Tenke Fungurume Mining project in the DRC, we are working with local health agencies and NGOs to develop and implement public health programs including malaria control, clean water and sanitation and HIV/AIDS initiatives. Please view the [Providing Clean Water and Sanitation, Fighting Malaria Take Precedence in Pubic Health](#) case study in our 2008 Working Toward Sustainable Development report.

LA 09 Health and safety topics covered in formal joint management-worker agreements with trade unions.

Safety is a priority for our entire workforce. Our safety programs are in compliance with the ILO Guidelines and are designed so that all employees have a safe environment in which to work. Adherence to our Safety & Health Policy and local laws and regulations is required of every individual in our workforce.

In North America, Europe and Indonesia, Freeport-McMoRan Copper & Gold Inc.'s agreements with formal trade unions cover health and safety topics and generally address personal protective equipment, participation of workers in health and safety activities, and training and education.

The Collective Labor Agreement between PT Freeport Indonesia and the labor union, which represents all non-staff (hourly) workers, addresses industrial health and safety. It states that:

- The company is obliged to comply with mining safety and health regulations and laws of the Republic of Indonesia and commits to prevent work accidents and maintain employees' work health by conducting safety training and meetings as well as providing work safety equipment.
- Employees shall abide by the safety and health regulations in the implementation of duties, prevent unsafe acts or conditions, and report them immediately to the supervisor to prevent employee injury or damage to company property.

The PT Freeport Indonesia Industrial Relations Guidebook, which applies to all workers, also addresses industrial health and safety, specifically, they stipulate that the company shall:

- Conduct occupational safety and health (OSH) education and training for employees
- Ensure that employees obtain periodic health examinations
- Provide all tools, equipment, personal protective equipment and facilities required by employees in order to work safely and securely
- Install, provide and maintain adequate traffic signs and other OSH signs in the workplace, according to prevailing regulations and legislation
- Provide adequate emergency equipment and emergency system
- Develop safe work procedures, socialize the procedures and conduct sufficient training to create a safe and secure work atmosphere in company operations
- Provide a company manual on "Procedural Regulations to Prevent Accidents"

In South America, formal agreements with trade unions reference adherence to all local, regional and country specific regulation regarding employee health and safety.

TRAINING AND EDUCATION

LA 10 Average training hours per year per employee by employee category.

Freeport-McMoRan Copper & Gold Inc. promotes learning and professional development opportunities through development of annual training plans for personnel, both at an operational and supervisory level. In Indonesia, we aim to build skill sets and capacity through significant workforce training programs at PT Freeport Indonesia. In South America where a mature mining workforce exists, employee training is more targeted to individual and operation specific needs. The table below presents the average hours of training tracked by employee classification per region based on the data available, but is not indicative of total training received by our employees during 2008. Not all of our sites in North America track training hours, therefore North America training data is not included in the table below.

Employee Classification	Europe	South America*	Indonesia
Exec/Sr. Mgmt	10.9		13.6
First/Mid Mgmt	81.2		72.6
Low Level Mgmt			
Professional	29.9	37.6	175.8
Technical	31.2		343.2
Sales Workers			
Admin Support Worker	13.0		198.1
Service Worker			433.3
Operative	48.3	36.2	240.9
Laborer/Helper			240.9
Craft Worker	16.0		433.3

* In South America, the Professional classification average training hours include all management categories and the Operative classification includes laborer helpers and craft workers.



DIVERSITY AND EQUAL OPPORTUNITY

LA 13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.

Freeport-McMoRan Copper & Gold Inc. views the diverse perspectives and backgrounds of its employees as a corporate asset and we continually seek to diversify our employee population at the local and international levels. As part of this goal, we make all employment decisions on the basis of merit and the essential functions of a position, and not on any illegal or discriminatory basis.

Freeport-McMoRan Copper & Gold Inc. employees by gender:

Male: 90 percent

Female: 10 percent

Freeport-McMoRan Copper & Gold Inc. employees by age:

<30 yrs: 19 percent

30 to 50 yrs: 63 percent

>50 yrs: 18 percent

The Freeport-McMoRan Copper & Gold Inc. Board of Directors is comprised of 16 members, including one member who is an African American woman. Females comprise approximately 12 percent of all managers within our company and the Freeport-McMoRan Copper & Gold Inc. executive management team of four includes one woman.

The PT Freeport Indonesia Board of Commissioners consists of 18 members, seven of whom are Indonesian (including two Papuans) and three of the members are women. At the end of 2008, PT Freeport Indonesia directly employed 11,663 workers; of these, 3,353 (29 percent) were Papuans.

We expect that over 90 percent of our permanent workforce at our Tenke Fungurume operation will be comprised of Congolese nationals.

LA 14 Ratio of basic salary of men to women by employee category.

The company's practices provide equal pay opportunities to men and women with equal experience and job responsibilities.



Society

In February 2009, Freeport-McMoRan Copper & Gold Inc. adopted a new Community Policy (addressed in the former Social, Employment and Human Rights Policy) to provide more effective and consistent management of company commitments to communities across a diverse portfolio of operating sites. This Community Policy establishes that we conduct our business in a manner that promotes positive, two-way engagement with local communities and governments, as well as other stakeholder groups, to support sustainable benefits in the areas where we operate, throughout the life cycle of a project. By actively engaging with our stakeholders, conducting social assessments and implementing local development assistance programs in partnership with communities and governments, we aim to prevent, mitigate and ameliorate the negative impacts of our operations and create opportunities for sustainable development.

In order to implement this policy, each of our operating sites is required to develop a Five-Year Community Development and Engagement Action Plan beginning in 2009. The plans will address risks and opportunities associated with communities, how we will manage these and how to measure our performance. To ensure concurrence from management through field staff, the plans will be approved by site management as well as communicated to the corporate office.

Our site social and community development teams are responsible for implementing and continuously improving stakeholder engagement activities as well as community assistance programs designated to address site-specific impacts and issues. Our key societal priorities, based on site-specific and corporate and stakeholder information, for the near term are outlined in the table below.

Material Social Risks and Opportunities	Why the Issue is Important	What We Are Doing About It
Sustainable Community Development	<ul style="list-style-type: none"> • We aim for local communities in the areas where we operate to benefit from our operations and community development programs long after our operations cease • By providing assistance, we risk communities becoming dependent on our operations and community development programs, especially in our areas of operation where local governments have weak capacity to provide services 	<ul style="list-style-type: none"> • Identify, plan and implement community development programs in partnership with local governments, local NGOs and community groups • Serve as a catalyst for development and build local capacity whenever possible • Develop long-term sustainability plans for existing community development programs <p>Performance Target: <i>Develop company-wide criteria by the end of 2009 for social/development program investments that facilitate community sustainability and capacity building</i></p>
Development Assistance	<ul style="list-style-type: none"> • Many of the communities in the areas where we operate face social challenges and development needs in the areas of health, education, and economic development • We have a wide diversity of community development assistance programs between operations 	<ul style="list-style-type: none"> • Provide voluntary community development assistance via community foundation funds and programs. These activities include cash and in-kind contributions as well as directly managed community development programs. <p>Performance Target: <i>Invest (in aggregate) one percent of the average of the previous three years annual revenue, as reported in Freeport-McMoRan Copper & Gold Inc.'s audited consolidated financial statements, in community programs, including in-kind support and administration</i></p>



<p>Stakeholder Engagement</p>	<ul style="list-style-type: none"> • Stakeholder support is essential for maintaining our “social license to operate” • Long-term sustainable development cannot be achieved without the input and participation of our local stakeholders in our community development assistance programs 	<ul style="list-style-type: none"> • Stakeholder engagement conducted via the establishment of Community Liaison Officer positions and Community Partnership Panels • Long-term development programs based on agreed MOUs (Memorandum of Understanding) between key stakeholder groups <p>Performance Target: <i>Develop 5-year Community Development and Engagement Action Plans by the end of 2009 at all active mining operations</i></p>
<p>Community Impacts</p>	<ul style="list-style-type: none"> • Our operations have social, economic and environmental impacts on local communities • If impacts or grievances are not addressed, the community may withdraw support for our operations 	<ul style="list-style-type: none"> • Impacts are identified in advance, via baseline assessments and ongoing stakeholder engagement programs, so they can be avoided or mitigated • Grievance systems are available at many of our sites but not formally established or coordinated at all operational sites <p>Performance Target: <i>Establish, implement and maintain systems for recording, processing, and responding to community grievances at all active mining operations by end of 2010</i></p>
<p>Political Issues/Ethics</p>	<ul style="list-style-type: none"> • Some of our operations are based in developing countries where corruption is widespread in local systems and cultures 	<ul style="list-style-type: none"> • Provide training and awareness regarding our anti-corruption and business ethics policies • Maintain a compliance reporting system for employees to report any suspected incidents of corruption <p>Performance Target: <i>90 percent of management employees and 25 percent of non-management employees will be trained in Freeport-McMoRan Copper & Gold Inc. Principles of Business Conduct by the end of 2009, which includes anti-corruption policies</i></p>
<p>Contributions to Governments</p>	<ul style="list-style-type: none"> • Our payments to host governments via taxes, royalties and other obligations are a significant contribution to national, regional and local development • In some countries where we operate, government funding allocation systems are new or weak and development benefits of our contributions to governments are not always clearly apparent 	<ul style="list-style-type: none"> • Endorse and support the EITI • Promote transparency with governments and other extractive industry companies in our operations in developing countries <p>Performance Target: <i>Publish payments to host governments by 2010 at all active foreign mining operations, in support of EITI</i></p>

In addition to our material social risks and opportunities, there are other issues of significance for some of our operations which are also aligned with our ICMM commitments and certain GRI indicators. Our approach to these social issues is discussed in the table below.



