

# A World of Commitments



## Working Toward Sustainable Development

**FREEPORT-McMoRAN COPPER & GOLD INC.  
2007 Working Toward Sustainable Development Report**



***As a Responsible Mining Company,  
We Work to Restore the Land After  
Mining Is Completed in an Area.***

*Photo: A reclaimed tailings deposition area near our Tyrone, New Mexico, operations.*

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*Cover photo: An overhead look at a  
coniferous forest established in the  
tailings deposition area near the  
Grasberg mine in Papua, Indonesia.*

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### Freeport-McMoRan Copper & Gold Inc.'s acquisition of Phelps Dodge Corporation combined two companies with strong core values concerning environmental protection and mitigation and the support of local communities where we operate.

The new Freeport-McMoRan Copper & Gold Inc. – created by our acquisition in March 2007 of Phelps Dodge Corporation – is the world's largest publicly traded copper company. We now have major mining operations in North America, South America and Indonesia, and a development project in Africa. We also have significant, geographically diverse reserves and development projects. This is reflected in our 2007 Freeport-McMoRan Copper & Gold Inc. Annual Report, titled "A World of Assets/A World of Opportunities."

We recognize that success in our global operations and development projects is dependent on attaining a "social license" – our ability to earn and maintain the goodwill of local communities wherever we operate. To accomplish this, we engage with local communities to identify their needs and concerns and commit to programs to help address them. Some of these commitments are site-specific, while others are global. For that reason, we have titled this report, "A World of Commitments."

The world needs the metals we produce to sustain and expand economies and to build infrastructure in developing nations. Fulfilling this need for our products must be balanced with the social and environmental concerns of the local communities so that, in meeting the needs of the current generation, we do not compromise the ability of future

generations to meet their own needs. This is the core concept of "sustainable development" and the underlying premise of our commitments.

We are dedicated to working toward sustainable development by mitigating our environmental impacts and providing beneficial economic and social results wherever we operate. We realize that sustainable development is particularly challenging for the mining industry because mining operations have significant environmental and social impacts and are focused on a finite resource at each location that will eventually be depleted, although in some cases this would be in the distant future. We embrace sustainable development as our duty as a responsible corporate citizen and because we consider it a prudent business practice.

We have in place Environmental and Social, Employment & Human Rights policies. We have updated and broadened our Principles of Business Conduct – a system of shared values and consistent principles that guides our management and employees in the conduct of our business. We are taking steps to ensure that our commitments detailed in these policies are fully implemented throughout our worldwide operations. As part of the integration of the two companies, we have set in motion a management review of our sustainable development programs and performance to identify an effective

management structure to fulfill our commitments.

The integration of our combined companies provides the opportunity to draw upon the strengths of both. For example, the lessons Freeport-McMoRan Copper & Gold Inc. learned about dealing with complex social issues at its Grasberg mine in Papua, Indonesia, are being applied to the development of community programs at the new Tenke Fungurume mine in the Democratic Republic of Congo (DRC). The cutting-edge scientific work under way at the Freeport-McMoRan Process Technology Center in Arizona is now helping develop cost-effective, environmentally sound and less energy intensive processes we can apply company-wide.

Our efforts to fulfill our commitment to sustainable development are carried out through numerous programs globally. Examples include assisting communities in economic development and capacity building, facilitating open dialogue to solve problems, and supporting schools and scholarships; training the first female heavy equipment operators in Papua and training Congolese engineers at our U.S. and South American mining operations; applying the human rights training, health care and small business development programs we established in Papua to our operations in the DRC; bringing entrepreneurial training to members of 11 indigenous communities

near our El Abra operations in Chile; assisting with a water treatment plant for communities in Peru, and helping build bridges and airstrips to end the isolation of remote communities in Papua; protecting and repatriating threatened land kangaroos in Papua and bighorn sheep in Arizona; abiding by environmental regulations, including long-term reclamation projects, wherever we operate; and shouldering the responsibility of environmental remediation at legacy U.S. sites that ceased operations long before these companies were acquired by Freeport-McMoRan Copper & Gold Inc.

Ours is not a static commitment through rigid programs. We are committed to continuous improvement in our sustainable development performance. We assess our programs annually in search of better ways to achieve our goals and conduct recurring third-party audits to gain fresh insight and ideas.

One of the most important areas where we seek continual improvement is the safety of our employees. We know that

the strength of our operations and programs depends on the hard work of our employees and their safety is our highest priority. Our 2007 safety statistics are better than the U.S. average, but, regrettably, our company recorded five worker fatalities during the year. Our commitment is to zero workplace fatalities. We have ordered a top-to-bottom review of our safety programs globally to find ways to improve our performance. Partly as a result of this refocus and recommitment, PT Freeport Indonesia achieved its first-ever company-wide 5-Star Rating for 2007, the highest rating achievable under the National Occupational Safety Association (NOSA) standards. Despite this fine achievement, we are saddened by the loss of co-workers and are committed more strongly than ever to our goal of zero workplace fatalities.

This 2007 Working Toward Sustainable Development Report is the first such report for the new Freeport-McMoRan Copper & Gold Inc., reflecting the combination of Freeport-McMoRan and

Phelps Dodge. Similarly, our 2007 Global Reporting Initiative Report – which will be posted on our web site, [www.fcx.com](http://www.fcx.com), when it has been completed and undergone third-party verification – will be the first GRI report as a combined company.

We look forward to bringing you many such reports as the new Freeport-McMoRan Copper & Gold Inc. continues on the path to sustainable development and a promising future.

Respectfully yours,



James R. Moffett  
Chairman of the Board



Richard C. Adkerson  
President and Chief Executive Officer



**Our commitment to sustainable development is demonstrated through programs to assist communities in economic development, education, health and human resource development.**

*Photo: A company-supported school near the Cerro Verde operations in Peru.*

# Introduction to the New Freeport-McMoRan Copper & Gold Inc.

The global economy needs the metals we produce to manufacture goods and to build infrastructure.

Freeport-McMoRan Copper & Gold Inc. is a leading global mining company with headquarters in Phoenix, Arizona. We operate large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum, a metal used in high-strength steel alloys and the production of lubricants. We have a dynamic portfolio of operating, expansion and growth projects in the copper industry and are the world's largest producer of molybdenum. The company's portfolio of assets includes the Grasberg minerals district in Papua, Indonesia; significant mining operations in the Americas;

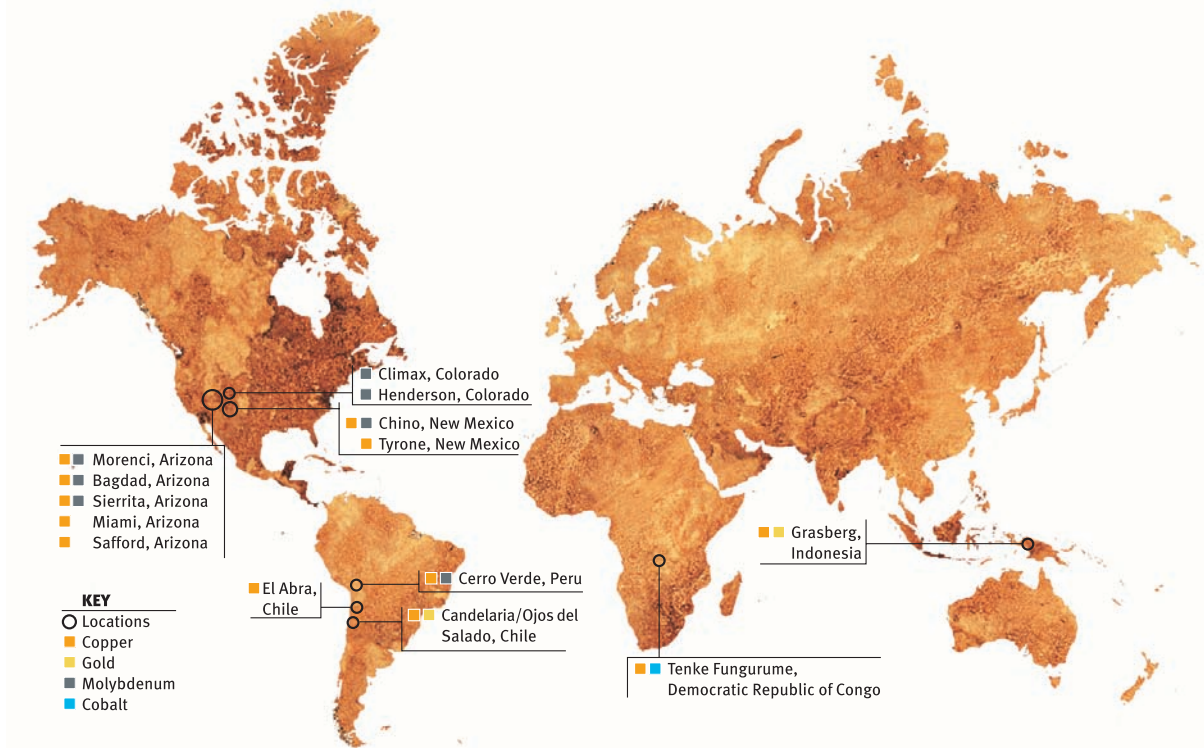
and the potential world-class Tenke Fungurume development project in the Democratic Republic of Congo.

The principal asset of our operating subsidiary PT Freeport Indonesia is the Grasberg mine discovered in 1988, at a site where we have operated since 1972. The Grasberg minerals district contains the world's largest single copper reserve and the world's largest single gold reserve. PT Freeport Indonesia is also a 25 percent owner of PT Smelting, which operates a copper smelter and refinery in Gresik, Indonesia.

## SUSTAINABILITY POLICIES AND COMMITMENTS

Freeport-McMoRan Copper & Gold Inc. has adopted the principles of the Sustainable Development Framework of the International Council on Mining and Metals (ICMM), of which we are a member. We are reporting our company-wide performance related to these principles according to the Global Reporting Initiative (GRI) for the reporting year 2007. Our full reporting of GRI indicators, including performance data, is available on our web site [www.fcx.com/envir/gri.htm](http://www.fcx.com/envir/gri.htm).

## Major Mine Operations & Development Projects



Our 2006 report is available on our web site and our 2007 GRI Report will be posted during the second half of 2008. The 2006 report includes reporting detail prior to the 2007 acquisition of Phelps Dodge and contains information for our operations in Indonesia and Spain. This Working Toward Sustainable Development report is designed to complement the GRI data by providing discussion, context and illustrations of our commitment to sustainable development and responsible mining practices.

Freeport-McMoRan Copper & Gold Inc. has recently endorsed the Extractive Industries Transparency Initiative (EITI), making a company-wide commitment to disclose all revenues and payments in the countries in which we operate. FCX's commitments and policies are also aligned with IFC performance standards.

The merger between Freeport-McMoRan Copper & Gold Inc. and Phelps Dodge Corporation combines not only our businesses, but also our respective commitments to the communities and local environments in which we operate. We are establishing a global team responsible for ensuring that we live up to our commitment to sustainable development. We have formally adopted new environmental, health and safety policies and are updating our Social, Employment & Human Rights Policy to apply across our entire organization. The current text of all these policies is available on our web site at [www.fcx.com/envir/policies.htm](http://www.fcx.com/envir/policies.htm).

#### **ENVIRONMENTAL POLICY** *updated July 2007*

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 with all applicable regulations and to seek continuous improvement in environmental performance. The policy also includes commitments to achieve ISO 14001 certification at all operating facilities, recognize and protect biodiversity, and protect and remediate sites for which we are responsible.

#### **ENVIRONMENTAL AUDITING POLICY** *updated July 2007*

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

#### **CORPORATE SAFETY & HEALTH POLICY** *updated July 2007*

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.

#### **SOCIAL, EMPLOYMENT & HUMAN RIGHTS POLICY**

As part of the integration of Phelps Dodge operations into the new Freeport-McMoRan Copper & Gold Inc., we are updating our Social, Employment & Human Rights Policy to be applicable to our increased global scope of operations. In the meantime, all of our sites will adhere to the commitments that existed before the merger, which commit us to being a responsible corporate citizen by fostering positive social and employment relationships, as well as ensuring that operations are conducted in a manner consistent with the Universal Declaration of Human Rights.

#### **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. More discussion of the Principles of Business Conduct is included in the Corporate Governance portion of this report, or visit our web site at [www.fcx.com/envir/compliance.htm](http://www.fcx.com/envir/compliance.htm).

## SUMMARY OF MATERIAL ISSUES

Freeport-McMoRan Copper & Gold Inc. has identified a range of sustainability issues that are particularly significant for our industry and for the geographic areas in which we operate. We engage with stakeholders to understand the scope and potential impacts of these issues, identify alternative measures to address them and implement such measures.

