



WORKING TOWARD SUSTAINABLE DEVELOPMENT





A COMMON THREAD

We are an important supplier of products on which modern society depends. Thousands of businesses use our products to provide basic infrastructure components that promote higher standards of living, including technological advances that move societies toward a cleaner, healthier, and more productive future. Prominent among these are companies that purchase our copper to produce energy-efficient products, our molybdenum to manufacture high-strength alloys, and our cobalt to create advanced biotechnology applications.

Our fundamental challenge is to find the most efficient production methods that will enable us to meet demand for our products in a cost-effective manner while minimizing negative impacts. If resources are not extracted responsibly and in accordance with the needs and standards of society, we will lose the trust of stakeholders. Sustainable development is the foundation on which we operate. The imagery on the cover illustrates common threads that connect our business and society as we work toward sustainable development.

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PURPOSE OF THIS REPORT

This Working Toward Sustainable Development (WTSD) report provides a summary of the progress made on the most significant issues and opportunities faced in our quest to responsibly provide essential metals to society. We focus on key areas of interest to international and local stakeholders who demand that our business success be gained through socially responsible actions.

Report Boundary

Data presented includes the primary operations of Freeport-McMoRan Copper & Gold Inc.'s principal subsidiaries: PT Freeport Indonesia, Freeport-McMoRan Corporation, and Atlantic Copper for the period January 1, 2009 to December 31, 2009. The Tenke Fungurume Mining project transitioned from construction to operation during 2009 and its data is included for the first time this year. Financial data excludes joint venture partners' interest.

As a result of methodology changes or corrections, prior year data has been updated in some cases. Certain data presentation and comparisons may not meet the direct needs of all stakeholders, and we encourage readers to contact our Sustainable Development department at sustainability@fmi.com with inquiries about our reporting.



Global Reporting Initiative (GRI) Application

We are reporting in accordance with the GRI G3 reporting guidelines for the second consecutive year, including application of the Mining and Metals Sector Supplement Pilot version 1.0. We have prepared a supplement for this 2009 WTSD report which includes other core and additional indicator responses in accordance with the GRI guidelines. We have self-declared this WTSD report and its supplement at the A+ level of the GRI G3 guidelines, indicating reporting of all profile disclosures, disclosures of management approach for each indicator category, responses to core indicators, and external assurance of the report. This WTSD report and its supplement, including a GRI content index, are located on our web site.

External Assurance

Since 2005, Freeport-McMoRan Copper & Gold Inc. has sought independent verification of its annual sustainability reports, including selected performance data, statements on processes and achievements, and conformance to the GRI guidelines. We are implementing the International Council on Mining & Metals (ICMM) Sustainable Development Framework, including implementation of ICMM's 10 Sustainable Development Principles across the Company. As the ICMM Sustainable Development Framework evolves, we continuously update our programs, including external assurance requirements. We have expanded external assurance of our sustainability reporting according to the ICMM Assurance Procedure.

Corporate Integrity conducted assurance of our 2009 WTSD reporting. The assurance work scope included visits to three of our major operating sites, in addition to our corporate headquarters, and covered reviews of the 1) alignment of our policies to ICMM's 10 Sustainable Development Principles and position statements; 2) processes in place to identify and prioritize sustainability risks and opportunities; 3) systems and approaches that we are using to manage sustainability risks and opportunities; 4) environmental, social, and economic sustainability performance data in key risk areas; and 5) application level of reporting against the GRI G3 reporting guidelines. The assurance statement can be found on page 40.

- *2009 WTSD Report and WTSD Supplement*
- *2007 WTSD Report and GRI (G2) Report*
- *2008 WTSD Report and GRI (G3) Report*

COMPANY PROFILE






Freeport-McMoRan Copper & Gold Inc. (Freeport-McMoRan) is a leading international mining company with headquarters in Phoenix, Arizona. We operate large, long-lived, geographically diverse assets with significant proven and probable reserves of copper, gold and molybdenum. The Company also has a dynamic portfolio of operating, expansion and growth projects in the copper industry and is the world's largest producer of molybdenum.

Freeport-McMoRan's portfolio of assets includes the Grasberg minerals district, the world's largest copper and gold mine in terms of recoverable reserves; significant mining operations in the Americas, including the large-scale Morenci and Safford minerals districts in North America and the Cerro Verde and El Abra operations in South America; and the Tenke Fungurume minerals district in the Democratic Republic of Congo.

Freeport-McMoRan Copper & Gold Inc. 2009 Annual Report 

MAJOR MINE OPERATIONS & DEVELOPMENT PROJECTS





















All major assets majority-owned and operated

-  Locations
-  Copper (Cu)
-  Gold (Au)
-  Molybdenum (Mo)
-  Cobalt (Co)

Sales From Our Mines In 2009

- 4.1 billion pounds of copper
- 2.6 million ounces of gold
- 58.1 million pounds of molybdenum



- | | | | | | |
|---|--|--|--|--|--|
| <p>1 Morenci, Arizona
Sierrita, Arizona
Bagdad, Arizona
Safford, Arizona
Miami, Arizona</p> | <p> 
 
 
 
</p> | <p>3 Tyrone, New Mexico</p> | <p></p> | <p>7 Tenke Fungurume,
Democratic Republic of Congo</p> | <p> </p> |
| <p>2 Henderson, Colorado</p> | <p></p> | <p>4 Cerro Verde, Peru</p> | <p> </p> | <p>8 Grasberg, Indonesia</p> | <p> </p> |
| | | <p>5 El Abra, Chile</p> | <p></p> | | |
| | | <p>6 Candelaria /
Ojos del Salado, Chile</p> | <p> </p> | | |



Copper cathodes produced at Tenke Fungurume Mining, Freeport-McMoRan's newest mining and processing operation

A MESSAGE TO STAKEHOLDERS

The resilience of Freeport-McMoRan Copper & Gold was tested during 2009 as we successfully executed revised operating plans to counter weakening market conditions. Doing so allowed us to benefit from an improved cost structure throughout the year. We are now positioned to excel within our existing asset base of mineral resources and to pursue growth opportunities.