Social Issues	Why the Issue is Important	What We Are Doing About It
Artisanal Mining	<ul style="list-style-type: none"> • Our PT Freeport Indonesia’s Contract of Work area (outside of current operations) has a large presence of illegal artisanal miners panning for gold in the Otomona river system • Artisanal miners often work in unsafe areas; their activities create health, safety and environmental risks 	<ul style="list-style-type: none"> • Work in support of the local government to promote health and safety awareness and education regularly among artisanal miners. • Conduct comprehensive mercury monitoring
Indigenous People	<ul style="list-style-type: none"> • Some of our operations are located in areas where there is a presence of Indigenous Peoples • Because Indigenous Peoples have distinct cultural heritage, and in some cases may also be vulnerable groups, we need to recognize and respect their culture and rights 	<ul style="list-style-type: none"> • Land and cultural recognition programs conducted in Papua for the Amungme and Kamoro tribes, who are the traditional landowners in our area of operations • Abide by all U.S. laws relative to the rights of Native Americans • Engaging the communities of Alto Loa in Chile

The majority of training programs for community development teams is site-specific in nature. In 2008, the Tenke Fungurume Mining project in the DRC implemented training for the establishment of their Community Liaison Officer program, which will lead the project’s stakeholder engagement activities. Part of the training included implementation of the site’s social database for reporting and follow-up of field reports and grievances.

Corporate staff members communicate regularly with site-based community development teams to monitor program activities and results and provide technical support as needed. Community development team members located in the U.S. participate in bi-weekly conference calls to review key issues and initiatives. Regular conference calls are also conducted with Tenke Fungurume and PT Freeport Indonesia staff to review key issues and activities. In addition, corporate team members make periodic visits to operational sites to monitor and assess community development team activities and results. The corporate team is also available to assess where additional technical support and coordination is required and support those teams to implement solutions.

COMMUNITY

SO 01 Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.

Freeport-McMoRan Copper & Gold Inc. recognizes that our operations have significant economic, social and environmental impacts on local communities throughout the life cycle of our mining operations. Some of these impacts include land use and population influx, and increased economic opportunities and development in the areas of infrastructure, health, education and business creation.

All of our operations implement Environmental and Social Impact Assessments before development or expansion projects. These assessments identify our impacts from the outset and provide a framework for developing mitigation plans. Many of our sites also use baseline assessment tools to help identify community needs and provide a baseline against which we can measure our performance over time. Our active mining sites have mine closure plans that specify measures for managing environmental impacts. Many of these closure plans will be updated over the next several years to ensure the inclusion of measures to manage social impacts after our operations cease. For more information on our mine closure plans, please see the response to [MM 10](#).



Currently, our operating sites implement a variety of policies, assessment tools, stakeholder engagement mechanisms, and performance evaluation methods to manage our social impacts. In order to improve our performance in these areas and develop greater consistency in the management of social impacts and issues across our sites, we have set performance targets to develop a number of new management systems.

In 2009, we expect to further develop company-wide criteria for social program investments that facilitate community sustainability and capacity building. This target addresses our commitment to social development as part of the ICMM 10 Sustainable Development Principles, and will also support efforts to decrease community dependencies on our operations. We have also set a target for each of our active mining operations to develop Five-Year Community Development and Engagement Action Plans to ensure that sites have well-developed community plans, including mechanisms for evaluating our impacts and performance on an annual basis. These action plans will also track stakeholder identification and engagement programs, encouraging improvement where necessary. As part of our work for 2009, we also plan to review and improve our systems for recording, processing and responding to community grievances. Ensuring our grievance systems are professional, accurate, consistent and well managed is a critical factor in our ability to identify social risks and impacts and address them appropriately.

North America

In the U.S., our Bagdad, Morenci, Safford and Sierrita mines and three care and maintenance sites (Ajo, Bisbee and Climax) have formal stakeholder engagement programs (Community Partnership Panels) that allow the company to work cooperatively with the communities affected by our activities. The panels facilitate a two-way dialogue to identify, understand and address community questions and concerns, and work collaboratively to address impacts and community sustainability planning. Issues raised during panel meetings are documented, monitored and addressed.

South America

Cerro Verde has two community outreach offices located near the mine, accessible to the surrounding communities and the city of Arequipa, Peru. These offices are open daily to receive community members' questions and concerns. Community meetings are held periodically as needed to address specific issues.

The site also conducts a joint community program to monitor the quality of air, groundwater and surface water, involving the communities of Uchumayo, Tiabaya, Hunter, Yarabamba and Quequeña, with the participation of the Peruvian College of Engineers. The communities select their participating members four times a year in this program.

Cerro Verde also initiated primary health and education baseline surveys in 2008 to help better assess current community needs. The baseline surveys will be used by the company and community partners to design improved programs and measure program results.

Leaders from our Candelaria, Ojos del Salado and El Abra operations conduct meetings with community leaders to understand their concerns and needs and to share information on operational activities. Through the development of Five-Year Community Action Plans, these sites are considering additional, formalized engagement, assessment and management systems to effectively address social impacts and community development issues.

Indonesia

As part of its policies and practices to manage impacts, PT Freeport Indonesia has an approved AMDAL (environmental impact assessment) by the Government of Indonesia regarding its management plan for environmental and social impacts. The PT Freeport Indonesia Environmental and Social Outreach and Local Development departments compile data and program results that PT Freeport Indonesia submits to the government in the form of quarterly Environmental Planning and Monitoring Reports.

Given that the evolution of PT Freeport Indonesia's operations and community development programs generates new impacts on the community, PT Freeport Indonesia aims to manage relationships with its stakeholders in a positive and productive way. By cultivating these relationships we can foster understanding and support from stakeholders and minimize the potential for social conflict in our community. One part of relationship management is proactively identifying potential impacts or issues in the community that could escalate and adversely affect the operations. PT Freeport Indonesia rates these issues across three dimensions: the social risk created by the issue, the estimated financial impacts and the coordination required to resolve the issue. As a result of this framework, PT Freeport Indonesia is able to coordinate resources internally and externally to address impacts and issues before they escalate. Our Community Liaison Officers are also responsible for communicating new operational impacts from PT Freeport Indonesia or updates on community programs. These communications are an ongoing effort, which we conduct through engagement with our stakeholders via meetings, workshops, socialization programs, print media, and direct engagement in the field assisting the government and community in development programs.

Due to the rapid population influx into the urban center of Timika that took place in the last five years, PT Freeport Indonesia has worked with the government to conduct a comprehensive social and economic census in 2007 to better understand the demographic changes. PT Freeport Indonesia has engaged with the government on local and provincial levels to discuss plans for stimulating village-based development to help stem urban in-migration. In addition, PT Freeport Indonesia has engaged with local community leaders and organizations to discuss future development plans for the Mimika Regency and how to best manage the social and economic pressures created from the rapid increase in population. In partnership with the U.S. Agency for International Development and local communities, PT Freeport Indonesia has implemented the Papua Agribusiness Development Alliance to promote village-based economic growth (see the [Growing Partnerships Work Toward Sustainable Economic Growth in Papua](#) case study in our 2008 Working Toward Sustainable Development report).

MM 07 Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcomes.

North America

Bagdad, AZ

In response to weak market conditions in late 2008, a reduction of workforce was required at certain of our operations. At Bagdad, two reductions in force (RIF) impacted approximately 200 employees directly. In addition, contractors and other local businesses were affected by the action. Impacted employees were communicated with directly about the actions, and a meeting of the Bagdad Community Partnership Panel, made up of key community stakeholder representatives, was held to provide information to community members. Community members were provided the opportunity to ask any questions related to the RIF.

The majority of employees impacted by the RIF lived in company housing. After receiving feedback and assessing the impact of requiring employees to follow the established process for vacating their homes within 30 days after ending employment, an adjustment was made and employees were able to remain in their homes for 60 days. Meetings with the Bagdad Unified School District were held to discuss the impact of the RIF on the school's operations. Informal interaction with other individual stakeholders continues.

Morenci, AZ

On October 30, 2008, our Morenci mine experienced a reportable release of electrolyte solution from its SX/EW operation into the normally dry Lower Chase Creek. The major components of electrolyte solution are copper and sulfuric acid.