	<i>Issue</i>	<i>Why it is material and what we are doing</i>	<i>More information on page...</i>
<b>Economic</b>	<b>Land rights and compensation</b>	At our largest mine, Grasberg in Indonesia, we have negotiated agreements with the two local ethnolinguistic groups most affected by our mining operations to provide payments to the communities in recognition of land rights. At the new development in the Tenke and Fungurume areas of the Katanga Province, Democratic Republic of Congo, we worked with local residents to negotiate resettlement and compensation of affected households.	7
	<b>Economic contributions to localities</b>	Our major mining operations provide jobs and economic stimulus for the communities where we operate. In Indonesia, for instance, PT Freeport Indonesia is responsible for nearly half the gross domestic product of the surrounding Papua province. We recognize that this can have a significant impact on the community when mining operations cease, but our closure plans include working with communities to support development of stable local economies and thus minimize adverse impacts at the end of mine life.	8
<b>Environmental</b>	<b>Energy efficiency</b>	Because energy is a large component of our operating costs, we are investing in technologies to improve energy efficiency in our mining and processing operations. Though we expect our total energy use to continue to expand as our operations grow, we are committed to improving energy efficiency. Energy efficiency is our primary means of reducing greenhouse gases and meeting our ICMM Climate Change commitments. We report our efforts annually to the Carbon Disclosure Project.	11
	<b>Water conservation</b>	Water is essential to human life, and it is also integral for mining and ore processing operations. Water rights in Arizona have been subject to litigation for decades. Water levels in our Chilean well fields are declining, mandating investments in new sources. Individual sites maintain continuous improvement programs, based on ISO 14001 environmental management systems, for managing water resources and water use conservation practices.	13
	<b>Tailings management</b>	The largest volume waste generated at our mine sites are the tailings – particles of rock remaining after the economically valuable minerals are removed from the ore. Tailings management areas can be visible to the public at our operations sites, including Papua, Indonesia; Climax, Colorado; Sierrita and Morenci, Arizona; and at our Chino mine in New Mexico. Some of these areas can generate dust during severe wind conditions. These solids are handled in accordance with site-specific management plans.	20
	<b>Legacy liabilities</b>	We are involved in remediation at many legacy sites for which we are responsible around the United States. These sites managed hazardous substances in the past, prior to today's environmental laws and without the current understanding of the potential environmental impact of historical waste management practices. As of December 31, 2007, our environmental remediation liabilities were \$1.3 billion on a present value basis. Management of these legacy liabilities will require significant human and financial resources.	25
<b>Social</b>	<b>Industrial fatalities</b>	Freeport-McMoRan Copper & Gold Inc. is committed to the goal of zero incidents and zero occupational illnesses. Regrettably, in 2007 we experienced five fatalities at our worldwide facilities. This is unacceptable and we are continuing to work to achieve our commitment of zero fatalities and injuries.	31
	<b>Artisanal/illegal mining</b>	We recognize that artisanal and/or unauthorized mining can be a substantial source of income for small rural communities. At those sites where such mining occurs, we are concerned about potential safety and public health impacts, and we work with governmental and non-governmental organizations to help address unsafe conditions.	43
	<b>Human rights and security</b>	Freeport-McMoRan Copper & Gold Inc. has endorsed the Voluntary Principles on Security and Human Rights, which calls for full human rights compliance while protecting our employees and investments. As part of our ongoing post-merger integration efforts, we are currently updating our Social, Employment & Human Rights Policy, adding flexibility to address the more diverse set of social and cultural conditions associated with our new, larger geographic footprint.	44



## Contributing to Local Economies

*The Mimika Regency, Papua, near the Grasberg mining operations, is one of the fastest-growing areas in the nation of Indonesia. PT Freeport Indonesia's operations accounted for 2.4 percent, 45 percent and 96 percent of the gross domestic product (GDP) for the country of Indonesia, Papua province and the Mimika Regency, respectively, in 2007.*

## Successful companies energize successful communities.

Freeport-McMoRan Copper & Gold Inc. is a major employer in the communities in which our mines and other operations are located. The economic health of our communities relies heavily on the taxes we pay and the goods and services we buy in the local areas. Communities also benefit from the wages we pay our employees, many of whom are hired locally. Our paychecks do more than provide food, clothing and shelter for our employees and their families. They fuel the local economy and, thanks to the multiplier effect, their impact echoes several times across the economic landscape.

Freeport-McMoRan Copper & Gold Inc. has a long record of solid financial performance, particularly in recent years as the demand for our minerals has grown. At the same time, we recognize that commodities prices are volatile. Strong financial management gives us the wherewithal to live up to our corporate

responsibility commitments to our employees, our shareholders and the communities in which we operate.

### LAND RIGHTS AND COMPENSATION

With regard to compensation for traditional land rights, Freeport-McMoRan Copper & Gold Inc. adheres to the laws of the host country and leading practices within the industry. In Indonesia, where a significant portion of our mining operations are located, we were a pioneer in providing compensation for traditional land rights. In Indonesia, all unimproved land and all minerals are owned by the Government of Indonesia, according to the Indonesian Constitution. PT Freeport Indonesia's "January Agreement" of 1974 with the Amungme ethnolinguistic group residing near the operations area 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 (rather than a right due to individuals). Such payments are made in the form of mutually agreed projects or programs benefiting the community.

PT Freeport Indonesia currently funds two multi-year *rekognisi* programs in the highland and lowland areas of our operations. We work with traditional leaders and local government under a Memorandum of Understanding to administer the village development programs. These two programs are providing substantial amounts for infrastructure, social and economic development projects including: housing, school buildings, 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. The *rekognisi* programs are separate from and in addition to the Freeport Partnership Fund for Community Development (see discussion on the next page).

In addition, land rights trust funds for the Amungme and Kamoro ethnolinguistic groups 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. PT Freeport Indonesia has contributed approximately \$26 million to these funds through 2007 and, in conformance with the applicable land rights agreement, will continue to make contributions of \$1 million annually.

#### FINANCIAL SUMMARY 2007

Full-year 2007 pro forma consolidated sales from our mines, including pre-acquisition Phelps Dodge sales:

- 3.9 billion pounds of copper
- 2.3 million ounces of gold
- 69.0 million pounds of molybdenum

Revenues in 2007: \$16.9 billion

2007 cash flow from operations: \$6.2 billion

Beginning in late 2009, Tenke Fungurume Mining S.A.R.L (TFM) will begin mining the Kwatebala, Goma and Kavifwafwaulu (Fwaulu) ore bodies in the Katanga Province of the Democratic Republic of Congo (DRC). As the majority shareholder of TFM, Freeport-McMoRan Copper & Gold Inc. is closely involved in ensuring that project development is consistent with our social and environmental standards.

Three villages, with approximately 370 households (1,700 individuals) are included in the TFM resettlement program. Resettlement is a complex and difficult process, with significant impacts on individuals and families and the local economy. By managing this project in accordance with DRC law and International Finance Corporation guidelines, we are working to ensure that the people involved in the relocation are treated with respect and with full attention to their welfare.

In a community-based engagement process, villagers and local leaders were consulted to ensure that the new villages are located within traditional communal lands and that houses would be built to meet the community's needs. TFM is providing the residents with replacement homes and farmland.

To fulfill our commitments to surrounding communities, social development programs involving education, health, anti-malaria, agriculture, micro enterprises and fresh water supply are also being implemented. Direct investment in the TFM project is currently estimated to total approximately \$1.79 billion and includes the development of major local and regional infrastructure, such as electrical power and roads. By working closely with affected stakeholders to understand their needs and culture, our goal for the resettlement process is to establish

benchmark practices for relocation projects in the region.

## CORPORATE SOCIAL INVESTMENT

Freeport-McMoRan Copper & Gold Inc. invests in social development programs around the world through direct corporate contributions, site-based contributions, our corporate foundation and employee volunteerism. These activities focus on addressing local needs and improving the communities where our employees live and work.

For a description of some of the programs that we support financially, please see the Community Engagement section on page 35.

## PHILANTHROPIC DONATIONS

Freeport-McMoRan Copper & Gold Inc. has substantial philanthropic programs in place globally in furtherance of our commitment to strong communities. Combined contributions for the company worldwide attributable to 2007 totaled more than \$100 million.

The majority of these donations represent a portion of our revenues in Indonesia that are directed to benefit the local community through the Freeport Partnership Fund for Community Development. Since 1996, this fund has helped build schools and dormitories, hospitals, places of worship, housing and community facilities in our area of operations in Papua. The fund also supports a comprehensive series of health and educational programs and training and income generation initiatives so that Papuans benefit from the economic development taking place in the area. The partnership fund is administered and disbursed by LPMAC, the Amungme and Kamoro Community Development Institution. LPMAC is

managed by a Board of Commissioners consisting of representatives from the local government, Papuan regional leaders, leaders from the local Amungme and Kamoro communities and PT Freeport Indonesia.

Contributions to the Partnership Fund, attributable to our operations in 2007, including the share of our joint venture partner, Rio Tinto plc, totaled \$53 million. Total contributions to the fund since inception are nearly \$300 million.

In 2007, a *BusinessWeek* magazine survey of the philanthropic activities of American companies named Freeport-McMoRan Copper & Gold Inc. as one of the U.S.'s most philanthropic companies, in terms of cash contributed as a percentage of revenues. Twice in recent years, *BusinessWeek* has named Freeport-McMoRan Copper & Gold Inc. the top philanthropic company in the U.S.

## ECONOMIC IMPACTS

Freeport-McMoRan Copper & Gold Inc.'s operations contribute to host governments and communities substantially in many ways – through the payment of taxes, royalties, dividends and fees; through the employment of thousands of people, whose salaries stimulate secondary economic growth; through the purchase of goods and services; through the construction of infrastructure; and through the support of social development programs.

In Indonesia, we provide through our operating company, PT Freeport Indonesia, substantial direct benefits to the Indonesian economy. Freeport Indonesia is the largest private employer in Papua province and one of the largest taxpayers in Indonesia. In 2007, PT Freeport Indonesia paid direct benefits (taxes, royalties, dividends and fees) to the Indonesian government totaling

\$1.8 billion. We directly employed almost 9,800 people, of whom almost 28 percent are Papuan, plus an additional 9,500 contractors and service providers that supported our Indonesia operations in 2007. Our economic contributions to Indonesia include the following since the initiation of our current Contract of Work in 1992:

- Investment of over \$5 billion to build company infrastructure in Papua including electricity generation facilities, seaports, airports, roads, bridges, tunnels, waste disposal facilities, modern communications systems and other infrastructure improvements, most of which will revert to the Indonesian government at the end of our contract term.
- Investment of over \$600 million in social infrastructure directly benefiting the local people, such as schools, student dormitories, hospitals, health clinics, offices, places of worship, recreational facilities and the development of small and medium-sized businesses.
- Payroll payments to our direct employees of about \$1.4 billion.

In 2003, we commissioned the Institute for Economics and Social Research, Faculty of Economics, University of Indonesia, to conduct an economic

impact analysis on the multiplier effect on Papua and Indonesia from PT Freeport Indonesia's operations since 1992. The study was last updated in 2007. The University's economists found that PT Freeport Indonesia:

- Contributed approximately \$10 billion to the national GDP in 2007 and more than \$54 billion in total since 1992.
- Paid taxes that accounted for 2.34 percent of the Indonesian national budget.
- Accounted for 1.3 percent of all household income in Indonesia and 25 percent of the household income in Papua province.

Our direct economic impact during 2007 was also very significant in the Americas. In North America, we purchased over \$5.7 billion in goods and services, and paid more than \$500 million in salaries and benefits to our direct employees. In South America, we incurred over \$1.1 billion on the purchase of goods and services in Chile and Peru, and paid \$156 million in salaries and benefits to our direct employees. Additional economic information related to our operations, including taxes paid to the respective governments, will be included in our GRI report for 2007, which will be available on our web site at [www.fcx.com/envir/gri.htm](http://www.fcx.com/envir/gri.htm).

Each year the Western Economic Analysis Center conducts an examination of the company's indirect and direct economic impacts in its most significant areas of operation in North America, including Arizona, New Mexico, Colorado and Texas. The 2007 study measured the company's total direct and indirect impact in the state of Arizona alone at approximately \$6 billion, including combined direct and indirect impact of \$1.7 billion in personal income, \$3.9 billion in business income and \$434 million in state and local government revenues. The 2007 study has not yet been completed for New Mexico, Colorado and Texas. The 2006 study measured the company's total economic impact in the U.S. at \$5.9 billion. In South America, the independent firm of Malthus conducted a study of direct and indirect economic impacts of our operations in Chile and Peru. The study conducted for the year 2007 concluded that our total economic impact was \$3.7 billion in Chile and \$2.7 billion in Peru. Out of the total impact of the company in South America (\$6.4 billion), 51 percent is associated with business or business income (purchasing, operating expenses and realized investments), 7 percent is compensation (personal income) and 42 percent is direct and indirect taxes paid to governments.

**The metals we produce help to sustain and expand economies. Our operations around the globe contribute to local economic health through payment of taxes, wages, and purchase of goods.**

*Photo: Arequipa, Peru, capital of the Arequipa Province, home to our Cerro Verde operations.*



## *Caring for the Environment*

*Freeport-McMoRan Copper & Gold Inc. is committed to sound environmental management and practices as we strive to be good stewards of the planet's natural resources.*

*Photo: A company-sponsored butterfly sanctuary near Grasberg operations in Indonesia.*



# Environmental Performance

**We focus on minimizing adverse environmental impacts, protecting and enhancing the quality of the environment, and continuously improving our performance.**

Freeport-McMoRan Copper & Gold Inc. is committed to managing and minimizing the adverse impact of its operations on the surrounding environment, using risk management strategies based on valid data and sound science, and to reclaiming and revegetating affected land as applicable. Through our Environmental Policy, we commit to sound environmental management and practices, to providing adequate resources to fulfill our responsibilities and to continuously improving our environmental performance at every operational site. We support both scientific research to further understand the environments in which we operate and comprehensive monitoring to determine the effectiveness of our management practices. We work with governmental agencies, academic institutions, recognized national and international experts, the local population and nongovernmental organizations to enhance our environmental performance.

## MANAGEMENT APPROACH

By their very nature, mining operations can have a significant effect on the local environment. We make it a priority to minimize the environmental impact of our processes, manage our facilities in a responsible and sustainable way, respond quickly to environmental

incidents and take steps to prevent them from happening again.

We devote significant human, technical and capital resources to protecting natural and cultural resources both while we operate and after operations cease. We are motivated to excel by our own policies and values, while under regulation by a host of governmental requirements. Our employees take personal responsibility for environmental stewardship – in the way they work, communicate and respond to challenges.

Our global policies call for routine internal and external environmental audits to assess our environmental compliance, management systems and practices. Our facilities respond to the audits with action plans to implement suggestions made by the auditors. In 2007, 34 environmental compliance audits were conducted at our locations worldwide.