While making significant operating adjustments during the global economic crisis, we also faced challenging issues such as providing enhanced workforce security in Indonesia and assisting local government with urgent measures to contain a cholera outbreak near our Tenke Fungurume project in the Democratic Republic of Congo. Concurrently, we focused on the impacts of climate change and water management, both inter-related topics that warrant our long-term attention, consistent with our commitment to the sustainable development of communities where we operate.

The interdependency of our operating performance and sustainability programs has never been clearer. We are pleased to report major advancements in implementing the International Council on Mining & Metals (ICMM) Sustainable Development Framework during 2009, including establishment of our Sustainable Development Risk Register process. This tool has aided us in prioritizing health and safety, social, and environmental risks to better direct resources to areas of greatest impact.

Safety risks are identified on the sustainable development risk registers at all of our operations, and a central focus of our safety management efforts is to ensure ample resources are directed at mitigation of hazards. In 2009 our Total Recordable Incident Rate improved 40 percent over the prior year, yet our progress was overshadowed by three fatalities. We have reviewed the circumstances surrounding these fatalities, as we do with all safety incidents, so that we can understand how they occurred and determine if we can make improvements systematically and continually.

We also formalized our adherence to the standards of the ICMM Fatality Prevention Initiative, which includes a process to communicate lessons learned from safety incidents and near misses. Adherence to these standards for reporting safety planning and performance indicators to senior management will better assist us in leading the effort to protect employees.

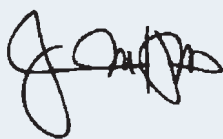
We operate in some regions of the globe that have civil, political and socio-economic strife. This fact was tragically brought to the forefront on July 11, 2009 when one of our employees was shot and fatally wounded along the road leading to our mining and milling operations in Indonesia. Subsequent to this event, there have been additional shootings along this roadway resulting in the deaths of a security contractor and local policeman as well as additional injuries to employees, contractors and security personnel. In an unrelated incident, two of our executives were injured in terrorist bombings at Jakarta hotels in July.

Indonesian police and military are providing security and leading investigations of the shootings. As investigations continue, we have implemented increased security measures including transportation restrictions and convoy procedures. We have increased human rights training and monitoring efforts with our employees, contractors, and host country forces. In addition, we have conducted extensive interviews within local communities to understand the dynamics that may have been related to these incidents. All of these security matters are coordinated closely with central, provincial and local government officials and appear to be effective in preventing these troubling occurrences.

In 2009, we invested over \$180 million in communities, from projects such as supporting local Papuan farmers to grow and market premium coffee to purchasing modern medical equipment for local health centers in Peru and the Democratic Republic of Congo. We also revised our social investment criteria to prioritize programs that support sustainable development and partnerships. We want to be a catalyst for development and assist communities and governments to meet needs they identify. For example, we funded urban planning experts to work with the local government to develop a growth management plan for the rapidly expanding community of Fungurume near our mining project in the Democratic Republic of Congo. This plan serves as a blueprint for local stakeholders in shaping the future growth and development of the community.

We commend our entire workforce for their extraordinary accomplishments and efforts in addressing our key sustainability issues during the year. While we are proud of the economic, environmental, and social progress that has been achieved, we want to be better. This is the premise of our journey toward sustainable development.

In this report, you will find discussions ranging from tailings management to how we approach epidemics of serious disease in local communities. We also report performance against an initial set of sustainability targets and introduce seven additional targets, including development of a carbon offset project in Papua, Indonesia. We hope you find value in this summary of our sustainability performance and your feedback would be greatly appreciated.



James R. Moffett
Chairman of the Board



Richard C. Adkerson
President and
Chief Executive Officer

May 28, 2010



Company sponsored community greenhouse near the Cerro Verde mine in Peru

OUR APPROACH IN WORKING TOWARD SUSTAINABLE DEVELOPMENT

To provide essential raw materials to current and future generations, we must leverage our operating expertise, technologies, and supply chains. We also must engage stakeholders and make good decisions throughout a project's life cycle to maximize near-term and long-term opportunities. These concepts underpin how we are integrating sustainability into our business strategy.

The foundation for all that we do is based on the core values illustrated in our Principles of Business Conduct. We operate in some of the most challenging regions of the world. Despite changing factors, we uphold our commitments as stated in our business objectives, principles, and policies. We also implement initiatives such as the ICMM Sustainable Development Framework which is based on global best practice.

Stakeholder Engagement

We work closely with individuals, governments, non-governmental organizations (NGOs), and business partners to meet society's needs today and plan for the needs of tomorrow. As mentioned throughout this report, our stakeholders have varying levels of interest in and degrees of influence over issues related to sustainability. We engage locally through community panels and boards, regular meetings, workshops, and presentations. Some of these exchanges are part of ongoing agreements and partnerships; others are new opportunities to explore key issues or concerns. Our Sustainable Development department also responds to a range of inquiries received via mail, the internet, telephone and face-to-face meetings.