Upon knowledge of what was released and that a reportable quantity had been exceeded, Morenci made the required notification to the National Response Center, the Arizona Department of Environmental Quality (ADEQ) Emergency Response Unit, the ADEQ Water Quality Compliance Unit,

the Arizona Emergency Response Commission, the local Emergency Planning Committee and the Town of Clifton.

In a concerted effort between Morenci, Morenci contractors, the Town of Clifton, local law enforcement and Greenlee County, a number of check dams were immediately constructed to contain the release, which prevented the solution from entering the San Francisco River.

Once the flow was stopped, Morenci mobilized additional contractors and personnel to begin clean-up of the spill and impacted soils. Three different contracting companies, an environmental consulting firm, and Morenci personnel consisting of approximately 200 people and 60 pieces of machinery were onsite working around the clock. Impacted soils were excavated and continuously transported to the Morenci operation and Lower Chase Creek erosion controls were restored.

Morenci continues to work with ADEQ to obtain their concurrence on the completeness of the clean-up and restoration of Lower Chase Creek before moving forward with the final actions of restoring Chase Creek.

Measures taken to avoid a recurrence:

- Morenci's "Management of Change Procedure" was reviewed and revised, and
- The Upper Chase Creek water lines were identified in a conspicuous manner along their entire length to ensure easy identification and management.

On November 17, 2008 the Morenci Mine announced a layoff of approximately 400 employees. On December 3, 2008 the company announced a new operating plan to reduce mining and milling operations by 25 percent. On release of this announcement mine management and community development staff began personally contacting community leaders to share the announcement and to help reduce misinformation.

Safford, AZ

In November and December 2008 there were several company announcements of operational changes that resulted in a RIF at the Safford Mine, the Process Technology Center, Central Analytical Service Center and Mine Technology Group. In total there were approximately 160 to 170 full-time employees that were affected by either a layoff or by the voluntary resignation package. Some employees, where possible, were re-assigned to other positions or sites.

The Safford Human Resources Department connected with Arizona Repac, a state-run workforce and outplacement group, and the Arizona Department of Economic Security and arranged for three separate meetings for employees and contractors to meet with both agencies to learn more about programs offered and how to apply for those programs. There were approximately 200 attendees that participated in these meetings. Employees were contacted and invited to the meetings and there was a notice in the local paper about the meetings. Although a log was kept of attendees, the participants were not asked to identify whether they were an employee of the mine so there may have been community members with no association to the mine that attended. The Safford HR Department also offered outplacement services, assistance with postings and resume preparation to ease the transition for those that were either laid off or chose the voluntary package.

Sierrita, AZ

During the fourth quarter of 2008, Sierrita announced a RIF of 88 positions. Standard counseling and information regarding reduction in force was provided to those impacted by the RIF. Industry and operational updates were provided to the Sahuarita/ Green Valley Community Partnership Panel, civic leaders and government officials.

Also in the fourth quarter of 2008, Sierrita reported a minor release of dust from the tailings impoundment during a period of sustained strong winds. The site revised its complaint handling procedures and reviewed its tailings management program to better monitor the facility and reduce future impacts.



Chino, NM

In response to a sharp decline in copper prices, Freeport-McMoRan Copper & Gold Inc. announced plans to suspend mining and milling activities at the Chino mine in November of 2008, requiring a RIF of approximately 600 employees. Local leaders and government officials were notified, and the company began discussions with community partners to determine partnerships that could address the impact.

The company provided employees with COBRA coverage for 90 days (company-paid premiums for medical, dental and vision plan coverage). In addition, the company worked with the Department of Labor to establish additional unemployment benefits as well as training opportunities under Trade Adjustment Assistance. The company also worked cooperatively with the New Mexico Department of Workforce Solutions to assist employees with job searching, and with Western New Mexico University with regard to educational opportunities.

South America (Peru)

Cerro Verde managed a number of incidents affecting the local community during the year, most of which were connected to economic development needs of the local community. Cerro Verde addressed a number of organized road blocks, in which the road leading to our operation was temporarily blocked. We also addressed a number of small incidents involving local community members encroaching on land within our project area. These road blocks and land encroachment incidents were carried out by groups seeking economic gain or additional benefits from our operation or from local and regional government. Related to economic demands, we also addressed a number of union strikes and threats to strike in 2008. With a majority of Cerro Verde employees coming from the local community of Arequipa, our employees are a key local stakeholder group and we continuously work to maintain open communications and reach mutual agreements. Cerro Verde has responded by working to forge improved relationships with local authorities and community leaders. In addition, Cerro Verde maintains two community outreach offices where community liaison officers from the company are present to record grievances and discuss issues and concerns with community members.

Indonesia

On May 6, 2008, there was a landslide in a Highlands area outside the PT Freeport Indonesia operations area that is prone to frequent landslides due to high rainfall and natural seismic activity. The landslide, which occurred outside of our operating area, claimed the lives of 19 illegal panners who had set up camps along the steep banks of the Aghawagon River. The illegal panners included Papuans and non-Papuans who were not indigenous to the area and unfamiliar with the safety risks of the harsh terrain of the Highlands. In response to the landslide, PT Freeport Indonesia provided medical and logistical assistance, including food and transportation for the families of the deceased. In addition, PT Freeport Indonesia deployed its equipment to clear the affected area. Despite PT Freeport Indonesia's warnings to the community about the safety risks of panning in this harsh terrain, the illegal panners moved their camps to other positions along the river. PT Freeport Indonesia continues to monitor the activities of the panners and works with local government authorities to communicate the risks of panning in the river.

MM 08 Describe programs in which the reporting organization has been involved that addressed artisanal and small-scale mining within Company areas of operation.

Indonesia

Among our operating mines, the PT Freeport Indonesia operation is the only area where artisanal mining occurs to any significant degree. To address the artisanal miners in the PT Freeport Indonesia Contract of Work area, we developed the Panners Task Force made up of various related PT Freeport Indonesia departments, local police, government officials and representatives of the artisanal miners. The Panners Task Force's main objective is to maintain clear lines of communication and positive dialogue with the artisanal miners on issues such as health and disease, safety, the dangers of mercury use, and company policy.

In 2008, the Panners Task Force implemented a multi-pronged approach to mitigate the negative impact of the illegal mining activity on the PT Freeport Indonesia operations and to create incentives to

encourage the artisanal miners to leave the areas that pose the greatest threat to their safety. The Panners Task Force prioritized their 2008 efforts on an area in the Highlands closest to PT Freeport Indonesia's operations. The PT Freeport Indonesia Community Relations team, as the primary liaisons between PT Freeport Indonesia and the artisanal miners, socialized the legal issues of trespassing on PT Freeport Indonesia property in addition to the safety issues of panning in the dangerous topography of the Highlands. Further dialogue and negotiation led to PT Freeport Indonesia's agreement to pay an incentive to panners to leave the area permanently. PT Freeport Indonesia collaborated with the local government to return the panners to their home villages. This short-term solution has provided PT Freeport Indonesia with a window of opportunity to secure this area and prevent future artisanal miners from returning. While this effort was modestly successful, thousands of artisanal miners continue to operate illegally within PT Freeport Indonesia's Contract of Work area. For more information on how we are addressing artisanal mining, please see the [Artisanal Mining- Addressing the Risk to Public Health](#) case study in our 2008 Working Toward Sustainable Development report.

PT Freeport Indonesia will continue to coordinate closely with the local government and authorities to support health and safety among artisanal miners, as well as support economic alternatives to artisanal mining through PT Freeport Indonesia's community development programs and funds. Some artisanal miners have been accepted for apprenticeship training through the Nemangkawi Mining Institute.

MM 09 Describe resettlement policies and activities.

Involuntary community resettlement is an impact we endeavor to avoid when possible, seeking and assessing all practicable alternatives. In situations where there are no other options, we are committed to implementing community resettlement according to internationally accepted standards.

No resettlement activities were implemented at any of Freeport-McMoRan Copper & Gold Inc.'s active mining operations in 2008. A resettlement project is ongoing in the DRC with the construction of the Tenke Fungurume mine. This resettlement project is being implemented in accordance with the International Finance Corporation Performance Standard 5, and we look forward to reporting on the performance of this project in our 2009 GRI report. For more information on the TFM resettlement project, please view our [New Villages Take Shape as Part of Resettlement Action Plan](#) case study in our 2008 Working Toward Sustainable Development report.

MM 10 Number of operations with closure plans covering social, stakeholder engagement processes, frequency of plan review, and amount and type of financial provisions for closure.

Mine closure planning is integrated into our mine planning process. Life cycle teams from the Environmental Services and Sustainable Development Department work with mine planners to develop potential changes to current operating plans as a means of reducing eventual mine closure costs. As part of our implementation of the ICMM Sustainable Development Principles, we will be continuously evaluating ways to design, build, operate and close mining operations in a manner that is consistent with sustainable development, including transparent stakeholder engagement throughout an operation's life cycle.

We have significantly expanded ore reserves at a number of our mining properties, primarily as a result of the exploration drilling campaigns conducted in 2008. Increased ore reserves may result in larger operations, expanding employment and/or increased mine lives. Mine plans are being revised to incorporate the expanded reserves with closure planning being an integral part of this process.