We are also committed to obtaining ISO 14001 certification for all our operations. This international standard signifies that a facility or company has systems in place to monitor and minimize environmental impacts and to drive continuous improvement in protecting the environment. Twenty of our operating sites have received ISO 14001 certification since 1999.

## ENERGY AND CLIMATE CHANGE

Freeport-McMoRan Copper & Gold Inc. has focused substantial effort on developing processes, technologies and services that improve our energy efficiency. This approach will continue into the future, as we continue to adhere to the ICMM's Position Statement on Climate Change. Annually since 2006, we have provided responses to the Carbon Disclosure Project, an international initiative that encourages transparency among companies regarding their greenhouse gas emissions and efforts to reduce emissions.

Some recent examples of process improvements include the installation during 2000 and 2006 of 240 megawatts of natural gas-fired, state-of-the-art combined cycle generation to help meet our power requirements in the United States. These next-generation installations reduced requirements for local utility companies to expand their own coal-fired power generation, resulting in significantly lower greenhouse gas emissions.

To reduce diesel fuel consumption, the company has applied new engine technology for large mining equipment (240-ton class haul trucks), including the installation of new fuel-efficient

high displacement engines in more than 135 large haul trucks between 2004 and 2007. This change reduced haulage fuel consumption by up to 10 percent in some operating units. We are testing fuel additives that improve fuel economy between 2 to 3 percent (and reduce emissions by approximately 15 percent) at several mines. Global use of these additives could potentially reduce diesel consumption by several million gallons annually.

The company has partnered with other parties to design and build a more energy-efficient shovel dipper, which provides a 1 percent reduction in energy requirements associated with ore loading. Globally, this could translate to over 1,000 MWh savings annually at our operations once complete implementation occurs.

Over the past eight years, we developed and commercialized a copper concentrate leaching technology that can be applied as an alternative to conventional smelting and refining. In 2003, we installed a large-scale commercial demonstration plant at the Bagdad, Arizona, mine to produce 16,000 tons per year of copper using a high-temperature pressure leaching process. This process consumes approximately 18 percent less energy than the traditional smelting and refining process for copper production, resulting in estimated energy savings of 4,780 BTU/lb of copper or 160,000 gigajoules (GJ) per year. In 2007, we installed a related system at Morenci, Arizona, to process concentrates. This new technology provides energy savings of approximately 22 percent compared with conventional transportation, smelting and refining, saving an estimated 5,400 BTU/lb of copper produced or 820,000 GJ per year. We continue to pursue and further develop effective concentrate leaching technology as a potential alternative

to smelting and refining in certain applications.

During 2007, our El Abra operations in Chile received the National Energy Efficiency Award in the Mining category for efforts to improve energy efficiency.

At Atlantic Copper, energy is a significant part of our operational costs. We have made investments and process improvements to reduce energy consumption per tonne of product. From 1990 to 2006, we reduced our energy unit consumption per tonne of copper from 14.6 GJ to 10.3 GJ – a reduction of 30 percent.

#### CLIMATE CHANGE RISKS

We have identified certain risks from climate change, although we are not at this time able to quantify potential costs given the uncertainty associated with climate change and potential regulatory requirements. Future regulation directed at reducing greenhouse gases is likely to increase some of our operational costs, such as power and fuel.

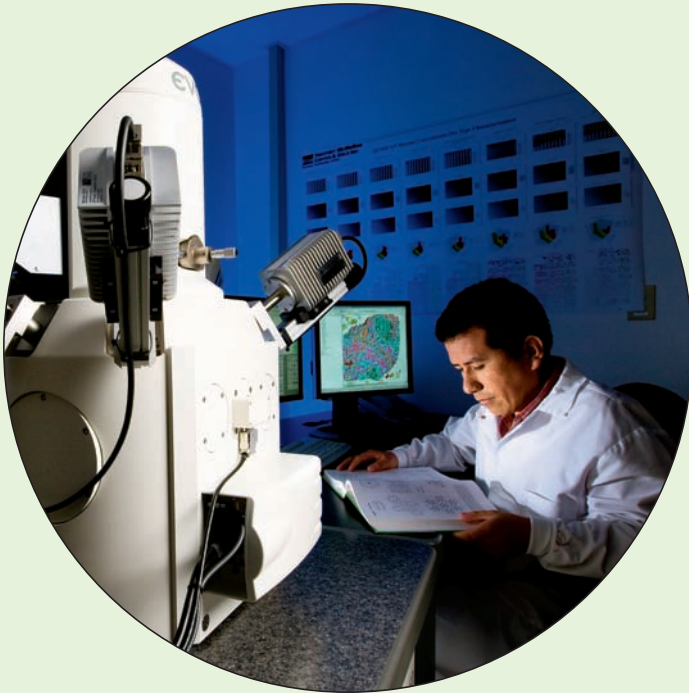
Energy is a significant input to our mining and processing operations. Our principal energy sources are electricity, purchased petroleum products, natural gas and coal. Many scientists believe that emissions from the combustion of carbon-based fuels contribute to greenhouse effects and therefore potentially to climate change.

A number of governments or 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 introduced in, but not yet passed by the U.S. Congress, which could 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 countries in which we operate. These regulatory initiatives may 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 the geographic circumstances. These may include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperatures. These effects may adversely impact the cost, production and financial performance of our operations.

We believe that shifting consumer demand associated with climate change will have a generally positive impact on our company. As gas prices increase, more electric technologies emerge requiring more copper. For example, electric vehicles and hybrid vehicles, which reduce CO<sub>2</sub> emissions, will use approximately twice as much copper as a conventional vehicle.



**Our Process Technology Center in Safford, Arizona, directs a technology development program that invests significant capital to improve the energy efficiency of our operations and the overall efficiency of our copper recovery processes. The facility was established in 1996 to provide metallurgical services for the continuous improvement of existing operations and technologies currently in use as well as to develop new cost-competitive technologies.**

## **WATER USE**

Freeport-McMoRan Copper & Gold Inc. operates mine sites in both arid and tropical regions of the world. Whether the supply is plentiful or greatly limited, water conservation measures are integral to continued mining and ore processing operations at all our mine sites.

At our North and South American mine sites, we develop water resources using water rights, water exchanges and water withdrawal agreements. Water needs are met using surface water from local and regional water bodies and groundwater aquifers. To minimize evaporative loss, water is conveyed to several of our mine sites via pipeline. At other locations – due to topographical

limitations, transportation distance and cost – water is conveyed via surface flow within existing watercourses. Additional water resources used include municipal wastewater from neighboring communities or poor quality water unusable by others.

Operational needs at our mine sites include water for leaching, solution extraction/electrowinning operations and milling operations with secondary use for dust control along mine roads, ore conveyors, tailings and in stockpile areas. Every effort is made to reclaim and reuse process water to limit new water intake.

In our hydrometallurgical leaching operations, a dilute acid-water mixture is applied to leach stockpiles for mineral

extraction purposes. Evaporative losses are minimized by maximizing the use of drip application systems. The percolating fluid is later recovered and sent to a solution extraction plant where it is stripped of copper and recycled back to be reused on the leach stockpiles.

At our North and South American concentrator operations, finely ground ore is mixed with water and sent to flotation cells where mineral concentrates are recovered. The resulting tailings are initially sent to thickeners to recover water for reuse before the thickened stream is discharged to a tailings impoundment. After deposition in a tailings impoundment, suspended solids settle out and, where possible, much of the remaining water is recovered from



*Our Candelaria operation in Chile is one of the lowest users of make-up water per tonne of processed ore in the industry.*

a decant pond and pumped back to the mill for reuse. Some water is lost via evaporation and some water seeps into the tailings impoundment, where it is held as soil moisture.

At Sierrita, water balance information indicates that approximately two thirds of the site's total make-up water demand is lost through retention, evaporation and seepage at the tailings impoundment, making Sierrita one of the highest water consumers per tonne of ore milled in Freeport-McMoRan Copper & Gold Inc. Sierrita is evaluating operating practices, improvements and technologies to minimize evaporation and seepage losses to reduce the total make-up water demand required for operations. On

the other side of the spectrum is the Candelaria concentrator, where more than 85 percent of the process water requirement is from recycled water, placing the operation as one of the lowest consumers of make-up water per tonne of ore milled in the industry.

At the Atlantic Copper smelter, the company has installed a reverse osmosis plant and effluent recovery system to facilitate reuse of the water exiting the effluent treatment plant. Additional water recovery projects are also in progress. At the Indonesian concentrator, approximately 55 percent of the process water requirement is from recycled sources.

## WASTEWATER MANAGEMENT

Our operations sites implement practices to reduce the volume of wastewater. These practices can include water recycling, prevention of storm water contact with process materials and water conservation. We are also undertaking several company-wide initiatives to address water effluents, including standardized storm water control and spill prevention plans, site-specific investigations to characterize and manage groundwater and surface water quality adjacent to mine facilities, and evaluation of water treatment technologies for use in short-term and long-term applications. For example, a

water treatment pilot plant will be built in Arizona to test various technologies that remove sulfate and metals from water. Construction of this plant is scheduled to begin during 2008, and the test results will be applied across the company.

## ENVIRONMENTAL MONITORING

Freeport-McMoRan Copper & Gold Inc. operations conduct environmental monitoring of ambient water and air quality, as well as our operations' emissions and discharges, to continuously assess our performance and potential impacts on the environment. Monitoring is generally tailored to

site-specific local, state and national regulatory requirements.

All Freeport-McMoRan Copper & Gold Inc. sites in North America and South America have either surface water or groundwater discharge permits or authorizations from a regulatory agency. These permits and authorizations require monitoring and reporting to ensure that appropriate water quality standards are being met in discharges to the environment. The types of water that are monitored at our sites include ambient groundwater and surface water, storm water runoff, point source discharges of process-related water and discharges of sanitary waste water. In addition to water chemistry, macro

invertebrate populations are monitored in surface water bodies adjacent to some of our locations.

PT Freeport Indonesia's long-term environmental monitoring program evaluates potential impacts of our operations by routinely measuring surface water quality, groundwater quality, biology, hydrology, sediments, air quality and meteorology in our area of operations. In a typical year, over 7,000 samples – resulting in over 50,000 separate analyses – are completed. These data are used for regulatory reporting as well as to develop the information necessary for making environmental management decisions.

*A PT Freeport Indonesia Environmental Monitoring team surveys water quality in the Arafura estuary along the south coast of Papua province.*



## A HELPING HAND FOR EASTERN ARIZONA BIGHORN SHEEP

For the third consecutive year, Morenci employees teamed up with the Arizona Game and Fish Department to round up Rocky Mountain bighorn sheep. Between 200 and 300 Rocky Mountain bighorn sheep roam the eastern Arizona countryside and some can occasionally be found grazing near Morenci operation's structures.

A recent roundup netted 16 sheep that were relocated to an area near Camp Verde in north central Arizona, where Arizona Game and Fish is working to re-establish a herd in historic sheep habitat. Relocating some of the sheep provides a safer environment for both the sheep and highway travelers in the Morenci area.

## SUPPORTING BIODIVERSITY ON LAND AND SEA IN PAPUA

In cooperation with several public and private conservation organizations, PT Freeport Indonesia helped to relocate 24 Dusky Pademelons, a nearly extinct small kangaroo species, including three very young animals still in their mothers' pouches. The Pademelons were relocated to Nayaro, Papua, in June 2007 and, following an adaptation period, were flown to Merauke in December to be released into the Wasur National Park. Many Marin tribe representatives were present to greet the kangaroos with traditional dances.

It is hoped the return of the Pademelons to their natural habitat will help revive the species. Traditional Merauke hunters are adjusting their hunting patterns to protect the Pademelons and many other animals struggling to survive in the region. The local community is working to prevent outsiders from using modern firearms to trophy hunt in the area.



## CONSERVING METAL-LOVING PLANTS IN KATANGA

The conservation of rare plants is an important consideration during the development of the Tenke Fungurume mine in the Democratic Republic of Congo. There is a collection of rare plants in Katanga that have adapted to life on mineralized soils, some species of which occur only in the region. Tenke Fungurume is working with Dr. François Malaisse of Gembloux University in Belgium, a noted world expert on plants that thrive in soils rich in copper, cobalt and other metals, to develop and implement a multi-faceted approach to minimize impacts to this highly specialized species. This approach will include avoiding disturbance of copper-cobalt plants and creating new habitat for the plants away from mining operations.

Tenke Fungurume Mining is creating micro-reserves in areas adjacent to the development site to protect the copper-cobalt plant species. We created a habitat consisting of a meter deep of mineralized soil and moved all representative plants to this reserve. The first year of field work has indicated that survival rates are high and individuals from key species, such as *Cheilanthes* and *Chlorophytum*, have emerged from dormancy and are showing new growth. The project is part of a \$750,000 Biodiversity Action Plan at Tenke Fungurume.

## BIODIVERSITY

We recognize our role as stewards of the environment and work hand in hand with local communities and world experts to understand local flora and fauna and to enhance efforts to preserve biodiversity. Additionally, we dedicate financial resources to support scientific study on biodiversity in and around many of our areas of operation.

Freeport-McMoRan Copper & Gold Inc. is a member of the Wildlife Habitat Council (WHC), a nonprofit coalition created in 1988 and dedicated to protecting and enhancing wildlife habitat by helping large landowners manage their unused lands in an ecologically sensitive manner. WHC's Corporate Wildlife Habitat Certification Program recognizes meaningful wildlife habitat management programs and environmental education programs. Each year, WHC accredits new projects across the United States and recertifies facilities that have maintained its stringent standards. We currently have WHC-certified programs in Golden, Colorado; Bagdad, Arizona; and Fort Madison, Iowa. Freeport-McMoRan Copper & Gold Inc. is currently working with WHC to identify potential projects at multiple locations in the United States. Common projects include the installation of grates when sealing off historic mine openings to preserve bat habitat and the planting of native species to encourage pollinators.