Communities are the focal point for external engagement activities since the success of our operations heavily depends on an understanding of the social environment in which we operate. Implementation of the Environmental and Social Impact Assessment process prior to new projects and expansions helps identify and prioritize local stakeholders. Communities are dynamic and through periodic monitoring we identify changes and update our community engagement mechanisms, agreements, and partnerships. We ensure that communities, whether urban or rural, are kept apprised of our activities and have access to a range of methods to communicate with Company representatives. To improve this process, we have introduced company-wide guidance for managing community grievances, and we are rolling out a grievance recording and tracking system at all of our operating sites.

Working with diverse groups is an important component of our sustainability programs as we evaluate, address, and report on a range of stakeholder interests and concerns. For example, we regularly meet with socially responsible investors and analysts on topics ranging from climate change to human rights. These meetings often include direct participation of our senior management. Through these engagements, we receive constructive comments on our programs and valuable feedback on draft policies and guidance documents such as with our Human Rights Policy updated in 2009.

Materiality

During 2009, we transitioned to a formal management system to identify material sustainability issues at our operations. Our new Sustainable Development Risk Register facilitates identification of key risks and opportunities across the environmental, social and economic spectrum.

The range of topics we assess is defined by a systematic evaluation of their importance to our business and to internal and external stakeholders. To be inclusive in this process, we consider feedback from our day-to-day engagement processes, emerging regulations, industry best practice, and trends tracked by the media, NGOs, and researchers. We also evaluate information requests from socially responsible investors. Our challenge is to acknowledge the evolving concerns of external parties.

The Sustainable Development Risk Register is a powerful tool for evaluating conditions at the local level that require unique approaches, as well as more global challenges which may warrant action based on common standards.

On page 7, we outline key sustainability challenges that we face today.

Key Sustainability Challenges <i>(in alphabetical order)</i>		Page Reference
Artisanal Mining	Artisanal miners often work in unsafe areas and their activities can create health, safety and environmental risks. Rising metals prices correlate directly with increases of artisanal miners. An estimated 10,000 illegal artisanal miners pan for gold in the Otomona river system near our PT Freeport Indonesia operations. In 2009, there was also an increased presence of illegal miners within the Tenke Fungurume Mining concession in the Democratic Republic of Congo (DRC).	27
Climate Change	Climate change can pose risks associated with increased raw materials and energy costs, new regulatory requirements, and proposed legislation. Increased product demand may be an opportunity associated with climate change, particularly for copper which is used in highly-efficient energy systems.	31
Community Engagement and Development	We work with governments to provide assistance to local communities facing social challenges in the areas of health, education, and economic development. By providing assistance we risk community dependence on our operations, especially where local governments have limited social service capabilities.	20
Human Resources	Labor relations, demand for jobs, and workforce training are topics of focus at certain of our operations, particularly at Tenke Fungurume Mining in the DRC. This copper and cobalt mining operation is in an area of the world where economic opportunities are still limited to a relatively small segment of the population. Expectations can exceed the realities of the workforce size that the mine is capable of supporting.	12
Human Rights	We seek to promote human rights awareness, recognition and respect, and provide mechanisms for reporting grievances wherever we operate. At operations where we have identified greater human rights risks or potential for violence, such as in Indonesia and the DRC, we implement additional training and socialization of the Voluntary Principles on Security and Human Rights.	17
Occupational Health and Safety	Hardrock mining is an industry with inherent safety hazards. We are working continuously to eliminate fatalities and constantly improve our safety performance across all of our operations.	15
Political Risk	Some of our operations are based in developing countries where the potential for corruption exists. We have developed programs designed to ensure compliance with our own policies as well as all applicable laws. In addition, risks associated with political and social unrest may impact our operations.	19
Public Health	We operate in areas where communicable diseases are prevalent and local health care is inadequate. These diseases pose risks to the health of community members and our workforce. We are continuing a long history of supporting and enhancing the capacity of government health programs and preventative care.	23
Security	Shootings have occurred along the road leading to our mining and milling operations in Indonesia. Three fatalities and additional injuries have resulted from these incidents.	18
Tailings Management	Tailings are a large volume processing waste generated at our mining operations. Environmental impacts can be associated with stability of containment facilities, potential spills, water quality and dust. We are identifying opportunities to use tailings for constructing roads, manufacturing building blocks, and supporting agricultural and forestry projects, as well as other infrastructure development programs.	38
Water Quality	We allocate significant resources to manage water quality issues that may, over the short- and long-term, negatively affect operations or impact stakeholders.	33
Water Supply	Our operations use large volumes of water. We try to balance our water usage with competing uses in the community such as agricultural production. Using water efficiently and maintaining adequate sources is a long-term sustainability challenge.	33

Standards, Principles, and Initiatives in which we follow or participate

- Carbon Disclosure Project (CDP)
- Extractive Industries Transparency Initiative (EITI)
- Global Reporting Initiative (GRI)
- International Council on Mining & Metals (ICMM) Sustainable Development Framework
- International Labor Organization (ILO)
- International Organization for Standardization (ISO) 14001
- Occupational Health and Safety Assessment Series (OHSAS) 18001
- Universal Declaration of Human Rights
- United Nations Millennium Development Goals
- Voluntary Principles on Security and Human Rights

Governance and Accountability

The Freeport-McMoRan Board of Directors provides leadership and oversight to all that we do, including achieving our financial objectives so that the business itself is sustainable. The majority of our Board members are independent, including the chairpersons of our four standing committees.