Our U.S. operations are subject to various federal and state permitting requirements that include mine closure and mined-land reclamation obligations. These requirements are complex and vary depending upon the jurisdiction. The laws govern the determination of the scope and cost of the closure and reclamation obligations and the amount and forms of financial assurance sufficient to allow a third-party to meet the obligations of those plans if we are unable to do so. In general, our U.S. mines are required to review estimated closure and reclamation costs on either a periodic basis or at the time of significant permit modifications, and post increasing amounts of financial assurance as required.



In addition, our non-U.S mines are subject to various mine closure and mined-land reclamation laws, and there have recently been significant changes in closure and reclamation programs in both Peru and Chile that impose more stringent obligations. Updated closure plans for our three Chilean operations were submitted to the government in February 2009.

PT Freeport Indonesia has developed a closure plan which is reviewed annually. Estimates of the ultimate costs of closure involve integrated assessments of complex issues over a period of many years, and are subject to change. Closure cost estimates are updated appropriately and reported annually. The ultimate amount of reclamation and closure costs to be incurred will also be determined based on applicable laws and regulations at the time of closure. In 1996, PT Freeport Indonesia began contributing to a cash fund (\$11 million balance at December 31, 2008) designed to accumulate at least \$100 million (including interest) by the end of its Indonesian mining activities. PT Freeport Indonesia plans to use this fund, including accrued interest, to pay the above-mentioned mine closure and reclamation costs. Any costs in excess of the \$100 million fund would be funded by operational cash flow or other sources.

MM 11 Describe the processes for identifying local communities' land and customary rights, including those of indigenous peoples, and grievance mechanisms used to resolve any disputes.

Freeport-McMoRan Copper & Gold is committed to develop and implement, directly and where appropriate through our affiliates, community standards and programs that are consistent with the ICMM 10 Sustainable Development Principles and designed to accommodate the different cultures and heritage of the communities where we operate. Our policy is to comply with host country law regarding land and customary rights in all of our areas of operation. In situations where community members report a claim or a grievance regarding their land or customary rights, we work with local authorities to investigate the claim and reach an agreement within the existing legal framework of the host government.

North America

Land and customary rights, including those applicable to indigenous peoples (Native Americans), are governed by law. Freeport-McMoRan Copper & Gold Inc. and all of its U.S. operations operate in full compliance with these laws.

South America

Land and customary rights, including those applicable to indigenous peoples, are governed by law. Freeport-McMoRan Copper & Gold Inc. and its operations in Chile and Peru operate in full compliance with these laws.

In Chile, there is an indigenous community land registry which our operations regularly review to ensure compliance with local laws and regulations.

Indonesia

Under the Indonesian constitution, all unimproved land is, by law, owned by the Government of Indonesia and all minerals belong to the Government of Indonesia. PT Freeport Indonesia's "January Agreement" of 1974 with the Amungme was the first recognition in Indonesia of *hak ulayat*, or the right of traditional people to land used for hunting and gathering. Subsequent to that agreement, the Government of Indonesia formally recognized the right to compensation for *hak ulayat* land rights. Compensation in the form of *rekognisi*, or recognition, is paid to communities for a release of *hak ulayat* rights, as *hak ulayat* is a communal property right. Such payments are made in the form of mutually agreed projects or programs benefiting the community. PT Freeport Indonesia has paid *rekognisi* in several instances over the years through programs mutually agreed upon with the local Papuans and the Government of Indonesia.

Two such multi-year *rekognisi* programs are currently ongoing in the highland and lowland areas of our operations. These two programs are providing millions of dollars worth of infrastructure, social and economic development projects including housing, school buildings and student dormitories, medical



clinics, places of worship, community buildings, office buildings, roads, bridges, water tanks, electrical power, motorboats for transportation and fishing, sports facilities and feasibility studies for business opportunities.

In addition, land rights trust funds for the Amungme and Kamoro tribes were created in 2001 to provide voluntary special recognition for the holders of the *hak ulayat* in the mining area and for the expanded scope and continuing success of the mining operations. The company has contributed approximately \$27 million to the fund through 2008 and, in conformance with the applicable land rights agreement, will continue to make contributions of \$1 million annually. These funds are in addition to the social development fund (Freeport Partnership Fund for Community Development) established by PT Freeport Indonesia, which has committed approximately \$329 million since 1996 for investments in projects selected by a Board of local stakeholders.

For additional information regarding land rights claims in Indonesia and the grievance mechanism, please also see [HR 09](#) and the [Land Rights and Compensation](#) section of our 2008 Working Toward Sustainable Development report.

CORRUPTION

SO 02 Percentage and total number of business units analyzed for risks related to corruption.

The Freeport-McMoRan Copper & Gold Inc. Anti-Corruption Policy requires full compliance by the company with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), as amended and other relevant anti-corruption laws, including local laws in the countries where Freeport-McMoRan Copper & Gold Inc. operates. The Policy extends to all of the company's domestic and foreign operations, including operations conducted by any division, department, subsidiary, agent, consultant or other representative, as well as to the operations of any joint venture or other business enterprise outside of the U.S. in which the company is a majority owner. This policy extends to all of the company's financial record keeping activities.

Every year, our internal audit firm performs a company-wide, global business risk assessment. This overall risk assessment includes corruption risk as a risk factor. In addition, Freeport-McMoRan Copper & Gold Inc., from time to time, conducts specific risk assessments for corruption in particular businesses or geographic regions. For example, in 2008 Freeport-McMoRan Copper & Gold Inc. began a corruption risk assessment at its Tenke Fungurume operations in the DRC.

Our business units are organized by geographic region, and we currently have four: North America, South America, Europe and Indonesia. When mining operations begin at Tenke Fungurume in 2009, Africa will become the fifth business unit. As a result, we have performed overall risk assessments for 100 percent of our business units, and specific corruption risk assessments for 20 percent of our business units in 2008.

SO 03 Percentage of employees trained in organization's anti-corruption policies and procedures.

The company's Anti-Corruption Compliance Guidelines is provided to those individuals in the company whose job duties are likely to lead to an involvement in, or exposure to, any of the areas covered by the FCPA or other applicable anti-corruption laws. The guidelines are also posted on the company's Intranet site.

Freeport-McMoRan Copper & Gold Inc. has designed its training program to tailor the topics and level of focus of our anti-corruption program to the specific audience. We generally provide three kinds of classroom training on our anti-corruption policies and procedures: Basic (as part of our Principles of Business Conduct training); Awareness (for employees in roles most likely to encounter corruption issues); and Gatekeeper (for accountants, attorneys, and managers responsible for approval procedures and internal controls).



During 2008 Freeport-McMoRan Copper & Gold Inc. held several classroom training sessions on its anti-corruption policies and procedures. Gatekeeper training was provided to a meeting of global controllers and managers; and awareness training was given to operational and administrative managers in our Jakarta office and Grasberg operations in Indonesia, our Exploration team, Tenke Fungurume Mining in the DRC and the Climax Molybdenum management team.

In addition, we do an annual certification of certain management employees for our Principles of Business Conduct. As part of this, our managers are certifying that they have read and are familiar with the Principles of Business Conduct, which includes anti-corruption policies, and are not aware of any related issues. During 2008, we estimate that approximately 45 percent of our management employees received certification or other training on anti-corruption policies and procedures.

SO 04 Actions taken in response to incidents of corruption.

Through our Principles of Business Conduct, we have various mechanisms that encourage employees to report concerns of improper business conduct, which would include allegations of corruption. We do not have a centralized database that records all such issues or report actions taken such as employee dismissal or non-renewal of contracts.

Our normal process, when learning of such an allegation, is to review the facts and circumstances and determine what kind of investigation is appropriate. Upon investigation, we take action against the employee, vendor or other associated party, if appropriate, and we also review our policies and procedures to determine how and whether we can improve our procedures to prevent a similar issue from occurring in the future.

PUBLIC POLICY

SO 05 Public policy positions and participation in public policy development and lobbying.

Freeport-McMoRan Copper & Gold Inc. participates in several trade associations and other industry organizations that help establish or influence public policy, including the National Mining Association. In addition, Freeport-McMoRan Copper & Gold Inc. representatives lobby the U.S. federal government and various operations within Freeport-McMoRan Copper & Gold Inc. lobby local U.S. governments and governments in other jurisdictions, from time to time, regarding issues of interest to the industry or business issues generally.

The primary issues in which Freeport-McMoRan Copper & Gold Inc. participates include public policy development, regulation of the mining industry, environmental regulation, water rights and business taxes.

SO 06 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.

Freeport-McMoRan Copper & Gold Inc. does not contribute to any individual candidate for political office, official of a political party or committee or organization for the election of a particular candidate to any political office in any jurisdiction. This policy does not preclude the company from establishing programs, permitted by applicable laws, under which it may make:

- Contributions to any company-related political committee, such as a political action committee, to match, in whole or in part, a contribution voluntarily made to that committee by an eligible employee or other individuals,
- Contributions to any political committee sponsored by an industry or trade association of which we are members,
- Other contributions permitted by law and specifically authorized by executive management after legal review,
- Allowances for candidate site visits as permitted by law, and
- Contributions to non-partisan voter registration, education and voter turnout programs.