The El Abra mine is participating in an effort to sustain the biodiversity of the Andean Salt Flats, as part of an international agreement between Chile,

Argentina, Peru and Bolivia to implement an Action Plan for the Conservation of Flamingos in this unique, high altitude desert environment. In Chile, the National Forestry Service (CONAF) is driving this initiative, and El Abra has agreed to monitor and help protect three species of flamingos that nest in salt flats near the mine.

Our mining lands in Indonesia are adjacent to the 2.5 million hectare Lorentz National Park. The entire region of southern Papua exhibits one of the highest levels of biodiversity in Southeast Asia. Similar to the PT Freeport Indonesia project area, the park encompasses a continuous, intact range of habitat types, from high mountains to tropical marine environment, including extensive wetlands near and along the coast. We have conducted numerous ecological and biodiversity studies within our project area, in conjunction with Indonesian and international experts, to facilitate effective biodiversity management. The large majority of this work is directly applicable and made available to researchers charged with developing management plans for the Lorentz National Park.

## RECLAMATION

By the nature of the business, mining disturbs land; however, this disturbance does not have to result in long-term environmental degradation. We take our remediation and reclamation responsibilities seriously. Once a mine can no longer produce minerals or metals economically, we take the steps needed to close the facilities and restore the land

to uses that benefit society, protect the environment and consider the economic and social effects on the local community. The planning for mine closure begins decades before a mine is expected to close. For new mining operations, we consider closure and post-closure issues from the inception of project planning.

## NORTH AMERICA

To accelerate reclamation at several properties, Freeport-McMoRan Copper & Gold Inc. created a reclamation services group with more than 200 employees and a fleet of equipment dedicated to contouring and capping old stockpiles, capping tailings and re-vegetating disturbed lands. Reclamation projects are in progress or scheduled to begin during 2008 in Bisbee, Jerome, Globe-Miami and Tohono, Arizona; Tyrone and Chino, New Mexico; and Climax, Colorado.

Since 2004, we have spent approximately \$20 million for the Tyrone IC stockpile reclamation project to improve protection of groundwater and storm water runoff while simultaneously recovering copper from low-grade ore placed there during past mining operations. It involved mining and moving nearly 34 million tons of a 300-acre stockpile, removing stockpile material from Oak Grove Draw to restore the historic channel and creating an environmental buffer zone. The remaining portion of the stockpile will eventually be re-sloped, capped and revegetated. Additionally, new storm water and groundwater protection facilities will be constructed in compliance with state and federal environmental regulations.

Since 2005, we have spent more than \$100 million on the reclamation of almost 2,400 acres of tailings at our Tyrone operation. This large earthworks project has included capping the tailings impoundments plus the creation of large drainage channels to reroute storm water from the capped areas. The post-remediation land will become wildlife habitat.

At Chino, reclamation of about 2,000 acres of historic tailings will begin in 2008. The remaining Chino tailings will be reclaimed when concentrator operations (and tailings production) end.

The Clarkdale Tailings Reclamation Project is located on private land near the Tuzigoot National Monument in Arizona. For years, rangers at the Tuzigoot National Monument would have to explain to visitors why an expanse of earth adjacent to the monument was seemingly discolored. They would state it was the tailings, or material left over after copper production, from former processing facilities at Clarkdale. We capped the Clarkdale tailings with a natural soil cover and reseeded the 129-acre site with native plants and grasses. Earthmoving and reseeded were completed in 2007. Grasses are already growing, but it will take many years for the vegetation to mature and to match the surrounding native landscape. The tailings contained very small quantities of some minerals that could impact the aquifer if rainwater was allowed to infiltrate through it. The soil cover is designed to absorb the rainfall, allowing it to naturally evaporate or to be consumed by vegetation through the process of evapotranspiration, thus protecting groundwater.

## SOUTH AMERICA

A major voluntary reclamation project was completed in 2007 at the Ojos del Salado property in Chile. The focus was an old slag pile left behind by prior operations that date from the late nineteenth and early twentieth centuries (into the 1920s). This project included the removal of the slag pile (covering 6.5 hectares) and the relocation of the material (500,000 tonnes) to a waste rock dump located in nearby authorized facilities of Minera Candelaria. The site had become an illegal dump for household garbage, creating a health and safety hazard. The removal of slag and refuse, followed by site reclamation, improved community aesthetics and quality of life in the Tierra Amarilla community.

## INDONESIA

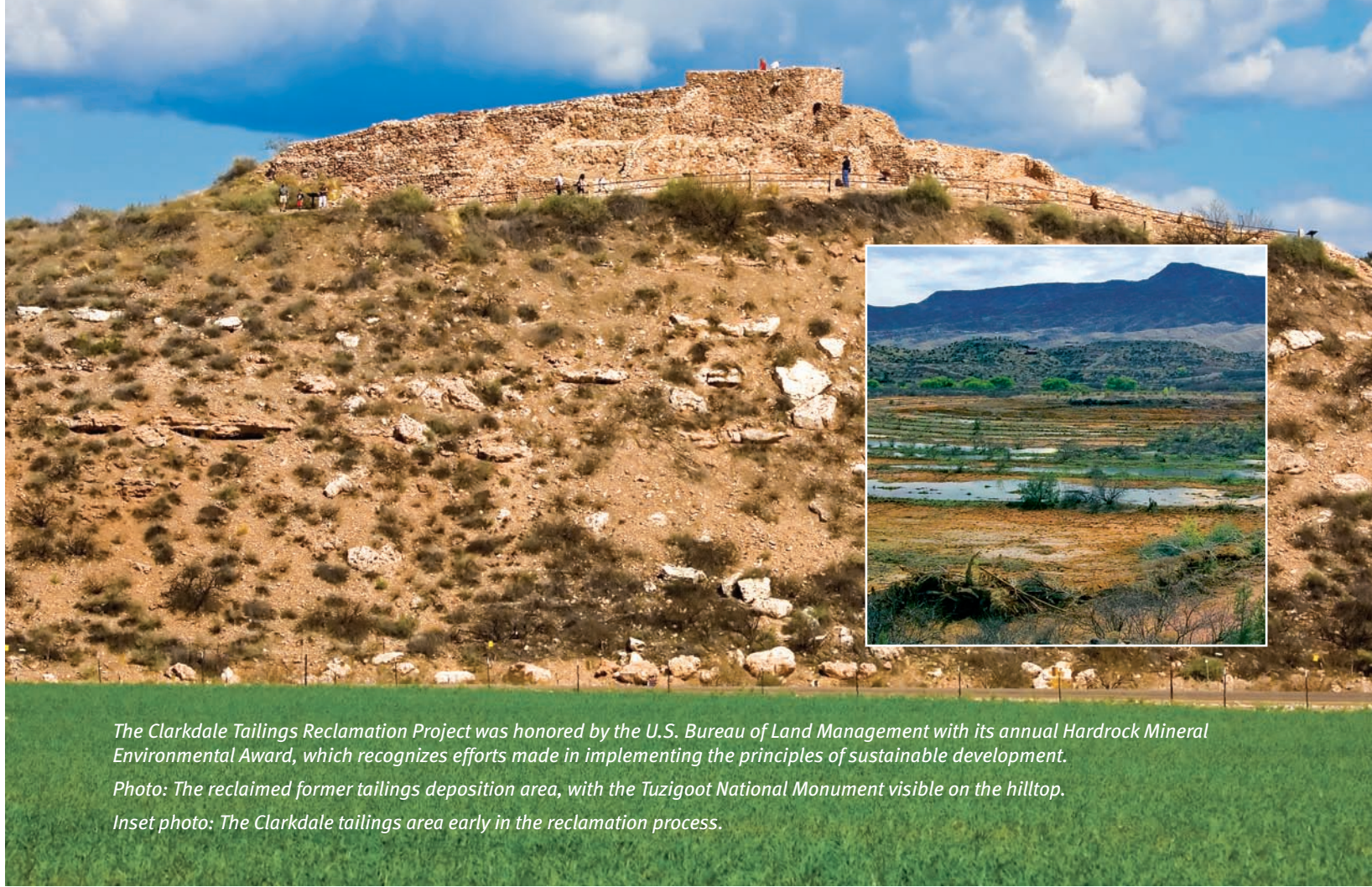
In Indonesia, PT Freeport Indonesia has conducted comprehensive scientific reclamation studies and programs for many years in both the highlands and the lowlands areas to provide sound data on the options for land reclamation.

**HIGHLANDS.** The highland ecosystem is shaped by environmental extremes that include very low nocturnal temperatures, high solar radiation during the day but with short periods of photosynthesis, heavy fog, high rainfalls and nutrient-poor soils. Plants growing there are highly specialized, having evolved to survive in these harsh conditions. Many of these have been found suitable for overburden stockpile reclamation, including local grasses and several species of rhododendron and mosses.

Although many of the overburden stockpile areas around the surface mine will be active for another eight years, after which all mining will take place underground, we are committed to reclaiming areas of overburden each year when the areas are no longer necessary for operations. We monitor the performance of various planting techniques and modify the programs to enhance their long-term success. Through 2007, more than 50 hectares of disturbed land at the mine in the highlands has been revegetated.

**LOWLANDS.** Our studies of tailings reclamation and establishment of demonstration plots on deposited tailings have demonstrated that tailings are not toxic to native forest and agricultural plants. The studies have also provided important information on the range of plant species that can thrive when grown in tailings media.

The tailings deposition area in a zone called the “twin levees project,” where our Lowlands reclamation research and demonstration work takes place, continued to be an area of intense activity in 2007. These activities include an educational facility called the Natural Succession Discovery Park, plantations and food crops, cattle husbandry and a butterfly sanctuary. Much of the work in this area is performed by local contractors, who are improving their business skills and their knowledge of the environment. Through the end of 2007, more than 160 plant species had been successfully grown on soils containing tailings.



*The Clarkdale Tailings Reclamation Project was honored by the U.S. Bureau of Land Management with its annual Hardrock Mineral Environmental Award, which recognizes efforts made in implementing the principles of sustainable development.*

*Photo: The reclaimed former tailings deposition area, with the Tuzigoot National Monument visible on the hilltop.*

*Inset photo: The Clarkdale tailings area early in the reclamation process.*

A portion of the tailings passes through the tailings deposition area. The new estuary areas formed from these sediments are being naturally colonized by mangroves. Seven mangrove species, 45 species of crabs and shrimp, and several species of snails, clams, fish and marine polychaetes (worms) have been identified in these new estuary areas. To accelerate the primary succession processes, we have planted over 200,000 mangroves in the area. Survival and growth rates of these seedlings compares favorably with rates for similar programs. Mangrove swamplands are part of the native ecosystem and also provide a protective barrier for inland residents.

When mining is completed, the tailings deposition area will be reclaimed in a manner considered acceptable to various stakeholders, taking into account appropriate consideration of environmental and social impacts.

## WASTES

Freeport-McMoRan Copper & Gold Inc.'s environmental management programs encompass all aspects of our operations, not just those related to mining. We have a comprehensive waste management system using the principles of reuse, recycling and reduction. Our waste minimization programs involve waste reduction and substitution with environmentally friendly products. Bulk

containers and used oil, paper and tires are all reused to the maximum extent possible. Other recyclable materials – such as aluminum, scrap metals and used batteries – are collected and stored in a temporary storage area for subsequent recycling or removal in accordance with local government requirements.

Wastes, including small amounts of hazardous waste, are segregated at the point of origin. Collection, packaging and storage of hazardous wastes generated by assay work on ore samples, analytical laboratories and other processes are managed in compliance with local, provincial and national regulations.

Hazardous wastes are segregated and stored in specifically designed storage facilities until they can be shipped to approved offsite hazardous waste disposal facilities. Medical wastes are separated from other wastes in special containers for final destruction offsite.

In addition to compliance with all applicable laws, rules, regulations and standards, the following specific activities are mandatory to meet corporate requirements:

- Inventory and characterization of waste streams
- Waste storage and labeling
- Material disposal facility evaluation

## TAILINGS MANAGEMENT

The largest quantity of waste generated at our mining operations is tailings, which

is finely ground natural rock residue and water from the processing of mineralized ore.

Tailings at all of our operations worldwide are managed by the best site-specific technology achievable. At the majority of locations this involves impounding the tailings within engineered and monitored dams, known as Tailings Storage Facilities (TSFs). Company-wide, we manage 72 TSFs, 15 of which are active and 57 of which are inactive or have been fully reclaimed.

### NORTH AND SOUTH AMERICA

In North and South America, through our Tailings Stewardship Program, we pursue the application of best practices in the operation and monitoring of TSFs to ensure regulatory compliance and

proper closure. The Stewardship team is comprised of company management, technical experts and operators along with technical expert consultants. The team conducts detailed field and data audits of each operation's active TSFs at least every two years to identify any areas of concern, to ensure compliance and to make recommendations for improvements.

TSFs are regulated under governmental authority and regulations that vary by locality and site-specific conditions of each operation. The company is also developing and implementing state-of-the-art conservation techniques for improving water reclamation from TSFs. This is being done by reducing evaporative losses and improving recovery of water discharged to the TSFs from processing, effectively reducing

*Hundreds of thousands of mangroves have been planted as part of an assisted mangrove colonization program in the Ajkwa Estuary, one aspect of the tailings management program for the Grasberg operation in Papua, Indonesia.*



the overall water consumption by our operations. By reducing fresh water requirements for ore processing, we are increasing sustainability of water resources for our operations and the surrounding communities.

Reclamation of tailings dams and impoundments is an ongoing process at existing operations that have filled impoundments. All proposed TSFs fully include closure and reclamation in their designs. Reclamation of TSFs can include grading surfaces to have mild slopes and capping the tops to control dust, erosion and water quality, and to provide geotechnical stability. Long-term water quality programs are established and monitored to meet closure requirements.