In 1995 our Board of Directors established the Public Policy Committee (PPC) which oversees the Company's sustainable development programs. The PPC reviews our environmental, health and safety, human rights, and community policies and programs and delivers regular reports of its activities to the full Board of Directors. Company employees and consultants regularly present to the PPC topics related to sustainability challenges, key performance data, and emerging issues.

Our commitments are set forth in compulsory, company-wide policies which are aligned with the ICMM 10 Sustainable Development Principles. Employee and contractor adherence to these policies and our overarching Principles of Business Conduct is mandatory.

The Freeport-McMoRan Sustainable Development department provides guidance and technical support to projects, operations and business functions as our sustainability programs and practices continue to evolve. This department, led by a Company Vice President, reports to the Executive Vice President and Chief Administrative Officer and involves direct participation by the entire senior management team, including our Chairman and Chief Executive. Each operation has appointed "sustainable development leaders" who facilitate multi-departmental implementation of best practices at the local level in close coordination with our Sustainable Development department.

Performance Targets

Establishing company-wide targets creates an awareness of key industry issues that we are addressing and promotes sharing of leading practices beyond the local boundaries of a site's Environmental Management System or Community Engagement Plan. **On pages 9 and 10, we describe progress against our first targets set in 2009 and introduce seven additional targets.**

Freeport-McMoRan's 2010 business plans maintain the same focus as reported for 2009. Our performance targets are based on the copper, molybdenum, and gold sales and operating cash flow guidance provided to shareholders in our first quarter 2010 earnings release. These production and financial goals are subject to change based on market conditions.



Sustainable Development Targets

Target	2009 Status	Performance Description	Year-end Scheduled Completion Date
Environment			
Incur zero significant environmental events (rating of 3 or higher on Sustainable Development Risk Register)	●	We did not incur a significant consequence environmental event. We did have 26 spills or releases that were reportable to agencies based on applicable regulations.	Annually Recurring
Incur zero penalties > \$100,000	X	We settled two penalties for events prior to the reporting period that exceeded \$100,000. We paid a total of \$493,000 in penalties to various United States environmental regulatory agencies.	Annually Recurring
Complete scheduled remediation work	◐	The most significant work in 2009 took place at 12 projects including several former copper or lead/zinc smelters in Arizona and Oklahoma. We completed approximately 50 percent of our targeted work at these sites (measured by actual costs versus budgets), with regulatory/negotiations delays being a primary factor impeding our progress.	Annually Recurring
Complete scheduled reclamation work	◐	We completed approximately 80 percent of our scheduled work as discretionary projects were slowed down in response to economic conditions.	Annually Recurring
Engage key business partners to identify materials stewardship opportunities in the value chain			Annually Recurring
Implement a water management/conservation plan for all active mining and smelting operations	◑	Our Water Task Force is facilitating the development of a company-wide framework for water management and conservation. Implementation of site-level plans, in accordance with the framework, is being scheduled on a priority basis using our Sustainable Development Risk Register.	2010
Implement an energy efficiency/energy conservation plan at all active mining operations	◑	Implementation of site-level plans is being scheduled on a priority basis using our Sustainable Development Risk Register.	2010
For sites with direct CO ₂ -e (carbon dioxide equivalents) emissions exceeding 100,000 metric tons per year, prepare a GHG emissions plan that optimizes fuel-related emissions with long-term mine production plans	◑	In 2009, ten operations had direct CO ₂ -e emissions greater than 100,000 metric tons. Our GHG Task Force is leading engagement with suppliers, technical staff, and mine planners to assist these sites in a coordinated planning effort to identify near-term implementable actions.	2010
Develop a plan to achieve beneficial and sustainable reuse of tailings material at two sites	◑	PT Freeport Indonesia developed an action plan to advance beneficial use of tailings. We have conducted numerous technical studies in the southwestern United States in support of additional applications.	2010
Prepare a biodiversity inventory (by the end of 2010) and land management plan for all active mining operations	◑	A Task Force has been established to promote best practices in biodiversity across our mining operations.	2011
Establish two renewable energy facilities on mining-related property	◑	Multiple renewable energy projects, primarily based on photovoltaic solar technology, are in the concept or development stages.	2014
Identify (by the end of 2011) and implement one material carbon offset mitigation project in Papua, Indonesia			2016
Safety			
Incur zero fatalities	X	We incurred three workplace fatalities.	Annually Recurring
Meet company-wide Total Recordable Incident Rate (TRIR)	●	Our overall TRIR improved 40 percent compared to 2008, exceeding our company-wide target. Five of six divisional TRIR targets were met.	Annually Recurring
Social			
Incur zero human rights transgressions	●	We are not aware of any employees or contractors of Freeport-McMoRan and its affiliates committing any material human rights transgressions. However, several allegations were reported and investigated during 2009.	Annually Recurring
Invest (in aggregate) one percent of the average of the previous three years annual revenue, as reported in Freeport-McMoRan's audited consolidated financial statements, in community programs, including in-kind support and administration	●	In 2009, over \$180 million was invested in community programs across our operations, which exceeded our target. This amount includes all mitigation and program administration costs, as well as community funds committed in the 2009 fiscal year.	Annually Recurring