ANTI-COMPETITIVE BEHAVIOR

SO 07 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.

It is the policy of Freeport-McMoRan Copper & Gold Inc. to comply with the antitrust laws of the U.S. and similar applicable laws in various countries. An antitrust violation, even in connection with a minor transaction, is bad for our business and can lead to severe civil and criminal penalties. Freeport-McMoRan Copper & Gold Inc. established "Fair Competition Guidelines" which apply to Freeport-McMoRan Copper & Gold Inc. and all of its majority-owned subsidiaries and affiliates and are designed to alert employees of issues that may be faced when dealing with competitors, vendors and customers.

Freeport-McMoRan Copper & Gold Inc. is involved in one set of cases regarding alleged anti-competitive behavior.

Columbian Chemical Company, formerly a subsidiary of Phelps Dodge Corporation, and several other companies were named as defendants in an action entitled Technical Industries, Inc. v. Cabot Corporation, et al., No. CIV 03-1-191 WGY, filed on January 30, 2003, in the U.S. District Court in Boston, Massachusetts, and 14 other actions filed in four U.S. district courts, on behalf of a proposed class of all individuals or entities who purchased carbon black directly from the defendants since January 1999. All of these actions were consolidated in the U.S. District Court for the District of Massachusetts under the caption In re Carbon Black Antitrust Litigation. On September 27, 2007, the court entered an order approving a proposed settlement and dismissing with prejudice all claims against Columbian and other defendants in these actions.

Columbian and the other defendants entered into an agreement to settle the separate action entitled Carlisle Companies Incorporated, et al. v. Cabot Corporation, et al., which was filed against Columbian and the other defendants on behalf of a group of affiliated companies that opted out of the federal class action. All claims in that action were dismissed with prejudice on October 16, 2007.

Columbian and the other defendants have also settled state law claims filed on behalf of purported classes of indirect purchasers of carbon black in California, Tennessee and Kansas and six other states represented by Kansas counsel. Similar actions filed in New Jersey and North Carolina have been dismissed. Actions remain pending in state courts in Florida and South Dakota. Threatened litigation in Massachusetts has not been initiated. The company retained responsibility for these claims in the agreement pursuant to which we sold Columbian, and we have paid an aggregate of \$7 million to settle the claims referenced above. Columbian and the other defendants are attempting to negotiate a resolution of the remaining state lawsuits.

COMPLIANCE

SO 08 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

As a U.S. public company, we are required to report material legal issues in our quarterly reports filed with the U.S. Securities and Exchange Commission. Please refer to our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for this information.

As a global company in a regulated industry, we are subject to thousands of legislative, judicial and administrative regulations at all levels of government in all jurisdictions. We do not have a centralized database nor do we otherwise track all sanctions for non-compliance with laws and regulations, as many of them are minor in nature and are remedied promptly upon notice.



Product Responsibility

Freeport-McMoRan Copper & Gold Inc. is primarily in the business of extraction and processing of metals, however we believe the entire product life cycle of the metals we produce should be conducted in the safest, most environmentally and socially responsible manner. Copper, which accounted for approximately 76 percent of our 2008 revenues, is used in many applications and end products within major sectors from construction to consumer products. The entire weight of copper wire, rods, tubing and electronic components are 100 percent reclaimable.

The company also produces both metallurgical and chemical molybdenum products and these products are utilized by most industrial sectors with a major application in the steel industry. Molybdenum that is used in steel manufacturing is substantially recyclable whereas molybdenum products used in chemical applications such in lubricant and smoke suppressants possess a longer life cycle.

We participate in industry and commodity associations with strong materials stewardship agendas. We participate in ICMM's Materials Stewardship Task Force and, as we implement ICMM principle #8, we are evaluating application of the core elements of ICMM's Materials Stewardship Policy.

Freeport-McMoRan Copper & Gold Inc. is actively working within the European Copper Institute Copper Consortium as part of the copper industry's efforts to meet obligations under REACH (Registration, Evaluation Authorization and Restriction of Chemical substances). In particular, Atlantic Copper participates on the six-company Copper Consortium Management Committee responsible for daily management of the Consortium. Two of our Atlantic Copper employees also participate in the Consortium's Technical Working Groups, which have been established to complete technical dossiers necessary for compliance with REACH.

Two of our operating subsidiaries, Atlantic Copper and Climax Molybdenum Company, sell sulfuric acid by-product produced from copper smelting and molybdenum roasting processes, respectively, to various customers located in European Union member states. Atlantic Copper and Climax Molybdenum are jointly participating in the Sulfuric Acid Consortium.

As a member of the Molybdenum Consortium under the International Molybdenum Association, we participate on the consortium steering committee and technical work groups to not only provide industry leadership in the consortium's activities, but also to facilitate on-time and full REACH registration of the molybdenum substances being managed by the consortium.

Over the last ten years, the International Molybdenum Association has developed and maintained a Life Cycle Inventory (LCI) of molybdenum substances that are produced by the international molybdenum industry. The LCI has become one of the most valuable environmental tools for assessing the environmental footprint of a product or process. The LCI provides quantitative and scientific analyses of the environmental impacts of products and their associated industrial systems. Because it assesses each stage of the life of a product, LCI offers valuable information for a product's supply chain and helps to characterize the environmental attributes and weaknesses of a product. Climax Molybdenum participated in the International Molybdenum Association's 2007 LCI update for products it produces at its mining and mineral processing facilities.



CUSTOMER HEALTH AND SAFETY

PR 01 Life cycle stages in which health and safety risks of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.

Freeport-McMoRan Copper & Gold Inc. is primarily in the business of extraction and processing of metals. Because we typically provide bulk product in the form of copper and molybdenum concentrates, roasted molybdenum concentrate for additional processing and conversion, copper cathode, or containerized products, we do not maintain a health and safety assessment program specific to products supplied to customers. However, Material Safety Data Sheets are routinely provided to our customers for all of our copper and molybdenum products.

PRODUCTS AND SERVICE LABELING

PR 03 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.

Many countries are adopting the Globally Harmonized System (GHS) for classifying chemicals and communicating their health and environmental hazards to consumers, workers, transport workers and emergency responders. The GHS will also be part of the chemical classification and labeling protocol for substances covered by REACH. Under the GHS, our company has embarked on a comprehensive program to ensure communication of health and environmental hazard information consistent with GHS by the year 2010, which will involve updating Safety Data Sheets (SDS) for substances we produce. Draft SDSs have been developed for most of the company's products. In concert with our REACH efforts, we will also revise product labels to similarly communicate any product hazards referenced in the SDSs. To this end, we will be communicating to both our customers and employees the new GHS requirements and how these requirements will become commonplace in our company. In particular, our subsidiary, Climax Molybdenum company will become GHS-compliant for over 12 different molybdenum products that it produces.

All of our molybdenum and copper products were pre-registered under REACH during a six-month pre-registration period in 2008. The pre-registration period allowed for producers and importers in the EU to pre-register their products as existing substances under the REACH requirements. The REACH requirements also allow for a phased and full registration of substances to occur in the years 2010, 2013, and 2018 depending on the volume of each substance that is produced or imported. Our company plans to complete full registration of all of its products by the first REACH deadline of 2010 which is concurrent with the 2010 GHS implementation that applies in most countries in the EU and worldwide.

PR 05 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

Sales contracts for our products are generally with large, industrial companies. Our sales and marketing team members routinely engage with customers with respect to commercial terms; however customer surveys provide a valuable contribution to our business operations. We conduct customer surveys in two to three-year cycles for both copper and molybdenum products. Statistically significant information from these surveys allows us to target areas of improvement from operations planning to global customer service processes.



MARKETING COMMUNICATIONS

PR 06 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.

It is Freeport-McMoRan Copper & Gold Inc.'s practice to ensure that all external communications, including advertising, undergo extensive review for technical accuracy and legal compliance.

COMPLIANCE

PR 09 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

We have not identified any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Economic

Freeport-McMoRan Copper & Gold Inc. is the world's largest publicly traded producer of copper and the global leader in molybdenum production. Our company has a long-standing history of maintaining a strong financial profile. Strong financial management gives us the wherewithal to live up to our corporate responsibility commitments to our shareholders, our employees and the communities in which we operate.

We create economic benefits to local economies and host governments in many ways: paying taxes, dividends and fees; employing people whose salaries stimulate secondary economic growth; purchasing goods and services; constructing infrastructure improvements; and supporting social and economic development programs. We recognize that our operations have significant direct and indirect economic impacts for many of our stakeholders, particularly local communities. In response to the recent decline in copper and molybdenum prices, we have taken actions that include curtailment of production at certain operations and aggressive cost control across the company. We understand that these actions, while prudent and necessary to preserve resources for future growth, affect a wide range of stakeholders.