## INDONESIA

An exception to the use of TSFs is our operation in Papua, where site-specific topography, seismic activity and annual rainfall in excess of 30 feet require alternative management of tailings.

Since the beginning of operations at PT Freeport Indonesia in the early 1970s, a highland river originating in the mill area has been designated for the transport of tailings and naturally occurring river sediment to the lowlands. Located there is a tailings management area in the lowlands and coastal zone, engineered and managed for the deposition and control of tailings between two levees. The tailings deposition system is operated under PT Freeport Indonesia's comprehensive tailings management plan, approved by the Government of

Indonesia during the 1997 AMDAL process (environmental and social impact study). Independent environmental audits since that time continue to confirm that this is the only feasible option given site-specific conditions.

The large size of the containment area (230 square kilometers), which is open at the lower end of the levees to allow the large amounts of rainfall to exit the area, presents more potential for exposure to tailings than at facilities with enclosed TSFs. Consequently, as part of the Government of Indonesia AMDAL process, we also submitted in 2002 to the Government of Indonesia a more detailed Environmental Risk Assessment of the tailings management system. This assessment found that the identified environmental impacts of PT Freeport Indonesia's tailings management



**Management of waste rock and overburden is conducted in compliance with applicable local regulations, permits and environmental impact studies at all of our sites.**

*Photo: a reclamation plot on an overburden site at the Grasberg mine in Indonesia, where independent audits concluded that PT Freeport Indonesia's overburden management program is well integrated and consistent with international best practice.*

*A major voluntary reclamation project involving the removal of a 6.5 hectare slag pile left behind by prior operations was completed at the Ojos del Salado property in Chile in 2007.*



system were consistent with those predicted in the original AMDAL: mainly that tailings are not toxic to people, terrestrial or aquatic flora and fauna, and that the effects of sedimentation in the estuaries are reversible after tailings deposition ceases. Nevertheless, this aspect of the operation is one of the major focal points of the extensive Environmental Management System, as well as a major topic of dialogue by critics of the operation. PT Freeport Indonesia continues to work with various national and international experts to ensure that its tailings management represents best practice, considering the applicable geotechnical, geochemical, topographical, climatological, seismic and hydrological conditions.

## OVERBURDEN AND WASTE ROCK MANAGEMENT

Overburden and waste rock are materials that must be moved aside to gain access to ore, which is mined and processed to recover metals for

commercial purposes. Many metals occur in nature as sulfide minerals. When ore is mined and overburden and waste rock containing sulfides is left exposed to the elements, the action of water, oxygen and naturally occurring bacteria has the potential to create sulfuric acid. If not properly managed, this acidic water can dissolve metals contained in overburden and waste rock and cause adverse environmental impacts to water resources. This process is known as acid rock drainage (ARD).

At our mine sites, we use interdisciplinary engineering and environmental groups and risk assessments to develop technical and environmental approaches to managing overburden and waste rock that meet site-specific topographical and hydrologic needs and environmental conditions. At all our operations, we manage overburden and waste rock in compliance with applicable local regulations, permits and environmental impact studies. Excavated overburden and waste rock are generally segregated

into separate stockpiles to facilitate future handling and reclamation. Surface covers, compaction and revegetation to decrease infiltration, water diversion channels, downstream storm water collection ponds, and monitoring are all techniques that can be utilized during or after operations to minimize and mitigate ARD and assure environmental protection.

At many of Freeport-McMoRan Copper & Gold Inc.'s mine sites located in arid climates in the southwest United States, Peru and Chile, the potential for ARD is significantly reduced because of the lack of rainfall to mobilize metals in overburden and waste rock. PT Freeport Indonesia handles overburden under a comprehensive overburden management plan approved by the Government of Indonesia. Independent audits of PT Freeport Indonesia's environmental management system concluded that our overburden management programs are well integrated and consistent with international practice.

## RECYCLING

The Copper Development Association estimates that throughout history about 700 billion pounds of copper have been mined and that a majority of this copper is still in use. Freeport-McMoRan Copper & Gold Inc. recycles a variety of copper-containing materials, including copper wire, copper alloys, copper-bearing sludges and soils. We are aggressively applying environmental process technology and copper-bearing waste recycling to capture metal value from waste and effluent streams.

Used oil is a common waste stream at our locations worldwide. We have established facilities to produce blasting agents for rock fragmentation from used engine oil. Previously, used engine oil was handled by a hazardous waste disposal firm or returned to the supplier for recycling. By utilizing this used oil, we are currently reducing diesel consumption by approximately 460,000 gallons annually while safely eliminating the same quantity of used oil.

## COMPLIANCE

We view compliance with environmental regulations and legal requirements as the minimum acceptable level of performance and the foundation of our efforts to protect the natural environment. Incidents of noncompliance are treated seriously and measures are taken by management to prevent their recurrence. We publicly report on instances of noncompliance and their potential impacts and resolution.

On October 24, 2007, Chino Mines Company notified New Mexico Environment Department (NMED) that heavy rains during July, August and September led to a release of diluted leach solutions through a storm water outfall to an ephemeral stream on Chino's property. Chino sent a follow up notice to NMED on November 7, 2007, which identified the interim corrective actions taken as a result of the discharge. On February 28, 2008, Chino received a proposed Administrative Compliance Order, which included a demand for civil penalties in the amount of \$276,600 for violation of legal requirements in connection with Chino's management of the solutions. Chino is preparing a response to NMED.

In September and October of 2006, Sierrita operations had three wind-blown tailings events that affected parts of the community of Green Valley, Arizona. Immediately following the events, Sierrita held a community meeting to update the community and outline the actions undertaken to prevent further incidents. We adjusted distribution of tailing material to increase surface moisture, increased use of blue algae to help form a crust on the surface of the impoundment, researched and tested other dust suppressants and purchased an additional low-pressure tractor that applies dust suppressant on the tailings impoundment with minimal surface disturbance. Sierrita also assisted affected property owners by arranging for homes to be cleaned and reimbursing home owners for the cost of cleaning. Overall, nearly 700 affected property owners had their homes cleaned or were

reimbursed for their cleaning expenses during 2006 and 2007. Finally, Sierrita prepared a risk assessment to report on the effects of wind-blown tailings on human health. The report was completed in April 2007 and concluded that the tailing dust was comparable to dust from the surrounding desert. Any health effects would be similar to those associated with dust from the area. This was consistent with findings from an earlier Arizona Department of Health Services Report issued in October 2006.

The Arizona Department of Environmental Quality (ADEQ) issued two Notices of Violation (NOV) for the three tailings dust events. The two NOVs alleged visibility and permit violations. Sierrita has responded to the NOVs by acknowledging that dust likely did exceed a visibility standard, but denying the other allegations. Sierrita has implemented response actions that ADEQ has accepted and has entered into discussions with ADEQ to seek to resolve the NOVs.

In September 2006, EPA notified Sierrita of the possible assessment of stipulated penalties arising from deviations from certain provisions of a Consent Decree dated June 21, 2004, for molybdenum roasting operations, by and among Phelps Dodge Sierrita, Inc., the United States and ADEQ. In November 2007, Sierrita paid stipulated penalties of \$140,500 to EPA and ADEQ as a condition to a joint request to the federal court for termination of the Consent Decree. In March 2008, the court terminated the Consent Decree.

## CLEANING AND RESTORING HISTORICAL OPERATIONS SITES ACROSS THE U.S.

The value of environmental remediation is far reaching and can help to restore valuable habitat, improve safety and return economic value to a region. In 2007, we completed a five-year project along the Mississippi riverfront near New Orleans, which prepared a company-owned property to return to economic use in an area still recovering from Hurricane Katrina. The Amax Metals Recovery (AMRI) site has been idle since 2000 and was previously used to process nickel, copper and cobalt ores. It also recycled spent petroleum catalyst from the many oil refineries in the area.

To prepare the 975-acre site for reuse and sale, we participated in the Louisiana Department of Environmental Quality's voluntary remediation program and the "Ready for Reuse" brownfields cleanup program of the U.S. Environmental Protection Agency (EPA). About 215 acres of the site were cleaned up for the potential to be used as a deepwater port facility. The cleanup is a significant accomplishment that will have far-reaching economic impact for this community.

In 2007, we also completed the first-ever, public-private partnership between our company, the Michigan Department of Environmental Quality and EPA's Great Lakes Legacy Act program to clean up sediments in Tannery Bay. Funding for the \$8.5 million project was provided by all three parties. The Tannery Bay contamination resulted from the former Northwestern Leather Company tannery in Sault Ste. Marie, Michigan, which operated through the first half of the 1900s and burned to the ground in 1958. The Bay is located on the St. Marys River, an international waterway that borders the United States and Canada and connects Lake Superior and Lake Huron in Michigan's Upper Peninsula.

The year-long environmental remediation project removed 44,000 cubic yards (2,500 truckloads) of sediment that contained about 1 million pounds of chromium and 70 pounds of mercury. In an effort to preserve more than half a mile of shoreline, a biodegradable filter-sock containing native vegetation and seeds was installed.

*Workers install structures to protect shoreline resources as part of the Tannery Bay remediation funded by Freeport-McMoRan Copper & Gold Inc.*



## LEGACY LIABILITIES AND ENVIRONMENTAL EXPENDITURES

Phelps Dodge Corporation and many of its affiliates and predecessor companies have been involved in mining, milling, smelting and manufacturing in the United States for more than a century, prior to the advent of modern environmental laws and the understanding of the potential long-term effects of these operations on the surrounding environment. With the passage of the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) in 1980, companies like Phelps Dodge Corporation became legally responsible for environmental remediation on properties previously owned or operated by them, irrespective of when the damage to the environment occurred or who caused it. As a result, after the 2007 acquisition, many of the subsidiary companies that Freeport-McMoRan Copper & Gold Inc. now owns are responsible for a wide variety of environmental remediation projects. As of December 31, 2007, we had more than 100 active remediation projects in the United States in 26 states, and environmental reserves recorded on our consolidated balance sheets totaled \$1.3 billion.

In 2007, we incurred aggregate environmental capital expenditures, remediation, reclamation and other environmental costs of \$320 million. In 2008, we expect to incur approximately \$520 million of aggregate environmental capital expenditures, remediation, reclamation and other environmental costs, which are part of our overall 2008 operating budget.

## PRODUCT STEWARDSHIP

Copper's unique properties, such as its high melting point (1,981°F), durability, malleability, conductivity and recyclability, make it an ideal material for use in a variety of applications. As a micro-nutrient, copper is essential to all plant, animal and human life as it is necessary for the growth, development and maintenance of bone, connective tissue, brain, heart and many other organs. The metal's natural anti-microbial properties make it ideal for use in food preparation and medical facilities to help protect against food and hospital-borne microbes. This has recently led EPA to register copper as an antimicrobial agent, the first and only solid material to ever receive this EPA registration.

Copper is also used in the production of photovoltaic panels, geothermal heat pumps and hybrid and electric vehicles, making it an invaluable tool in the global effort to reduce greenhouse gas emissions.

Freeport-McMoRan Copper & Gold Inc. is committed to making this versatile material available through the most responsible means possible, across the life cycle of mining, processing, manufacturing and use to recycling or disposal. Our products are covered by Material Safety Data Sheets. We are actively involved in industry-wide efforts to comply with Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH) regulations in Europe. Effective June 2007, these regulations aim to protect human health and the environment by giving industry greater responsibility for managing the risks from the chemicals and substances they produce.

Through the European Copper Institute, a consortium of companies – including Freeport-McMoRan Copper & Gold Inc. – has collaborated to prepare background documentation and registration materials for major copper products, which are now being reviewed by European Union regulators and member nations. Our molybdenum business, Climax Molybdenum, is represented on the steering committee of the Molybdenum Consortium, an industry group that is conducting similar activities toward REACH registration of molybdenum products.



# Employee Engagement

**We strive to provide the best environment possible for a well-trained and diverse workforce.**

## MANAGEMENT APPROACH

Freeport-McMoRan Copper & Gold Inc. is dedicated to providing our 25,400 employees with a safe and professionally rewarding work environment. Our policies, programs and practices are designed to help our employees grow both personally and professionally. We know success as a company relies on the individual contributions of employees. That is why our commitment to excellence extends to the needs of every person we employ.

Our workforce is represented by 10 different labor unions, providing representation to about 30 percent of our employees.

## TRAINING AND AWARENESS

Training, continuing education and development are critical components to ensuring long-term operating efficiency in any business. Freeport-McMoRan Copper & Gold Inc. supports a number of learning and professional development opportunities for its employees and members of the communities where we operate.

Each of our employees is provided with a range of technical training specific to their jobs, such as use of equipment, drivers training and maintenance. Annual training plans are developed for personnel, both at an operational and supervisory level. This activity ensures that employees

progress within the company and that we are able to fill available positions.

These matters become even more important when operating in a developing region without a long history of advanced educational programs. Job training programs in Papua must offer more than technical skills development. During 2007, the Quality Management Services Department provided 8 million hours of training to over 20,000 participants, a 14 percent increase over 2006. Training programs range from basic literacy and mathematics to “pre-apprenticeship” programs for individuals with no prior career training, advanced technical apprenticeships, career and leadership development, and business management programs that provide world-class skills to our workers. PT Freeport Indonesia also conducts “Retirement Preparation” seminars to assist employees who are retiring.

## TECHNICAL EDUCATION AND WORKFORCE DEVELOPMENT

In an effort to address the growing need for technical, skilled and unskilled workers, Freeport-McMoRan Copper & Gold Inc. has entered into partnerships with community colleges in our operating communities in the United States, with the goal of increasing vocational training to meet the current and future needs of maintenance at our operations, while supporting local workforce development and training needs.