● = Achieved X = Not achieved ◐ = Partially met - in progress ◑ = On track

Targets introduced in 2010

Target	2009 Status	Performance Description	Year-end Scheduled Completion Date
Social (continued)			
Develop company-wide criteria for social/development program investments that facilitate community sustainability and capacity-building	●	Company-wide community investment criteria were developed in 2009 and training on adherence will occur through 2010.	2009
Develop five-year Community Development and Engagement Action Plans at all active mining operations	●	All active mining operations now have five-year Community Development and Engagement Action Plans in place which will be updated annually.	2009
Train 90 percent of management and 25 percent of non-management employees in the Freeport-McMoRan Principles of Business Conduct, which includes anti-corruption policies	●	Over 97 percent of management-level employees received training in the Principles of Business Conduct. As of March 2010, over 40 percent of non-management employees received training.	2009
Establish, implement, and maintain systems for recording, processing, and responding to community grievances at all active mine operations	➡	A formal community grievance procedure has been developed and is being rolled-out to all active mining operations.	2010
Train 70 percent of non-management employees in our Principles of Business Conduct, which includes anti-corruption policies			2010
Conduct a comprehensive baseline assessment on artisanal mining in our project area in Indonesia in cooperation with host governments and community stakeholders			2011
Develop community guidelines for exploration projects			2011
Prepare a Native American engagement plan for operations in the United States			2011
Increase the percentage of women in our workforce, including representation in managerial roles, to 15 percent			2014
Human Rights			
Train all new security employees directly employed at our operations in Indonesia and the DRC on the Company's Human Rights Policy and procedures	●	All new security personnel (employees and contractors) received training on human rights in Indonesia and the DRC.	Annually Recurring
Implement the new Company Human Rights Policy and provide ongoing training for international operations	●	The revised Human Rights Policy was included in Principles of Business Conduct training materials and rolled-out to all operations via internal communications channels and in-person communications forums at operations.	2009
Adopt site-specific human rights policies, designate site-based Human Rights Compliance Officers, and proactively communicate with host government security forces on human rights at all active foreign mining operations	◐	PT Freeport Indonesia has a human rights policy in place and new policies were adopted for our operations in Peru and the DRC. A human rights policy has been drafted for our operations in Chile which is expected to be adopted in 2010. Human Rights Compliance Officers are designated in Indonesia and Peru. A senior manager is handling compliance management in the DRC until a full-time employee is recruited for the position. Communications on human rights with government security forces were conducted in Indonesia and the DRC where there is the highest risk and a presence of host country security personnel at or near our operations.	2009
Economic			
Publish payments to host governments at all active foreign mining operations in support of the Extractive Industries Transparency Initiative (EITI)	●	We publish all material payments to every country in which we operate. We also support EITI and participate in its implementation in the DRC and Peru, which are candidate countries. We are also encouraging Indonesia's participation in EITI.	Annually Recurring
Develop a supply chain system and procedures across the enterprise to prioritize/ensure sourcing among local suppliers whenever possible	◐	Our global supply policy now specifically encourages business with local suppliers when basic criteria are met. We have increased emphasis on outreach to local suppliers in all regions and improved coordination with social development efforts to establish programs for entrepreneurs.	2009
Complete new third-party studies with improved methodology to evaluate direct and indirect economic impacts of all mining operations at the local/regional/country level	◐	New economic impact studies are underway or completed for operations in North America, Peru, and Indonesia. A study is scheduled for our Chile operations in 2010 and timing for a study in the DRC is under review.	2009

● = Achieved X = Not achieved ◐ = Partially met - in progress ➡ = On track

Targets introduced in 2010



Finding mineral resources and bringing essential metals to the global economy is a challenging prospect requiring experience, skill and a commitment to responsibility. As societies advance and people seek new horizons, our challenge is to provide metals that support economic and social development while improving our overall contribution to sustainable development. We accept the challenge.

Tenke Fungurume Mining concession, Democratic Republic of Congo

Employees

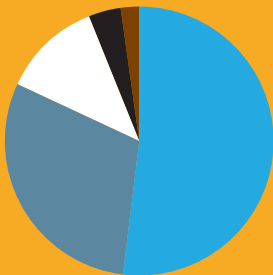
as of December 31, 2009



- 41% Indonesia
- 30% North America
- 16% South America
- 10% Africa
- 3% Europe/Other

Contractors

as of December 31, 2009



- 52% Indonesia
- 30% South America
- 12% Africa
- 4% North America
- 2% Europe/Other



Underground mining technicians working at the Henderson mine in Colorado - the largest primary producer of molybdenum in the world

OUR WORKFORCE

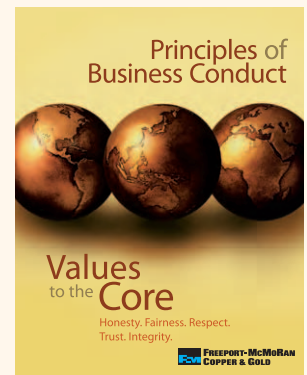
Our workforce of approximately 28,400 employees and over 16,500 contractors drives productivity at Freeport-McMoRan. Attracting and developing talent at all levels is the only way we can sustain our competitive advantage. We benefit by employing people who are engaged and invested in our success.

Our Principles

We are committed to the highest level of ethical conduct as detailed in the Freeport-McMoRan Principles of Business Conduct (PBC). It sets forth a global system of shared values and principles that employees must follow in all work activities - from avoiding conflicts of interest to guaranteeing an all-inclusive work culture based on fairness and respect.