As we implement the ICMM 10 Sustainable Development Principles, we seek to maximize our contribution to positive socio-economic development wherever we operate. We believe that economic development, conducted transparently and focused on positive outcomes in both the present and future, is an immense opportunity to enhance the livelihoods of many of our stakeholders. We continuously evaluate the best methods to leverage our global enterprise to drive site-specific strategies for enhancing and diversifying local economies. The table below presents key areas of socio-economic impacts where we are focusing our efforts.

Material Economic Risks and Opportunities	Why the Issue is Important	What We Are Doing About It
Production of metals/volatility in the price of our products	<ul style="list-style-type: none"> • Business strategy adjustments affecting a wide array of stakeholders 	<ul style="list-style-type: none"> • Strong, disciplined management focus • Timely and transparent communication about our business • Fair treatment of employees, contractors, suppliers and other stakeholders
Preference to locally-based suppliers	<ul style="list-style-type: none"> • Supporting local business can attract other investments to local economies and spur indirect job creation 	Performance Target: <i>Develop a supply chain system and procedures across the enterprise to prioritize/ensure sourcing among local suppliers whenever possible</i>
Understanding direct and indirect economic impacts	<ul style="list-style-type: none"> • Information can be used to identify opportunities to maximize economic benefits for our community stakeholders and planning for closure of operations 	Performance Target: <i>Complete new third-party studies, with improved methodology, to evaluate direct and indirect economic impact of all active mining operations at the local/regional/country-level</i>

We are also keenly concerned with sustaining benefits for communities, particularly in remote locations where dependence on the presence of mining is significant. As we have experienced at our Grasberg operation in Indonesia, enhanced economic prospects can also generate social challenges which must be addressed. The updated Freeport-McMoRan Copper & Gold Inc. Community Policy sets forth our commitment to maximizing positive impacts of our operations and assisting communities to ensure self-sufficiency beyond the lives of our operations.



ECONOMIC PERFORMANCE

EC 01 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

2008 Economic Impact Summary

MM 01 Identify those sites where the local economic contribution and development impact is of particular significance and interest to stakeholders and outline policies with respect to assessing this contribution. Relevant information includes: percent of goods, materials, and services purchased locally; percent of workforce from local communities; investment in public infrastructure and its maintenance; and compensation payments.

South America (Peru)

Our Cerro Verde mine is located outside the city of Arequipa, which is the second largest city in Peru and has a population of over 1 million people. Issues of poverty, underemployment and high inflation rates remain challenges for the region. Our operation in Peru has a substantial economic and development impact at the local and regional levels.

In Peru, we contributed over \$100 million to development programs and projects in 2008 benefiting the local community and the Arequipa region. One investment in public infrastructure included a contribution of approximately \$49 million to a trust fund designated for the design and construction of domestic water and sewage treatment plants for the benefit of the Arequipa region; these plants will also be designed to allow expansion to support the community for the next 30 years. In addition, just over \$50 million was contributed by Cerro Verde to the Voluntary Social Contribution (VSC) Fund as part of an agreement with the government to support the development of the Arequipa region over a 5-year period (2006-2010). The VSC Fund is managed by a Board of community, government and company representatives who allocate the resources to priority development projects. Cerro Verde also supported other community programs aimed at improving livelihoods and economic sustainability with investments totaling more than \$940,000.

Cerro Verde is committed to the principles and standards as set forth in the new Freeport-McMoRan Copper & Gold Inc. Community Policy approved in February 2009. The policy sets the framework for Cerro Verde to work toward continuously improving their community needs assessments and development assistance programs to enable them to better maximize the benefit of our operations and social contributions at local, regional and national levels.

Indonesia

PT Freeport Indonesia operates in the remote province of Papua, which is one of Indonesia's more undeveloped provinces. The economic contribution and impact of PT Freeport Indonesia's operation is significant to the community and government at the local, regional and national levels.

Total value of domestic goods purchased locally was \$271 million in 2008, an increase of 43.8 percent from 2007; domestic goods comprised 21.3 percent of all goods purchased by PT Freeport Indonesia. PT Freeport Indonesia purchased 80 percent of all services domestically with a total value of \$469 million. Of all services purchased domestically, 7 percent are sourced from companies based in Papua; and of all services purchased in Papua, 28 percent are purchased from Papuan-owned businesses with a total value of \$9.7 million.

At the end of 2008, PT Freeport Indonesia directly employed 11,663 workers; of these, 3,353 (29 percent) were Papuans. Including contractor employees, a total of 21,053 workers were employed at PT Freeport Indonesia operations at the end of 2008.



Under an MOU signed with the Governor of Papua, PT Freeport Indonesia has committed to contribute tailings as construction material for infrastructure development in Papua, including roads and public facilities. PT Freeport Indonesia has also committed \$400,000 a year for five years (starting in 2006) for Mimika Regency development projects. Also see response in **EC 08** for additional data on PT Freeport Indonesia’s investments in public infrastructure and services.

PT Freeport Indonesia committed \$34.6 million to the Freeport Partnership Fund for Community Development managed by the Amungme and Kamoro Community Development Organization (LPMK) in 2008. Out of this total, \$25 million was paid to the LPMK and the remaining \$9.6 million will be granted upon renewal of the organization’s Memorandum of Understanding. The LPMK partners with local government, NGOs and community groups to support education, health and economic development in the local communities.

In addition to the Partnership Fund, PT Freeport Indonesia contributed \$30.5 million to community investment initiatives, including \$2.4 in cash donations, \$25.6 in community programs and services directly managed by PT Freeport Indonesia, and \$2.5 million in infrastructure investments.

MM 02 Economic value added.

2008 \$ in millions	North America	South America	Indonesia	Europe	Total
Revenues	8,751	3,768	2,934	2,343	17,796
Payments to suppliers	4,858	1,188	962	2,245	9,282*
Economic value added	3,893	2,580	1,972	98	8,514

* Includes the Tenke Fungurume development project and other exploration activities in areas outside of the regions presented

EC 02 Financial implications and other risks and opportunities for the organization’s activities due to climate change.

Energy is a significant input to our mining and processing operations. Our principal energy sources are electricity, purchased petroleum products, natural gas and coal. Many scientists believe that emissions from the combustion of carbon-based fuels contribute to greenhouse effects and therefore potentially contribute to climate change. number of national governments and international governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. The December 1997 Kyoto Protocol established a set of greenhouse gas emission targets for developed countries that have ratified the Protocol. Although the Kyoto Protocol has not been ratified by the U.S., several states have initiated legislative action on climate change. Climate change legislation has been passed by the U.S. House of Representatives, and efforts to pass legislation in the the U.S. Senate are underway.

Many believe that U.S. climate change legislation is very likely to become effective in the next few years, which will result in increased future energy and compliance costs. From a medium and long-term perspective, we are likely to see an increase in costs relating to our assets that emit significant amounts of greenhouse gases as a result of regulatory initiatives in the U.S. and other countries in which we operate. These regulatory initiatives will be either voluntary or mandatory and may impact our operations directly or through our suppliers or customers. Assessments of the potential impact of future climate change regulation are uncertain, given the wide scope of potential regulatory change in countries in which we operate.

The potential physical impacts of climate change on our operations are highly uncertain, and would be particular to geographic locations in which we operate. These may include increased changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects could adversely impact the cost, production and financial performance of our operations.



Freeport-McMoRan has pursued, and continues to pursue, process improvements that reduce energy consumption, which reduces indirect CO₂ emissions. These process improvements can also result in increased copper recoveries, improving the company's financial performance, particularly during periods of high commodity prices.

Freeport-McMoRan provides essential metals to support changes and improvements in electronic technology, transportation and community infrastructure in the global marketplace. Copper and molybdenum products are used in many innovations to address climate change, and can support energy efficiency and renewable energy technologies. For example, electric vehicles (EVs) and even hybrid EVs, which greatly reduce CO₂ emissions, will use approximately twice as much copper as a conventional vehicle.

A move toward alternative technology, particularly for automobiles, and energy sources like wind and solar power projects to slow or halt predicted climate changes could potentially increase the demand for copper.

Several U.S. states have instituted short- and long-term goals for the use of renewable energy sources by power providers. Freeport-McMoRan has large property holdings that could be used for solar or wind facilities. We have ongoing dialogues with renewable energy companies regarding the potential use of mining-related lands for renewable energy projects.

EC 03 Coverage of the organization's defined benefit plan obligations.

EC 04 Significant financial assistance received from government.

Freeport-McMoRan Copper & Gold Inc. does not receive any significant government assistance such as subsidies, investment grants, awards, royalty holidays, financial assistance from Export Credit Agencies, financial incentives or other financial benefits for its operations. In 2008, Freeport-McMoRan Copper & Gold Inc. claimed approximately \$60 million in tax credits from the State of Arizona under the Arizona Environmental Technology Program. The tax credits relate to recently constructed Safford mine where initial production began in late 2007.

MARKET PRESENCE

EC 05 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.