In May 2006, we entered into a partnership with Eastern Arizona College near our Safford and Morenci operations to implement a technical training program in the fields of diesel technology, electrical/instrumental technology and industrial plant technology. The scholarship based program prepares students for entry-level positions and requires participants to complete a paid summer internship to evaluate performance and potential for permanent placement. In the program’s first year, 53 students were enrolled. In 2007, 68 students were enrolled and 41 continued training the second year.

Following the same program model, we also developed a partnership with Yavapai Community College near the Bagdad mine in Prescott, Arizona. Thirty-three students were enrolled in the program during the last school year.

A third partnership with Gila Community College near the Miami operations was added in late 2007, and we expect to enroll 24 students in 2008.

In Peru, the Cerro Verde mine formed a partnership with the Institute Tecsup to support and fund a 13-month training program for local citizens in anticipation of the opening of a new concentrator at the site. The program graduated 328 participants, allowing them to achieve certification in the areas of plant operations and mechanical and electrical maintenance. Upon completion, the top

199 graduates were hired to work at the Cerro Verde concentrator, which opened in early 2007. Additionally, the program allowed us to fulfill our agreement with the government to hire as many local employees as possible. Skilled graduates of the program who were not hired were able to use their training to find employment formerly not available to them elsewhere in the region.

## BENEFITS

Freeport-McMoRan Copper & Gold Inc. provides a benefits package that varies by country. Unionized workers have a unique set of benefits established through collective negotiations. Benefits typically include health insurance, life insurance, vacation and sick time, educational benefits and investment options among others. In some countries, benefits are provided through government required programs, and in others are managed through private programs. While we provide our employees with many

opportunities for technical training, we also provide them with other educational benefits. Employees are offered educational assistance through a tuition reimbursement program. We also offer a merit scholarship program for children of employees.

## DIVERSITY

As a global company, Freeport-McMoRan Copper & Gold Inc. recognizes the importance of working effectively with a diverse group of employees, customers, suppliers and community members. Within our company, we respect, support and draw upon the diverse perspectives, talents and skills of our employees.

We know that we can be successful only by finding ways to attract, develop and retain a workforce that mirrors the communities in which we operate. At our international operations, we strive to hire local residents – not just as laborers but for management and supervisory

positions as well. This practice ensures that managers understand the local culture and can easily communicate with employees at all levels. The Principles of Business Conduct ensure a work environment free from discrimination, harassment and other abusive situations.

We aim to ensure equal employment opportunities for all employees. Therefore, contracting-related decisions are taken based on the essential functions of the position and the qualifications of each individual. We are committed to creating an environment that is physically, psychologically and emotionally safe; encourages employees to make suggestions; opens lines of communication; and supports professional growth.





*In 2007, the Nemangkawi Mining Institute graduated its first 20 female heavy equipment operators who are now on the job at the Grasberg operations. Founded by PT Freeport Indonesia, the Institute provides pre-apprentice, apprenticeship and advanced career development opportunities for hundreds of indigenous Papuans each year.*



**While our safety performance in 2007 was better than industry benchmarks, we strive toward the goal of zero injuries and illnesses.**

## MANAGEMENT APPROACH

The safety and health of all Freeport-McMoRan Copper & Gold Inc. employees, along with our commitment to the environment, are of the highest priority. Our objective is zero workplace injuries and occupational illness. We believe that progress toward the goal of incident-free performance both enhances the security of our workforce and the success of our operations. This goal will be achieved only if all our employees assume responsibility for their own safety and that of their fellow workers.

To achieve this level of performance, we acknowledge and promote health and safety as a core value. We are steadfast in our objective to provide a safe and healthy workplace and to provide sufficient resources through training, incentives and occupational health procedures to attain recognized leadership. We consider safety and occupational health programs to be an investment in our most valuable resource – our employees.

As Freeport-McMoRan Copper & Gold Inc. and Phelps Dodge Corporation joined forces in 2007, we brought together the most outstanding aspects of these two safety cultures, designed to drive continuous safety improvement

to achieve our corporate safety vision of injury and occupational illness-free workplaces.

Our safety and occupational health system draws on leading practices, both inside and outside the company. Our safety professionals participate in national and international workshops and consortiums in an effort to ensure constant enhancement to our safety systems. Benchmarking of top performing companies is also conducted. Together with input from executive management and site managers from across the company, core safety elements are defined and proactive measures developed to monitor and improve safety and occupational health performance.

Leadership, accountability and personal involvement are central to our success. We expect all our employees and contractors to exercise leadership in demonstrating commitment to our philosophy that no fatalities, injuries or occupational illnesses are acceptable. As a matter of philosophy and practice, we will hold all contractors operating at our facilities accountable for the same level of safety that we expect of ourselves. All contracts include specific safety provisions designed to achieve this result. Safe and reliable operations require the establishment of clear roles,

responsibilities and accountabilities for all levels of the organization.

## SAFETY PERFORMANCE

Our ongoing safety initiative, Safe Production, sets zero accidents and zero occupational illnesses as the only acceptable safety goal. While safety performance in 2007 was favorable in comparison to the U.S. metal mining industry, the occurrence of five fatalities was regrettable and unacceptable for our company. These tragic events underscore the absolute need to have in place efficient and robust safety systems to prevent such occurrences. Our experiences in 2007 have resulted in a renewed effort and commitment to target the elimination of unsafe conditions and at-risk behaviors.

We have placed a priority on the elimination of high-energy events – for instance, operations that utilize high speed or pressure – that could result in fatal or serious accidents. Using risk assessment and management techniques, the potential for such occurrences are being identified, managed and eliminated. Performance is also driven through our proactive safety and occupational health audits, designed to identify system gaps and opportunities for improvement.



*In March 2008, PT Freeport Indonesia achieved the five-star rating for excellent safety performance, the highest star rating available, awarded by NOSA, a leading global supplier of occupational risk management services.*

Our employees and contractors worked over 126 million man-hours in 2007, with a total reportable incident rate of 1.24 and a 0.78 lost time rate, per 200,000 man-hours worked. These rates are well below the U.S. metal mining industry averages of 3.31 and 2.13, respectively. However, our proactive daily management of safety and health is based on leading indicators and not outcome-based metrics. Performance is being driven through personal accountability, elimination of at-risk behaviors and effective use of risk management tools. Most of our operations have committed to seeking certification under the international OHSAS 18001 standard for occupational safety and health management, with 15 sites obtaining this certification during

2007. As of January 2008, three facilities have also received a Star certification under the Voluntary Protection Program of the U.S. Occupational Safety and Health Administration.

Other key areas of safety and occupational health focus include:

- Training
- Internal and external safety and occupational health audits
- Occupational health surveillance and mitigation processes
- Industrial hygiene
- Emergency response
- Consequence thinking
- Professional development opportunities
- Best practice sharing





***Our Operations Help to  
Create Strong Communities  
and Robust Economies.***

*Photo: Community members in Timika,  
Indonesia, near the Grasberg operations*

# Community Engagement

**We are most effective when we focus our efforts on understanding the needs of the communities, provide a measure of financial support, offer our knowledge and expertise, and energize employee volunteers to help our communities help themselves.**

Building and sustaining our communities is a responsibility Freeport-McMoRan Copper & Gold Inc. shares with local governments, civic groups, business leaders and other community members. It is in everyone's best interest to create strong communities and robust, diverse economies that can weather the ups and downs so common to the mining industry. We believe we can best ensure the long-term viability and success of the communities near our operations by working closely with the communities themselves. Through both formal and informal methods, we seek input from our stakeholders regarding priority community issues and needs, and use this feedback to inform our social investment and charitable giving partnerships and decisions. This not only supports the development of strong and credible relationships with community members, but also facilitates the best use of our charitable financial resources.

## **PROMOTING SMALL BUSINESS DEVELOPMENT**

Wherever we operate, we support local business development to promote local economic growth, to enhance the standard of living and opportunities for our neighbors.

In Indonesia, our Small and Medium Sized Enterprise Development team is working with dozens of local entrepreneurs to foster successful businesses in a rapidly growing local economy. One example is

PT Yawiraya, which started operations in 1996 with just two people providing seedlings for nurseries. Today, it employs 95 people and has expanded its services to include painting, scaffolding, roof top cleaning and carpentry. This business holds contracts with several PT Freeport Indonesia business units. The owner chose the name Yawiraya because it means "bird of paradise" in the Dani language and his goal is for Yawiraya to provide services that will enhance the beauty of the surrounding environment, making it as beautiful as the bird of paradise. PT Yawiraya and other company-supported small businesses provided employment to more than 1,700 local residents during 2007.

In Peru, the Cerro Verde mine supports many partnerships to develop and promote small businesses and income generation. In response to a need for industrial cleaning services, Cerro Verde worked with a group of 66 women to help them obtain certification and employment with regional companies. The mine is also helping a group of 29 copper artisans to increase their independence by diversifying their products and markets. Similarly, Cerro Verde supports Manos Creadoras de Uchumayo, 28 alpaca wool knitting artisans on how to incorporate their business, and how to enter national and international markets. Cerro Verde is now focused on helping the group to design and market their products appropriately for international markets. Local farmers receive training and support

through programs to help increase livestock production and diversification of crops, including organic produce. Through all these programs and more, Cerro Verde reached more than 1,000 people in neighboring communities during 2007. We will seek to add during 2008 a micro-credit component to increase the number of sustainable small businesses in the area.

In Chile, our El Abra mine helped establish a sustainable community laundry business for the village of Chiu Chiu. "Liq cau isa aca licuan," (Women of My Town) was launched during 2007. The program, implemented in association with the indigenous community of San Francisco de Chiu Chiu, the Indigenous Development Regional Corporation and the Municipality of Calama, includes training in business management for heads of families, many of whom are women.

In Copiapo, Chile, our Candelaria mine sponsors numerous education programs to support small business development, benefiting nearly 300 people from Copiapo, Caldera and Tierra Amarilla. Participants were trained in baking, food handling, national and international cuisine, drapery making, cosmetology, best agricultural practices, customer service, entrepreneurship and mechanical skills.

### **MENTORING SMALL BUSINESS – BRICK AND FENCE MAKING IN THE DEMOCRATIC REPUBLIC OF CONGO**

Tenke Fungurume Mining (TFM), located in the Katanga Province in the Democratic Republic of Congo, has implemented a program to support the development of local Congolese small and medium enterprises (SMEs). Through a partnership with Pact, an international NGO, TFM has supported the development of 41 small enterprises employing over 400 workers in brick and diamond-mesh fence production. The SMEs were developed by selecting local entrepreneurs and providing them with technical training and access to start-up capital. The training covered issues of safety, budgeting and bookkeeping, and risk aversion. In 2007, brick production exceeded 1 million bricks per month and fence production peaked at 8 kilometers per month. TFM has purchased the bricks and fence to use in the current construction phase of the mining project.



The support for these SMEs also created new economic opportunities in the region for the local community, which has traditionally relied on subsistence farming and artisanal mining. In fact, 60 percent of those employed by the enterprises say that they were previously involved in artisanal mining.

TFM has also established a micro-credit system with Pact and the Trust Merchant Bank to provide access to loans for SMEs to purchase capital. A loan guarantee fund provides guarantees to the Trust Merchant Bank to provide loans at a lower than market micro-finance rate with a 12-month payback period. To date, participating SMEs have met a 100 percent repayment rate.

In 2008, TFM will continue to provide business counseling and technical support to the SMEs, expand diversity of businesses, and implement a women’s micro-savings and literacy program. TFM will especially focus on advising the SMEs on how to increase contract diversification and find additional markets in the region. One advantage of these businesses is that they are fairly simple to mobilize to a new location. There may be possibilities for these business owners to start up or move their production to other areas in Katanga where there are construction needs, including at other neighboring mines.

### **EDUCATION AND TRAINING**

In 2007, we increased our support for education and training, from early childhood and primary school through high school and higher learning.

In North America, Freeport-McMoRan Copper & Gold Inc. invests more than \$90,000 annually in scholarships in technical and mining-related fields through several partner organizations to provide higher education opportunities

for deserving students and to build a future workforce. We invested another \$1.2 million in occupational training in Arizona for students interested in pursuing a career in the trade services. The children of our domestic and international employees can also apply for scholarships through various programs provided through our corporate foundation or at various sites.

We pledged our support to three new universities totaling \$3 million to develop

or enhance programs aimed at increasing the number of students pursuing degrees in the technical fields such as engineering, as well as increasing the quality of curriculum and research facilities. These included support for an endowed chair at the New Mexico Institute for Mining and Technology, a state-of-the-art water quality lab at New Mexico State University and a student outreach and curriculum enhancement program in the college of engineering at Northern Arizona University.

*Our Candelaria operations in Chile provide support for local schools, including the Colegio San Lorenzo for students in the communities of Tierra Amarilla and Copiapo.*



With research demonstrating that investing a dollar now in early childhood care saves \$17 later in remedial education and corrective efforts, early childhood education was also a focus. We partnered with several agencies in the state of Arizona to promote the best developmental care for children up to 5 years old. The goal is to aid communities, parents and caregivers in maximizing children’s readiness to start school and improving their educational success in the future.

We also invested in science education for primary school students, including innovative science centers in Phoenix and Tucson, Arizona, with the goal of increasing understanding of the earth sciences and technology that supports sustainable development. We focused on primary schools and teachers through our “Mini Grants for Education” program,

investing more than \$75,000 in innovative classroom projects and materials to help teachers enhance their classroom resources for which funding is otherwise not available. Since the Mini-Grants program was initiated in 2005, nearly \$200,000 has been awarded to support 406 projects. From a class field trip to the Highlands Center for Natural History in Prescott, Arizona, to a robotics club competition in Kremmling, Colorado, a family science night in Griswold, Connecticut, and a science olympiad competition in Silver City, New Mexico, the program is supporting teachers in enhancing the quality of education.