Managers and supervisors are accountable for ensuring that all employees understand these principles and all applicable policies, procedures, and laws pertaining to their work. In 2009, 97 percent of managers within the Company received direct training on the PBC.

The PBC provides mechanisms for communicating concerns, including anonymous reporting through our compliance system. Reports made through the Compliance Line during 2009 represented a range of topics including employee workplace conduct, environment, health, safety and security, protecting Company assets, conflicts of interest, falsification of documents and fraud. All reports are investigated and, if substantiated, appropriate disciplinary action is taken, up to and including termination of employment.





In 2009, PT Freeport Indonesia provided two million hours of technical training for pre-apprentices and apprentices from local communities. Hundreds of Papuans are obtaining mining skills for potential careers in the Company's expanding underground operations.

Training and Development

We view skills development and leadership as critical to our success and dedicate significant time and resources to improve competencies of our employees. Training plans are developed for most personnel both at operational and supervisory levels. This includes job-specific training and broader training so that we can fill available positions in our workforce and provide career development opportunities.

We have adopted a Situational Leadership management course for building leadership and communication skills in our workforce. Since 2008, approximately 1,000 employees have participated in this course in North America, and it is being introduced to other operating locations in 2010.

In addition to technical training, we provide employees with other continuing education benefits through tuition reimbursement programs. We also maintain a merit scholarship program for the children of employees.

Professional development workshop for Community Relations department supervisory staff at the Tenke Fungurume Mining operation in the DRC



MBA Program Takes Root at Indonesian Mining Operations

PT Freeport Indonesia, through Nemangkawi Mining Institute and in cooperation with Bandung Institute of Technology School of Business Management, launched the second Master of Business Administration class for employees at the Grasberg operation. To prepare for career advancement opportunities, students in the two-year program will take courses including Operations Management, Business Strategy, Financial and Managerial Accounting, Project Management and Business Ethics. In August 2009, 40 participants celebrated the start of the program's second class at an opening ceremony in Papua Province.

Demobilization of Construction Workforce Requires Focused Communications

In 2009, with the planned completion of the construction of the Tenke Fungurume Mining project's first phase, over 4,000 national contractor and subcontractor employees' work assignments were concluded. The demobilization occurred during a global economic downturn and during the closure of many mines in the DRC and the Katanga Province, thereby increasing the economic impact. Though the reduction in workforce was communicated at the start of the project, the Company anticipated problems and grievances from affected workers.

To manage the worker demobilization and help reduce misinformation, Tenke Fungurume Mining Human Resources, Social and Security departments held regular meetings with each of the Company's union representatives (or workers' representatives) to communicate the operational changes and the process by which the workforce demobilization would be implemented. Several worker demonstrations occurred during this period. However, Tenke Fungurume Mining responded promptly and continued engagement with all parties, including local authorities, to discuss and resolve any grievances.

The operation also implemented a number of meetings with community stakeholder groups to help them understand why the demobilization was being conducted and the process being followed. Opportunities were identified, whenever possible, for DRC national employees, depending on their qualifications, to be hired directly by Tenke Fungurume Mining for its operations phase.

Diversity and Local Hiring

We operate in countries with populations of diverse ethnic, religious, and cultural backgrounds, and we encourage employees to respect and draw upon the talents of co-workers and others with whom we engage. Approximately nine percent of our employees are females who represent over 10 percent of the Company's managerial positions. We seek to increase the percentage of women in our workforce to 15 percent, with an equivalent representation in managerial roles, by 2014.

Finding ways to attract, develop, and retain a local workforce is important for both us and local communities. We are often the largest employer by far in the areas where we operate. When business conditions permit, we make efforts to hire locally – not just for laborers but for management and supervisory positions as well. This practice promotes understanding of local cultures and improves our workforce communications.

Our flagship operation, PT Freeport Indonesia, is located in the remote province of Papua, Indonesia. It is PT Freeport Indonesia's policy to provide hiring primacy to local Papuans when skill sets meet available open positions. In many cases, the Company provides training for prospective employees to develop a base set of skills before entrance into the workforce. Approximately 98 percent of PT Freeport Indonesia employees are Indonesian, and 30 percent are Papuans (an increase from 28 percent in 2008). At our Tenke Fungurume Mining operation, approximately 97 percent of employees are Congolese nationals.

Labor Relations

Freeport-McMoRan complies with the principles set forth by the International Labor Organization, including the International Labor Standards on freedom of association of employees and workers. Consistent with these standards, we recognize the right of employees to organize and form workers' associations that provide a foundation for effective collective bargaining and the efficient negotiation of appropriate working relationships. Approximately 45 percent of our worldwide employees are covered by collective bargaining agreements and we do not believe that the right to exercise freedom of association is at risk at any of our operations.

We work closely with labor representatives from 16 unions to discuss matters of importance and resolve issues. In 2009, PT Freeport Indonesia agreed to its 16th Collective Labor Agreement with the Indonesia Chemical, Energy, and Mining Workers Union Unit. In addition, our Candelaria operation in Chile agreed to a new four-year contract with its two labor unions. Together, these agreements represent over one quarter of our workforce.

We strictly prohibit forced, compulsory, or child labor. Our sites have established minimum age requirements for hiring permanent, full-time employees. In most cases that age is 18 even though local legal requirements may permit younger employees. Our policy on minimum hiring age is important at our operations with possible risks, such as the DRC, where there is a high demand for jobs and children are often employed in informal sectors of the economy.