At our significant operations, the entry-level wage compared to the local minimum wage ranges from approximately 150 percent in the U.S., to 240 percent in Peru, 275 percent in Chile and 280 percent in Indonesia.

EC 06 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operations.

It is our policy to do business with suppliers, contractors, consultants, and other business partners who demonstrate high standards of ethical business conduct. We seek to establish mutually beneficial, long-term relationships with business partners who demonstrate their commitment to our principles. In accordance with our policy, we encourage each operating location to do business with local suppliers when there is a benefit to communities in which we do business. We have set a performance target to develop a supply chain system and procedures across the enterprise to prioritize/ensure sourcing among local suppliers whenever possible.

In 2008 our North America operations conducted business with approximately 8,300 suppliers, 96 percent of whom are based in the U.S. and of the region's total procurement expenditures, 84 percent occurred with suppliers in the U.S. Notably, 63 percent of our North America operations total procurement expenditures occurred in the southwestern states where our major facilities are located- Arizona (47 percent), Texas (7 percent), Colorado (5 percent) and New Mexico (4 percent). Total procurement expenditures on goods and services for North America operations were 54 percent and 46 percent,



respectively. The percent of total procurement of goods or services purchased from suppliers in the U.S. was approximately equal.

In 2008 our South America operations conducted business with approximately 5,900 suppliers, of which 92 percent are based in either Chile or Peru. Approximately 57 percent of the total procurement expenditures to support our South American operations occurred in Chile where we operate our Candelaria, El Abra and Ojos del Salado mines and approximately 26 percent in Peru where we operate the Cerro Verde mine. Total procurement expenditures on goods and services for South American operations were 37 percent and 63 percent, respectively. Chile accounted for approximately 46 percent of total South American expenditures on goods and 64 percent on services, while Peru accounted for approximately 32 percent and 24 percent, respectively.

PT Freeport Indonesia conducts business with approximately 6,200 suppliers, 74 percent of which are based in Indonesia. Of PT Freeport Indonesia's total procurement expenditures in 2008, 47 percent was with Indonesian suppliers. Total procurement expenditures on goods and services for Indonesia were 43 percent and 57 percent, respectively. Suppliers in Indonesia accounted for approximately 21 percent of spend on goods and 67 percent on services supplied to PT Freeport Indonesia.

In Spain, 83 percent of Atlantic Copper's procurement expenditures occurred within the country. Notably, approximately 67 percent of Atlantic Copper's total procurement expenditures occurred within the Andalucía region of Spain where its operations are located. In 2008, Atlantic Copper conducted business with almost 700 suppliers and its total procurement expenditures on goods and services were 31 percent and 69 percent, respectively.

We process molybdenum concentrates at a conversion plant at Rotterdam, the Netherlands, and produce ferromolybdenum disulfide for worldwide consumers in Stowmarket, the United Kingdom. In 2008, our Stowmarket operations conducted business with approximately 275 suppliers and of its procurement expenditures, 88 percent occurred with suppliers in the United Kingdom.

EC 07 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations.

Freeport-McMoRan Copper & Gold Inc. is a major employer in the communities in which our mines and other operations are located. As a matter of practice, we employ members of local communities near our operations. We do not currently track the proportion of senior management hired from communities local to our sites across our operating portfolio.

PT Freeport Indonesia is the largest private employer in Papua Province. PT Freeport Indonesia is committed to increasing employment opportunities for local community members, especially for the seven Papuan tribes from the surrounding company work area. The hiring policy and practice is to give first opportunity to local community members. In order to meet the company standard, PT Freeport Indonesia also assists the community in skills development, through the Nemangkawi Mining Institute.

We expect over 90 percent of our permanent workforce at our Tenke Fungurume operation in the DRC to be Congolese nationals.

INDIRECT ECONOMIC IMPACTS

EC 08 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.

In 2008, Freeport-McMoRan Copper & Gold Inc. invested more than \$24 million in infrastructure and services for public benefit in regions where our active mining sites are located. Due to the diversity of our operations and the communities in which we work, there are different levels of community infrastructure and support services provided by our operations. In order to improve how we identify, assess and establish these programs, we have set a performance target to develop company-wide criteria by the end of 2009 for social investments that support our sustainable development and capacity



building goals. It is our end goal to build local capacity for provision of sustainable public services and reduce dependencies on our operations.

North America

In 2008, the Morenci and Bagdad operations invested approximately \$4.5 million in infrastructure and services for community benefit. These investments included the provision of a community health clinic service, emergency/ambulance service, fire services and school facilities (such as new buildings, a pool and library, and other recreational resources). While both Morenci and Bagdad are considered “company towns”, the services and new infrastructure are available to all community residents. (A “company town” refers to a location where the housing and some other infrastructure is owned and subsidized by the company for use by its employees).

South America

The Cerro Verde copper mine has provided a variety of community support projects over the years. During 2006, as a result of discussions with local mayors in the Arequipa region, Cerro Verde agreed to contribute to the design and construction of domestic water and sewage treatment plants for the benefit of the region. These facilities are being designed in a modular fashion so that initial installations can be readily expanded in the future. In 2008, Freeport-McMoRan Copper & Gold Inc. funded approximately 150 million Peruvian nuevo soles (approximately \$49 million at December 31, 2008) to a designated bank account to be used for financing Cerro Verde’s share of the construction costs of these facilities.

Indonesia

In 2008, PT Freeport Indonesia invested approximately \$20 million in infrastructure and services for community benefit. These investments included the provision of community health services and malaria control implemented by PT Freeport Indonesia’s Public Health and Malaria Control Department. This department provides health services at four community clinics, as well as a TB Clinic and a Sexual Health and HIV Clinic. In addition, PT Freeport Indonesia implements a comprehensive malaria vector control and treatment program. For more details on community health services, please see indicator [LA 08](#). Other infrastructure and service investments included the construction of community infrastructure and facilities and operation of a dormitory for community youth in the Highlands.

PT Freeport Indonesia has also signed an MOU with both the Mimika Regency and Papuan Province to support infrastructure development, including roads, through the utilization of tailings. PT Freeport Indonesia’s commitments to support the initiatives in this MOU include technical assistance, provision of tailings and in some cases financial assistance for these projects. In 2008, PT Freeport Indonesia assisted local contractors by funding the transport of tailings used for public infrastructure (this funding is not included in the total investment amount reported above). In addition, in 2008 PT Freeport Indonesia signed a separate MOU with the provincial government committing up to \$100 million for construction of a cement factory that would utilize tailings, employ local residents and contribute to further infrastructure development. Feasibility and planning studies for this project were progressing in 2009.

In 2003, PT Freeport Indonesia launched the Nemangkawi Mining Institute to improve the education and skills of the local workforce. Over 1,000 apprentices are enrolled annually in the three-year program. The operation of the Nemangkawi Mining Institute is an investment in the education and development of the local workforce. While almost all of the apprentices take an employment position with PT Freeport Indonesia or one of PT Freeport Indonesia’s contractor companies, the participants are not required to do so and are able to accept employment elsewhere upon completion of their training. While PT Freeport Indonesia is targeting to develop a more skilled local workforce, PT Freeport Indonesia is also training and developing a more skilled workforce for the region and beyond.

Europe

Our operations in Europe contributed to a number of community investments in 2008, but these contributions did not include public infrastructure or services due to adequate provision of public infrastructure and services in these areas.



EC 09 Understanding and describing significant indirect economic impacts, including the extent of impacts.

We recognize that our operations have significant direct and indirect economic impacts for many of our stakeholders, particularly local communities. In recent years, we have commissioned economic impact studies (including direct and indirect impacts) for our operations in Indonesia, North America and South America. Summary information from these third-party studies conducted or updated in 2007, is available on our web site. In addition, in 2008 Atlantic Copper worked with the Association of Chemical and Basic Industries (AIQB) in Huelva, Spain, to conduct a study on the industrial concentrations in Huelva and the Campo de Gibraltar and their impact on the Andalusian economy. The report will assist Atlantic Copper in assessing indirect economic impacts.

To improve our understanding of economic impacts of our operations at local, regional and country levels, we have set a performance target to complete new, third-party studies with improved methodology, particularly for gaining more visibility into our indirect economic impacts. This information will help us monitor socio-economic changes, particularly in local economies near our operations and maintain relevant community development plans.

North America

In 2008, the most significant indirect economic impact was created by the downturn in the general economy and the copper and molybdenum markets. This necessitated revised operating plans for several U.S. operations and a resulting reduction of workforce in the U.S. While this caused an obvious direct economic impact, indirect impacts included reductions in retail and services spending, the closure of some small businesses and corresponding loss of indirect jobs. An economic impact report commissioned for 2008 will assist in further understanding the direct and indirect impacts for the year, including the implications of the economy and resulting layoffs.

In 2009, the company has set a performance target to revise the methodology and timeline for gathering and analyzing indirect economic impact on our U.S. communities to provide an improved understanding of the impact and ability to identify potential mitigation efforts and opportunities.