In Copiapo, Chile, our Candelaria mine supports the operation of the Colegio San Lorenzo school. Originally built in part by Candelaria, the school began operating in 1991 with 216 elementary students at an Universidad de Atacama campus. The

school has new, modern infrastructure after an investment of \$1 million and hosts 761 elementary and high school students. In April 2006, the facility received the School Management Quality seal, given by Fundación Chile, becoming the first educational facility in Atacama to receive this recognition.

**PUBLIC HEALTH PROGRAMS**

At many of our operating sites, especially in developing regions of the globe, Freeport-McMoRan Copper & Gold Inc. supports comprehensive public health programs to strengthen communities and safeguard the health of our employees. PT Freeport Indonesia is a leading partner in curative and preventive health care services in Mimika Regency in the southern Papua province in Indonesia. PT Freeport Indonesia supplements government health services for the

whole population of Mimika District with financing, infrastructure and personnel support.

Each year, PT Freeport Indonesia works with local government agencies and the Amungme and Kamoro Community Development Institution (LPMK) to provide a variety of health care services to the local community. We fund two fully operational hospitals and seven primary health centers, which provide outpatient care and consultations totaling between 150,000 and 200,000 patient visits and inpatient care to 10,000 to 12,000 hospital patients every year. Additionally, we provide maternal and child health programs and health education programs, free X-ray and laboratory services at the local government clinic in Timika, and clean water supply for a number of sponsored communities.

Fighting diseases such as malaria, tuberculosis and sexually transmitted infections, including HIV/AIDS, is

increasingly important. The World Health Organization (WHO) estimates that Indonesia has an estimated incidence of 627,000 tuberculosis (TB) patients resulting in 143,000 deaths per year, making Indonesia third in the WHO list of high-burden countries. The province of Papua has also been victim to the emergence of drug-resistant strains of malaria. PT Freeport Indonesia is addressing these challenges by supporting quality health care programs. We have also supported major international malaria drug studies in the local area.

PT Freeport Indonesia's Public Health and Malaria Control (PHMC) program provides primary health care to the members of seven Papuan ethnolinguistic groups residing in the communities that neighbor the mining operations. PHMC has continuously implemented for nearly two decades an internationally recognized malaria control program within the PT Freeport Indonesia Contract of Work area

and its surroundings. The four pillars of this malaria control program involve prompt diagnosis and treatment; indoor residual spraying; and environmental management, mosquito monitoring and larval control. Health education, community awareness, and personal protection complete the integrated program.

In 2006, PHMC provided indoor residual spraying of insecticides for 7,000 households, distributed almost 5,000 long-lasting insecticide treated bed-nets, maintained and cleaned 200 kilometers of drainage, and detected and treated over 50,000 malaria cases.

Our comprehensive tuberculosis control program diagnoses and treats about 400 TB cases annually in Timika with a cure rate of 93.3 percent, which exceeds the WHO standard of 85 percent. The treatment provided through the PHMC program is free to all Mimika residents.



**An elementary school dormitory was constructed in Timika near the PT Freeport Indonesia operations with company support through the community development organization LPMK. The dormitory houses more than 100 Amungme and Kamoro youth from remote villages where basic education is not available. The Freeport organization provides funding, technical assistance and capacity building to LPMK's education, health and economic development initiatives.**



*In Indonesia, we work with local government agencies and community development institutions to provide hospitals, clinics, preventive health and major public health initiatives in the communities near the Grasberg operations.*

*Photo: Banti clinic, Mimika Regency*

With cases of HIV/AIDS on the rise globally, we work to protect our employees and communities from this devastating disease. The HIV prevention program that we have developed for Timika provides free diagnosis and treatment of sexually transmitted infections; voluntary counseling and testing for HIV; free care, support and treatment programs in two hospitals; the monthly distribution of 14,000 condoms; and health education to employees, communities, schools and government institutions.

As we develop operations in the Democratic Republic of Congo, we are working with local health agencies and nongovernmental organizations to develop and implement public health programs, including malaria control, tuberculosis and HIV/AIDS initiatives. Freeport-McMoRan Copper & Gold Inc.

has just completed an extensive baseline health survey conducted by ISOS in our Tenke Fungurume Mining area. Tenke Fungurume Mining installed clean water wells in 10 villages during 2007 and will expand the program to all 41 villages in the mining concession during 2008.

In Peru, the Cerro Verde mine focuses on providing health education programs and campaigns on hygiene and sanitation, disease and illness prevention, and mother/child nutrition. The mine has also helped fund a new cancer center at a local hospital. In 2007, the site began a baseline study on health status of local citizens in the area, which will be completed in 2008. In Chile, the El Abra mine has supported a dental health program called “Sonrisa de Minero” or “Smile of a Miner.” This initiative benefited 110 artisanal miners of Tocopilla, Taltal, Antofagasta and

Calama and included a dental treatment for correcting functional problems and improving oral aesthetics caused by the lack of dental pieces. The program improved participants’ ability to eat, which improved overall health in addition to improving aesthetics, self esteem and social integration.

In North America, our corporate Foundation has supported a drug abuse education and prevention program in each of its five Arizona operating communities. A serious public health concern, drug abuse had been identified as a priority concern among community stakeholders. 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.

## STAKEHOLDER ENGAGEMENT AND PUBLIC CONSULTATION

We realize that due to the nature of our business – the activities it requires and the effects it creates – various groups have varying opinions about our operations. We also realize that we have a real impact on the success and viability of communities in which we do business. An important part of our success is collaboration with stakeholders. We strive to continuously maintain dialogues with local communities – providing avenues for us to provide information and explain the implications of issues regarding our operations and for local residents to be able to ask questions and express their views so we can achieve mutual understanding.

Most of our operations around the world have various types of stakeholder engagement efforts such as formal

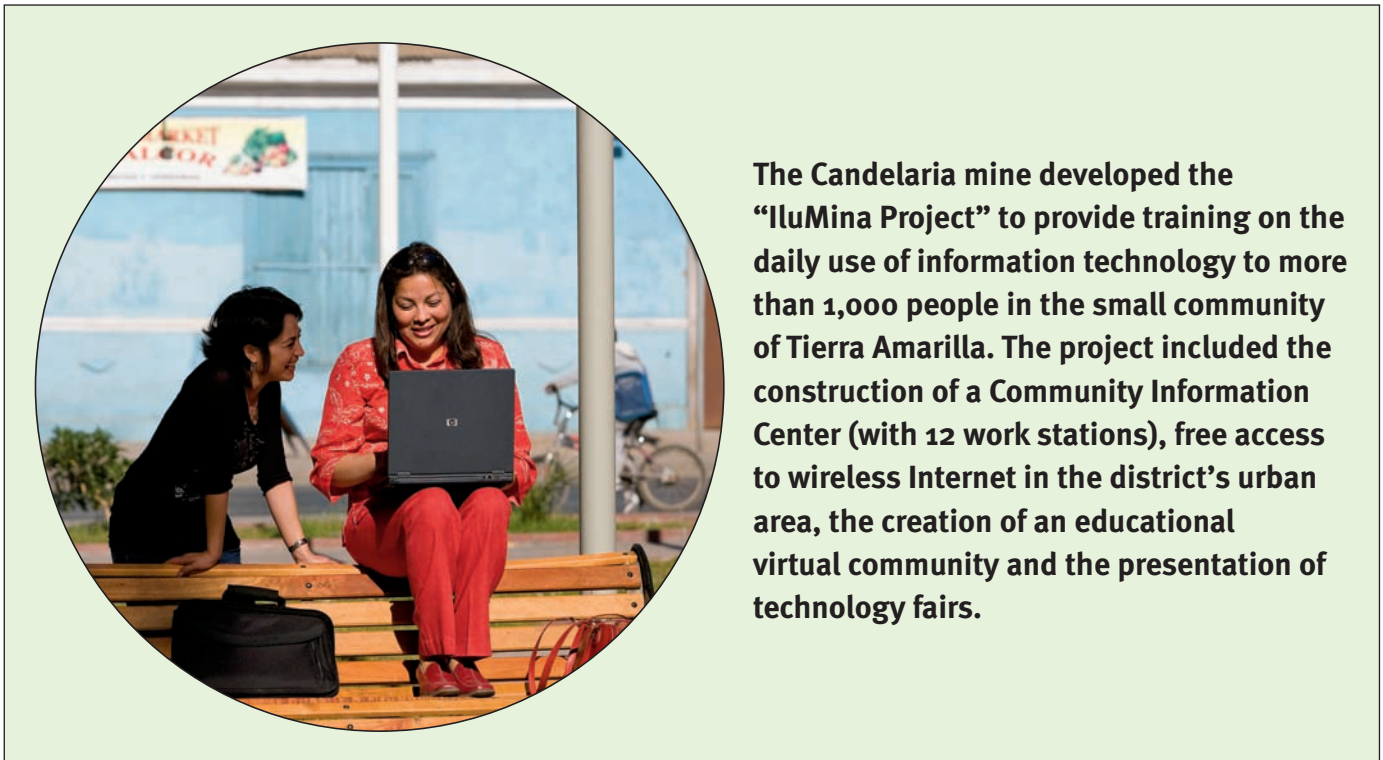
community advisory/engagement panels, consultation activities, open house programs, facility tours and community information sessions. We also participate on numerous community boards, councils and committees.

In advance of our commitment to build and maintain constructive and positive relationships with our Papuan neighbors in Indonesia, we engage in continual dialogue with local leaders there. These dialogues have led to important agreements with the Amungme and Kamoro people. A Memorandum of Understanding consummated in 2000 by Amungme and Kamoro local community organizations and PT Freeport Indonesia focuses on socioeconomic resources, human rights, land rights and environmental issues. This landmark agreement, achieved after five years of negotiations, fosters continuous dialogue to improve mutual understanding and respect, to enable the local people to

achieve their aspirations and to continue harmonious relationships.

In North America, we have established formal Community Partnership Panels in four of our active mine communities and two communities under care-and-maintenance status. We are currently establishing panels in four additional active mine-site communities in 2008. Through these formal Partnership Panels, we are able to facilitate an open dialogue and community development planning process in collaboration with community leaders. We also have Community Outreach Offices in four locations where we are conducting reclamation and remediation activities to ensure the availability of information to community members.

In South America, Cerro Verde has established Community Outreach Offices in Yarabamba and Uchumayo neighboring the mine. These offices are open every





Over the past seven years, the company's Foundation has invested more than \$1.2 million in domestic violence shelters and women's rights agencies to help address the growing problem of domestic abuse. In partnership with 23 shelters located in or near our operating communities in the United States and Chile, we have assisted in providing safety, shelter, training and independent lives free of violence to more than 11,000 women and 5,000 children each year. Safe lives free of abuse is a basic human right and anything less threatens the safety of our communities overall. In 2007, we committed an additional \$750,000 to support the construction of new living space at three shelters in Maricopa County where our headquarters are located. Currently, these shelters must turn women away because of the lack of space, and these expansion programs will help eliminate this problem in the future.

*Photo: Freeport-McMoRan Copper & Gold Inc. employees volunteer their labor to spruce up and expand a women's shelter.*

day to receive questions, concerns and other inquiries and serve as a base from which to deploy community development programs.

Going forward, our company-wide goal is to ensure that each of our operations globally has a formalized stakeholder engagement program through which community members and the local operation have the opportunity to work together to address impacts, concerns and priorities that affect the quality of life and sustainability of the local area. We are committed to ensuring that each site has the ongoing support, training and tools needed to improve our ability to engage with and respond to our communities.

## **VOLUNTEERISM**

Freeport-McMoRan Copper & Gold Inc. employees around the world have long

taken an active role in making our communities better places to live and work. Gifts of time and talent are invaluable to community organizations working to improve education, increase safety, protect the environment or promote cultural understanding and diversity.

April 2007 marked the fifth anniversary of Global Volunteer Month at Freeport-McMoRan Copper & Gold Inc. Over the past five years, volunteers in North and South America have united during this dedicated month and donated a cumulative 25,000 hours of service with an approximate value of \$300,000 to support the communities in which we operate.

Beyond Global Volunteer Month, employees volunteer throughout the year, donating their time and financial resources to programs that make their communities better places to live and work.

Through the company's Foundation, employees can participate in a program called "Employees in Action – Global Volunteer Achievement Fund" to facilitate grants for organizations for which they volunteer. Employees also give generously to United Way, contributing more than \$375,000 in 2007, which was matched by the company's Foundation for a total contribution of more than \$1.2 million to the Valley of the Sun United Way and the United Way of Greater New Orleans, as well as other affiliates throughout the United States.

## **CULTURAL PRESERVATION**

We are committed to building and maintaining positive relationships with our neighbors, in particular the indigenous communities closest to our areas of operation in developing regions of the globe. We have in place a strong Social, Employment & Human Rights

Policy. We are committed to providing opportunities for social, educational and economic development, including special efforts to train and hire those indigenous to the area. We also continually strive to learn more about our neighbors, their histories, their culture and changing circumstances, and to build more constructive relationships and enhance our outreach efforts. Most important is our commitment to extend respect to indigenous peoples and their cultures and to engage with them in an ongoing dialogue on issues of mutual interest.

We understand the desire of the people of Papua, Indonesia, to preserve their unique cultural traditions and are dedicated to helping them accomplish this goal. We have long supported the Asmat and Kamoro Art and Cultural Festivals. We have also sponsored social, artistic, cultural, language and economic

studies of the Amungme and Kamoro people, the traditional inhabitants of our Indonesian area of operations. These studies have improved mutual communication and understanding of our neighbors and contributed significantly to international knowledge of their unique cultures. We have also sponsored two books about the Kamoro and Amungme to help us and others throughout the world understand and appreciate their societies.

In Chile, in an effort to maintain the culture and arts of the region, our El Abra operation supports the “Orquesta Niños del Altiplano,” a project that teaches children of the Chiu Chiu district how to play classical instruments. El Abra supported the construction of the second Geological Museum of Chile, along with the community of Chiu Chiu and Universidad Católica del Norte.