Copper cathode production at the Cerro Verde operations, Peru

Health and Safety

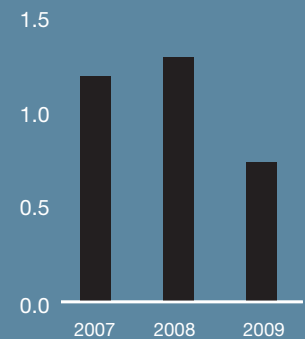
Nothing is more important than the health and safety of our workforce, our families, and our communities. Everyone is responsible for safety in our Company. Our approach is to continuously improve our performance through implementing robust management systems and providing adequate training, safety incentive, and occupational health programs in-line with our Safety and Health Policy.

At the direction of our Board of Directors, all operations conduct third-party health and safety audits at least every two years. The purpose of these audits is to verify to the Board that occupational safety and health programs provide continuous performance improvement. These audits can include key leading indicators of performance such as assessments of safety culture. To focus on specific hazards or on operations performing below targets, we conduct internal safety audits and inspections.

Our 2009 Total Recordable Incident Rate (TRIR) was 0.74, significantly lower than the U.S. metal mining sector industry average of 2.6. Sadly, however, we lost two employees and a contractor to work-related fatalities. A contractor fatality resulted from a light vehicle coming into contact with a large dump truck at a levee road in PT Freeport Indonesia's project area. Another fatal incident occurred when a PT Freeport Indonesia employee was struck by a dislodged rock from a topsoil debris avalanche near an administrative work area. In the United States, an employee died of a pulmonary embolism; a regulatory committee subsequently concluded that the death was due to post-surgery complications after a workplace knee injury. In each case, a full root-cause analysis was completed and specific remedial action plans have been implemented.

Along with industry peers, we participated in the ICMM Fatality Working Group to develop a model program focused on fatality prevention. This effort led to the publication of the ICMM document *Leadership Matters – The Elimination of Fatalities*, and in 2009 we launched our own Fatality Prevention Initiative based on principles of this work. Core elements of the program include a focus on management of potential fatal risks and aggressive communications activities driven directly by senior management.

Total Recordable Incident Rate (including contractors)



$$\text{TRIR} = \frac{[(\text{Fatalities} + \text{Lost Time Incidents} + \text{Restricted Duty Incidents} + \text{Medical Treatment} + \text{Occupational Illness Incidents}) \times 200,000]}{\text{Total Hours Worked}}$$

A Focus on Fatigue Detection

Fatigue is a precursor to potential accidents in the workplace and a major area of focus at our Company. In 2009, our operations in Safford, Arizona began piloting a fully-automatic awareness and fatigue warning device that helps drivers avoid reaching dangerous levels of fatigue or distraction.

The technology measures eyelid closure and head movement to monitor the driver's level of tiredness and attentiveness. If an unsafe level of fatigue or distraction occurs, the sensor sounds an audible warning and the driver's seat will vibrate, helping to reduce the likelihood of a workplace accident. Real-time warnings are also provided to mine supervisors who can work with the driver on methods to reduce fatigue levels. Initial tests have proven effective and we are deploying this technology to our other operations to help reduce safety risks in the workplace.

Emergency Response Group Continues Its Winning Ways

For the second year in a row, PT Freeport Indonesia's Emergency Response Group (ERG) succeeded in winning the Indonesia Fire & Rescue Challenge, held in July 2009.

Additionally, six members of the PT Freeport Indonesia ERG received service wings from the National Search and Rescue Board for their role in the search and rescue operation of the downed Pilatus Porter plane in April 2009. After a pinning ceremony, PT Freeport Indonesia's Manager of Safety & Industrial Health, Solihin, stated, "What the team has done is in line with PT Freeport Indonesia's commitment to contribute and give back to the community. The ERG team continuously improves upon their professionalism."

During 2009, we launched a new Health & Safety Management System (HSMS) designed to provide a risk-based framework for managing safety in the workplace based on inventorying high hazard tasks and potentially fatal events. Utilizing risk controls, we are improving workplaces and work practices through design, engineering, and administrative controls in preference to the use of personal protective equipment. An improved centralized reporting system helps us promote shared learning, including prompt and widely disseminated communications on potentially fatal events.

The new HSMS complements ongoing implementation of the Occupational Health and Safety Assessment Series, or OHSAS 18001-2007 standards at our operations. Although some sites are currently certified to these standards, we launched a project to improve the rigor of each system. To promote uniformity and reliability, we engaged an internationally accredited entity to conduct certification of every operation's safety system under OHSAS standards.

All operating locations have plans to control, at the source, any existing potential toxic exposures that would approach exposure limits without the use of personal protective equipment. We introduced a new Industrial Hygiene Field Guide in 2009 to standardize the approach of recognizing, evaluating, and controlling exposures in the workplace. Our industrial hygienists are utilizing rigorous sampling protocols to assess exposure of workforce members to potential contaminants. Exposures of interest can be chemical, biological, or physical in nature and include sulphuric acid, metals, dusts, noise, vibration, and gases. We are implementing a new Materials Safety Data Sheet management system to ensure consistent reporting of potential chemical hazards.

We recorded nine occupational illness events in 2009, seven more than recorded in 2008. Five cases relate to heat exposure and two relate to contact dermatitis. We also recorded one case of exposure to fumes and one case of repetitive trauma. Safety and health specialists have conducted a job safety analysis in each case to promote recognition of hazards that can result in occupational illness.