South America

No significant indirect economic impacts are reported for 2008. In 2009, the company has set a performance target to gather and analyze indirect economic impact in Chile and Peru and the communities in which we operate to provide an improved understanding of the impact and ability to identify potential mitigation efforts and opportunities.

Indonesia

In 2003, PT Freeport Indonesia commissioned the University of Indonesia's Institute for Economics and Social Research to conduct an economic impact analysis on the multiplier effect of PT Freeport Indonesia's operations on Papua Province and Indonesia. The study, which was last updated in 2007, confirmed that the positive benefits of PT Freeport Indonesia's operations spread far beyond the immediate Contract of Work area creating a multiplier effect throughout the local and national economy. Based on the 2007 study findings, each additional direct employee of PT Freeport Indonesia generated 20 additional indirect jobs. Direct and indirect jobs totaled over 230,000 employment opportunities in various sectors and industries in 2007.

PT Freeport Indonesia has also invested over \$5 billion since inception to build infrastructure in Papua including towns, electricity generation facilities, seaports and airports, roads, bridges, tunnels, waste disposal facilities and modern communication systems. This infrastructure investment is a catalyst for population and economic growth in and around the Contract of Work area. The average growth of the Mimika population from 2001 to 2007 was 9.5 percent, and the main driver of this population growth has been the migration of job seekers to the mining area.



This type of rapid economic growth in a relatively short period of time, however, creates a new set of community development challenges. Population influx and a growing middle class place an increasing pressure on Papua's nascent local government to deliver a wide range of services including health, education and security. PT Freeport Indonesia, along with civil society organizations (such as churches and community foundations), can play a complementary role to the government in meeting the rapidly changing needs of the community. For example, PT Freeport Indonesia has collaborated with the local churches to address child malnutrition in the remote Highlands and a local bank to provide savings products to women in the coastal areas. PT Freeport Indonesia relies on its Social Outreach and Local Development and Community Relations teams to identify emerging trends with regard to the community's needs. These trends then inform and shape PT Freeport Indonesia's community development programs and its partnerships with government, civil society and other private sector actors. See more discussion in the [Growing Partnerships Work Toward Sustainable Economic Growth in Papua](#) and [Women's Empowerment Programs Take Root in Congo Mining Concession](#) case studies in our 2008 Working Toward Sustainable Development report.



**GRI G3/Mining and Metals
Sector Supplement Indicators**

STRATEGY AND ANALYSIS

- 1.1 Statement from the most senior decision maker about the relevance of sustainability to the organization and its strategy
- 1.2 Description of key impacts, risks and opportunities

ORGANIZATIONAL PROFILE

- 2.1 Name of organization
- 2.2 Primary brands, products, and/or services
- 2.3 Operational structure of the organization
- 2.4 Location of organization's headquarters
- 2.5 Number of countries where the organization operates, and names of countries
- 2.6 Nature of ownership and legal form
- 2.7 Markets served including geographic breakdown, sectors served, and types of customers/beneficiaries
- 2.8 Scale of the reporting organization
- 2.9 Significant changes during the reporting period
- 2.10 Awards received during the reporting period

REPORT PARAMETERS

- 3.1 Reporting Period
- 3.2 Date of most recent previous report
- 3.3 Reporting cycle
- 3.4 Contact point for questions regarding the report or its contents
- 3.5 Process for defining report content
- 3.6 Boundary of the report
- 3.7 State any specific limitations to the scope or boundary of the report
- 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities
- 3.9 Data measurement techniques and the basis of calculations
- 3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and reasons
- 3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied
- 3.12 Table identifying the location of the standard disclosures report
- 3.13 Policy and current practices with regard to external assurance



GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

- 4.1 Governance structure of the organization
- 4.2 Indicate whether the Chair of the highest governance body is also an executive officer
- 4.3 State the number of members of the highest governance body that are independent and/or non-executive
- 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body
- 4.5 Linkage between compensation and the organization's performance (including social and environmental performance)
- 4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided
- 4.7 Process for determining the qualification and expertise of Board members on economic, environmental, and social topics
- 4.8 Statements of mission or values, codes of conduct and principles
- 4.9 Procedures for overseeing the identification and management of economic, environmental and social performance
- 4.10 Processes for evaluating Board performance, particularly with respect to economic, social and environmental performance
- 4.11 Explanation of whether and how the precautionary approach or principal is addressed by the organization
- 4.12 Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses
- 4.13 Memberships in associations and/or national/international advocacy groups
- 4.14 List of stakeholder groups engaged by the organization
- 4.15 Basis for identification and selection of stakeholders
- 4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group
- 4.17 Key topics and concerns raised through stakeholder engagement and how the organization has responded

ENVIRONMENTAL

- DMA Disclosure of Management Approach - Environmental
- EN 01 Materials used by weight or volume
- EN 02 Percentage of materials used that are recycled input materials
- MM 04 Percentage of products derived from secondary materials
- EN 03 Direct energy consumption by primary energy source
- EN 04 Indirect energy consumption by primary source
- EN 05 Energy saved due to conservation and efficiency improvements
- EN 06 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives
- EN 07 Initiatives to reduce indirect energy consumption and reductions achieved
- EN 08 Total water withdrawal by source
- EN 09 Water sources significantly affected by withdrawal of water
- EN 10 Percentage and total volume of water recycled and reused
- EN 11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas



EN 12	Description of significant impacts of activities, products, and services of biodiversity in protected areas and areas of high biodiversity areas outside protected areas
MM EN 23	Total amount of land owned, leased and managed for production activities or extractive use
MM 3	The number/percentage of sites identified as requiring biodiversity management plans, and the number/percentage of sites with plans in place
EN 16	Total direct and indirect greenhouse gas emissions by weight
EN 17	Other relevant indirect greenhouse gas emissions by weight
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved
EN 19	Emissions of ozone-depleting substances by weight
EN 20	NO, SO, and other significant air emissions by type and weight
EN 21	Total water discharge by quality and destination
EN 22	Total weight of waste by type and disposal method
EN 23	Total number and volume of significant spills
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations
EN 30	Total environmental protections expenditures and investments by type
MM 05	Describe policies for assessing the eco-efficiency and sustainability attributes of products
MM 06	Describe approach to management of overburden, rock, tailings and sledges/residues

HUMAN RIGHTS

DMA	Disclosure of Management Approach – Human Rights
HR 01	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening
HR 02	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken
HR 03	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained
HR 04	Total number of incidents of discrimination and actions taken
HR 05	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights
HR 06	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor
HR 07	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the eliminations of the forced or compulsory labor
HR 08	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations
HR 09	Total number of incidents of violations involving rights of indigenous people and actions taken

LABOR PRACTICES AND DECENT WORK

DMA	Disclosure of Management Approach – Labor Practices and Decent Work
LA 01	Total workforce by employment type, employment contract, and region



LA 02	Total number and rate of employment turnover by age group, gender, and religion
LA 04	Percentage of employees covered by collective bargaining agreements
LA 05	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements
LA 06	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs
LA 07	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region
MM 12	Describe approach to identifying, preparing for, and responding to emergency situations
MM 13	Number of new cases of occupational disease by type
LA 08	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases
LA 09	Health and safety topics covered in formal agreements with trade unions
LA 10	Average hours of training per year per employee by employee category
LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity
LA 14	Ratio of basic salary of men to women by employee category

SOCIETY

DMA	Disclosure of Management Approach - Society
SO 01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting
MM 07	Describe significant incidents affecting communities during the reporting period, and grievance mechanisms used to resolve the incidents and their outcomes
MM 08	Describe programs in which the reporting organization has been involved that addressed artisanal and small-scale mining within company areas of operation
MM 09	Describe resettlement policies and activities
MM 10	Number of operations with closure plans covering social, stakeholder engagement processes, frequency of plan review, and amount and type of financial provisions for closure
MM 11	Describe those processes for identifying local communities' land and customary rights, including those of indigenous peoples, and grievance mechanisms used to resolve any disputes
SO 02	Percentage and total number of business units analyzed for risks related to corruption
SO 03	Percentage of employees trained in organization's anti-corruption policies and procedures
SO 04	Actions taken in response to incidents of corruption
SO 05	Public policy positions and participation in public policy development and lobbying
SO 06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country
SO 07	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes
SO 08	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

PRODUCT RESPONSIBILITY

DMA	Disclosure of Management Approach – Product Responsibility
PR 01	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures



PR 03	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements
PR 05	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction
PR 06	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship
PR 09	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services

ECONOMIC

DMA	Disclosure of Management Approach - Economic
EC 01	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments
EC 02	Financial implications and other risks and opportunities for the organization's activities due to climate change
EC 03	Coverage of the organization's defined benefit plan obligations
EC 04	Significant financial assistance received from government
EC 05	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation
EC 06	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation
EC 07	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operations
EC 08	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement
EC 09	Understanding and describing significant indirect economic impacts, including the extent of impacts
MM 01	Identify those sites where the local economic contribution and development impact is of particular significance and interest to stakeholders and outline policies with respect to assessing this contribution.
MM 02	Value added disaggregated to country level