We funded an archaeological research team, which allowed for the discovery of one of the oldest copper mines in Chile, developed by the Atacama indigenous culture. Discoveries included a variety of tools, of which one of the most valuable was a wooden shovel considered to be one of the oldest tools of its kind in South America. The findings were submitted to local universities and are maintained by the Calama Museum.

### EXPLORATION

Much of our exploration effort focuses on our own backyard, where we probe the boundaries of our existing ore bodies. Exploration methods have grown more sophisticated and precise, as have mining and processing technologies. Because of these advancements, we are able to identify additional deposits and



**Our El Abra operation in Chile supports the “Orquesta Niños del Altiplano” as part of an effort to promote arts appreciation and preservation in the Chiu Chiu district.**



*Our Safford mining complex in Eastern Arizona, the first new North American copper mine in decades, was developed in consultation with local stakeholders in a way that is sensitive to environmental and social concerns.*

economically recover metals from low-grade ore at existing sites that historically would have been considered waste. These discoveries and improvements in processing technology continue to extend the expected life of these mines. We are committed to conducting exploration in a way that is sensitive to the environmental and social setting and local communities. Establishing connections with the community from the beginning is critical when taking the first step toward a successful mining project.

## **SITE CLOSURE ISSUES**

Freeport-McMoRan Copper & Gold Inc. has closure plans for all mining sites.

Most closure plans are conceptual in nature because of the long mine lives involved. In the United States and Peru, closure plans are mandated by government regulations. Closure plans for Chilean mines are required to be submitted in 2009. Over the next 18 months, plans will be reviewed to ensure the inclusion of social considerations and their appropriate management including the involvement of stakeholders.

In December 2004, PT Freeport Indonesia completed an updated closure management plan, representing the company's latest analyses and strategies on closure management. PT Freeport Indonesia is committed to fulfilling its

closure obligations, with disturbed areas being reclaimed by native vegetation or developed in a manner consistent with decisions made in consultation with local stakeholders and the Government of Indonesia. The closure management plan will be updated approximately every five years.

## **ARTISANAL MINING**

Artisanal mining can be a major source of income for rural populations. Because artisanal miners often use primitive and low-cost technologies in their attempt to maximize incomes, they expose themselves and others in the region to increased environmental and health risks.

To help prevent serious incidents to Antofagasta and Tocopilla artisan miners, El Abra provided them with personal protection equipment. Helmets, goggles, shoes and clothing were provided through an alliance with the Mining Regional Ministerial Secretariat and the National Geology and Mining Service. Members of our Occupational Health and Safety Management Team also provided free workshops to about 80 artisanal miners to improve their awareness and accident prevention.

In Indonesia, the increased price of gold has enabled its profitable recovery from the tailings stream by panners not licensed by the Government of Indonesia. Panners have moved into the area by the thousands, straining resources (particularly medical resources) and pressuring the local population. The unlicensed panners are not considered traditional miners, as their activity is recent and they are not native to the area. Due to steep gradients and heavy rainfall, panning activity is very hazardous and a number of panners have drowned. There is also a concern about the possible use of mercury by the panners in refining the illegally panned gold. PT Freeport Indonesia is working with local authorities to facilitate an educational program for village leaders, gold shop owners and the local community on the health and environmental dangers of using mercury in the illegal panning and processing of gold.

The local government, Mimika Regency, has banned panning because of the hazards and has prohibited the use of mercury in panning activities. The Papua Provincial Governor has asked the Papuan Legislative Council to adopt a similar measure. Because the panning is an economic issue, PT Freeport Indonesia is working with local government officials and the leaders of the panning

communities to find alternative employment.

## HUMAN RIGHTS AND SECURITY

Freeport-McMoRan Copper & Gold Inc. has made strong, unequivocal commitments to human rights. This commitment is expressed in our Social, Employment & Human Rights Policy, which 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. Contractors and privatized companies serving us must also comply with this policy or implement their own similar policy. As discussed earlier in this report, we are currently updating and broadening the policy to more clearly address the diverse social and cultural aspects of our larger geographic footprint as the new Freeport-McMoRan Copper & Gold Inc.

In Indonesia, we have assigned a senior Papuan as our Human Rights Compliance Officer. He is responsible for the full implementation of our Social, Employment & Human Rights Policy and for educating our employees and contract partners in the areas of social responsibility and human rights. The Human Rights Compliance Officer reports to an executive vice president within PT Freeport Indonesia. During 2007, we conducted training on our Social, Employment & Human Rights Policy in Indonesia for more than 7,000 employees, and an expanded educational program is being carried out in 2008. In addition, through our closed-circuit television

system, we periodically broadcast an informative video explaining the policy and its application to our organization. If a human rights violation were to be reported, information about that violation would be forwarded to the Indonesian Human Rights Commission.

Freeport-McMoRan Copper & Gold Inc. joined other mining and oil and gas companies and human rights organizations in endorsing the joint U.S. Department of State-British Foreign Office Voluntary Principles on Human Rights and Security. Twice each year, participants in the voluntary principles program meet to review their implementation and to seek better ways to provide security for extractive industry operations around the world to protect employees and investments while assuring the highest level of human rights compliance. Our representatives regularly participate in these meetings.

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 United States 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.

## PROVISION OF SECURITY

Consistent with our responsibility as a corporate citizen and the Voluntary Principles on Security and Human Rights, as well as our duty to protect our employees and property, our



**Security department employees participate in ongoing human rights training and are required to periodically certify compliance with our human rights policy.**

international operating sites have taken appropriate steps to provide a safe and secure working environment. As part of these security programs, we maintain our own internal security departments, which perform functions such as protecting company facilities, monitoring the shipment of company goods, assisting in traffic control and aiding in rescue operations.

In certain of the remote locations, such as Papua, Indonesia, and Katanga, Democratic Republic of Congo, we, on the same basis as all businesses and residents of these respective countries, rely on the respective governments for the provision of public order, upholding the rule of law and protection of personnel and property. In Indonesia, the Grasberg mine has been designated by the government as one of Indonesia's national vital assets. This designation as a national vital asset has historically

resulted in the Indonesian security institutions (including both police and military) playing a significant role in protecting our area of operations. The governments are responsible for employing their respective security personnel and funding and directing their operations. However, because of the limited resources of the respective governments, the remote locations and lack of development in these countries, the governments look to us to provide logistical and infrastructure support, as well as supplemental funding for these necessary services.

The support for the government-provided security in these foreign locations includes in-kind assistance and monetary allowances to mitigate living costs and the hardship elements of assignment to the mining areas. This type of support helps maintain positive morale, ensures that personnel are properly fed and

lodged and provided the logistical resources necessary to patrol and secure our operating area. This support for the government security institutions assigned to our area of operations represents a prudent and considered step by us to protect our 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 our obligations under our agreements with the respective governments, our philosophy of responsible corporate citizenship, the joint U.S. State Department-British Foreign Office Voluntary Principles on Human Rights and Security, 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.

## SOCIAL AND HUMAN RIGHTS AUDIT IN INDONESIA – 2007 UPDATE

Transparency is an essential element of being a good corporate citizen. Freeport-McMoRan Copper & Gold Inc. seeks to achieve transparency by publishing this report and by opening our operations to be examined by external auditors.

In 2004, PT Freeport Indonesia engaged the International Center for Corporate Accountability (ICCA) to perform an independent audit of our Indonesian operations, focusing on key components of our Social, Employment & Human Rights Policy.

A followup ICCA audit in 2006 also broadened the scope of the original review, to include an evaluation of five of PT Freeport Indonesia's contract companies that provide specialty drilling,

hospitality and dining, and other services at the Grasberg mine site. As third parties operating under contract to PT Freeport Indonesia, these companies are also bound by our Social, Employment & Human Rights Policy. Overall, these audits concluded that each company needed to improve their compliance, and we are committed to working with these companies to help address these concerns.

The 2006 audit further covered the health care programs funded through the Freeport Partnership Fund. Over the last 10 years, PT Freeport Indonesia has provided over \$100 million for the medical care of the Papuan people. ICCA found that these health care programs and public health initiatives were well designed, staffed by committed medical professionals and competently run. PT Freeport Indonesia will work with the local organization that administers the funds

to address the ICCA recommendations, which include moving resources from curative care to primary and preventative public health education and wellness initiatives.

Moving forward, we will continue to assess our social development, employment and human rights programs and will undertake independent professional audits on a periodic or as-needed basis. We will provide regular updates in our annual sustainable development reports as part of our ongoing commitment to transparent operations that respect the rights of individuals and communities around the world.

The full text of the ICCA audit reports and PT Freeport Indonesia's responses are available on our web site [www.fcx.com](http://www.fcx.com) or ICCA's web site [www.icca-corporateaccountability.org](http://www.icca-corporateaccountability.org).



**Employee volunteers across the globe devote many hours of public service in mining communities and corporate office locations.**

*Photo: One of two Habitat for Humanity homes fully sponsored by the Freeport organization as part of community rebuilding in the New Orleans area after Hurricane Katrina.*

## Corporate Governance

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Freeport-McMoRan Copper & Gold Inc. employees and officers conduct the company's business under the direction of our Office of the Chairman, comprising our Chairman of the Board and our Chief Executive Officer, with oversight by our Board of Directors. Our shareholders elect our Board to oversee management and to assure that the long-term interests of our shareholders are being served. Both the Board of Directors and our management team recognize that the long-term interests of our shareholders are advanced by addressing corporate governance appropriately and responsibly.

Our Board consists of 16 members, the majority of whom are independent. We also have one director emeritus. In accordance with our Corporate Governance Guidelines, non-employee directors meet in executive session at the end of each regularly scheduled Board meeting. Each of the members of our Audit, Corporate Personnel, and Nominating and Corporate Governance Committees is independent within the

meaning of our Corporate Governance Guidelines. In addition, our Board has determined that each member of our Audit Committee qualifies as an "audit committee financial expert," as such term is defined by the rules of the Securities and Exchange Commission. Each Board committee operates under a written charter adopted by our Board. Our Corporate Governance Guidelines and all of the committee charters are available on our web site at [www.fcx.com](http://www.fcx.com).

Freeport-McMoRan Copper & Gold Inc. has adopted Principles of Business Conduct, recently updated following the 2007 merger with Phelps Dodge, which require all employees to adhere to ethical standards established by the company and consistent with applicable laws, including the U.S. Foreign Corrupt Practices Act (FCPA) and the Sarbanes-Oxley Act. All appropriate company personnel are required to self-certify their understanding and compliance with this policy on an annual basis. Employees are required to notify the company compliance officer of any activity,

transaction or other information involving a suspected violation of the policy. Any reported incidents or concerns about violations or potential violations are investigated and resolved appropriately. See our Principles of Business Conduct on our web site [www.fcx.com](http://www.fcx.com).

Post-merger integration activities have also provided us the opportunity to take a fresh look at not just governance, but the whole range of sustainability commitments, management and performance across the newly expanded company. An internal team is evaluating options for managing all issues related to sustainable development and corporate responsibility, with reporting through the Public Policy Committee of the Board of Directors.

## AWARDS

*BusinessWeek* magazine named Freeport-McMoRan Copper & Gold Inc. as one of America's most philanthropic companies, in terms of cash contributed as a percentage of revenues in 2007.

The *Corporate Responsibility Officer* named Freeport-McMoRan Copper & Gold Inc. number 52 on their list of 100 Best Corporate Citizens 2008. Freeport-McMoRan Copper & Gold Inc. was the only company in its industry to be represented on the list.

In 2007, the Clarkdale Tailing Reclamation Project in Arizona was honored by the U.S. Bureau of Land Management with its annual Hardrock Mineral Environmental Award, which recognizes efforts made in implementing the principles of sustainable development.

In 2007, our Miami mine in Arizona received a Federal Safety Award for achieving zero lost workdays as a result of injury in 2006.

El Abra received an award for operational excellence from the National Service of Geology and Mining and also became the first private entity to receive public recognition from the Environmental Authority Conama in 2007. The mine was also awarded the Benjamin Teplizky Prize, the highest award given by the Chilean Ministry of Mines, in recognition of safety and sustainable development excellence.

El Abra received Chile's 2007 National Energy Efficiency Award in the Mining category.

In December 2007, PT Freeport Indonesia was recognized by the Ministry of Energy and Mineral Resources for its reclamation achievements from 2004-2006 in the extractive industry category. The criteria for the award included evaluation of the company's policy on environmental mining management, organizational efforts by the companies toward managing environmental mining activities, environmental management programs, and implementation of environmental development practices.

PT Microsoft Indonesia named PT Freeport Indonesia "Most Innovative Company 2007" in the area of information technology for its World Wide Website study for project management mobile applications and "Best Visual Studio® Team System / Team Foundation Server Implementation in Indonesia."

The PT Freeport Indonesia Amole team placed second overall at the week-long, National Fire and Rescue Competition in 2007. PT Freeport Indonesia was represented by two teams, the Amole team and the Amolongo team, both receiving medals in several categories, including; underwater helicopter / crash rescue, cross pit fire, skills and firearm fitness drill.

**TO READ OUR POLICIES AND OUR FULL GLOBAL REPORTING INITIATIVE REPORT, AND ALSO TO LEARN MORE ABOUT OUR OPERATIONS, ENVIRONMENTAL PROGRAMS, COMMUNITY PROGRAMS AND TO SEE MORE CASE STUDIES, PLEASE VISIT US ON THE WEB AT [www.fcx.com](http://www.fcx.com).**

*Photo: Copper cathode produced at our El Abra operations in Chile.*



**FREEPORT-McMoRan COPPER & GOLD INC.**

ONE NORTH CENTRAL AVE.

PHOENIX, AZ 85004

602.366.8100

[www.fcx.com](http://www.fcx.com)

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