Emergency Response

Emergency preparedness and response is a fundamental component of site safety program activities. All operations maintain Crisis Management Plans which incorporate procedures for responding to incidents such as injuries, illness, chemical spills, fires, and security situations. Also included are response plans to crisis events that may have an impact on a large area, including potential for loss of life. We coordinate with local governments to prepare a range of response scenarios and conduct mock drills to plan for protection of workforce, community members, and the environment in the case of an emergency.

PT Freeport Indonesia's Emergency Response Group (ERG) frequently provides professional emergency assistance beyond the borders of its project area. In September 2009, two earthquakes hit West Java and West Sumatra, killing over eighty people and displacing thousands. Shortly following the disasters, the team arrived to assist in evacuation and search and rescue. The team also provided aid in the form of clothing, food, and water as well as the mobilization of medical teams to victims. In recent years, the ERG has received numerous awards for such efforts, including forty-five medals and trophies from national competitions.



PT Freeport Indonesia ERG participates in search and rescue operations following a major earthquake in Padang, West Sumatra, Indonesia

HUMAN RIGHTS

Freeport-McMoRan does not tolerate human rights transgressions. We conduct our global operations in a manner consistent with the Universal Declaration of Human Rights and are a signatory to, and active participant in, the Voluntary Principles on Security and Human Rights. We take extra steps to promote human rights at those sites with higher risks, such as our operations in Indonesia and the DRC.

The Freeport-McMoRan Human Rights Policy, compulsory for all operations and contractors, requires fair treatment and work conditions for all employees, including rights to freedom of association and collective bargaining, and prohibits forced, compulsory, and child labor. We do not tolerate any form of retaliation against any individual who reports suspected violations.

Human Rights Compliance Officers are designated at all of our operations, except for Tenke Fungurume Mining, where a senior manager is handling compliance management until a full-time employee is recruited for the position. These human rights compliance officers ensure that reporting of any potential human rights violation is documented, investigated, and resolved in a timely fashion. Communication and training on the Company's Human Rights Policy is provided to employees, contractors and, where feasible, government security personnel to promote consistent implementation and awareness by all responsible parties.

Overseeing our human rights programs is an internationally recognized expert, Judge Gabrielle Kirk McDonald, who serves on the Iran-United States Claims Tribunal. Judge McDonald has been a distinguished civil rights attorney, United States federal judge and President of the International Criminal Tribunal for the former Yugoslavia. She serves as a Special Counsel on Human Rights and Advisory Director on the Board at Freeport-McMoRan.

We are not aware that any employees or contractors of Freeport-McMoRan or its affiliates committed any material human rights transgressions during 2009. However, 13 human rights allegations were reported by employees and contractors at PT Freeport Indonesia. These cases did not include any allegations of human rights transgressions committed by PT Freeport Indonesia personnel against the community; they were incidents against or among our employees. All cases were documented and investigated or are in the process of being investigated by PT Freeport Indonesia's Human Rights Compliance Officer or government authorities.

Implementing the Voluntary Principles on Security and Human Rights

In both Indonesia and the DRC, our Company has established Memoranda of Understanding (MOUs) with host country security forces. These MOUs detail the working relationship between the Company and public security personnel charged with protecting our project areas. In 2009, due to shootings that occurred along the road leading to our mine site in Indonesia, we took increased steps to promote the Voluntary Principles on Security and Human Rights with Indonesian security forces.

PT Freeport Indonesia requested that all members of the police and supporting military personnel assigned to provide security in its project area read and understand the Voluntary Principles and the PT Freeport Indonesia Human Rights Policy. These materials were distributed to over 1,150 Indonesian security personnel. In addition to this outreach, training on the PT Freeport Indonesia human rights program and the Voluntary Principles was provided to approximately 500 police and military personnel. For more information, please review our 2010 Voluntary Principles on Security and Human Rights Report on our web site.



Implementation of the Voluntary Principles on Security and Human Rights includes training of government security personnel assigned to the PT Freeport Indonesia project area in the province of Papua.

- *Freeport-McMoRan Copper & Gold Inc. Human Rights Policy*
- *Freeport-McMoRan Copper & Gold Inc. 2010 Voluntary Principles on Security and Human Rights Report*

Human Rights Training

During 2009, PT Freeport Indonesia conducted over 29,000 hours of training on the Company's Human Rights Policy, reaching 74 percent of employees and 52 percent of contractor personnel. This is an increase of over 9,000 training hours compared to 2008. All PT Freeport Indonesia security personnel and all private/third-party security contractors have received training. In addition, approximately 1,400 individuals representing community partner organizations, businesses, and host country police and armed forces personnel received human rights training.

At Tenke Fungurume Mining, our human rights program has initially focused on risks related to security, as the DRC has suffered from years of civil war and violent conflict. Training programs have focused on all security employees and contractors in line with the Voluntary Principles on Security and Human Rights. All new security employees at Tenke Fungurume Mining received human rights training (1,300 training hours completed in 2009).

We are currently developing human rights training programs for operations in South America and expanding our program in the DRC.

Security

We devote significant resources and managerial efforts to maintain plans and programs to provide secure working environments. Our unarmed internal security departments perform functions such as protecting Company facilities, monitoring shipments of Company supplies and products, assisting in traffic control, and aiding in emergency response operations.

PT Freeport Indonesia cooperates with the host government in its role of maintaining public order, upholding the rule of law, and protecting Company personnel and property. In addition to PT Freeport Indonesia's security team, which numbers approximately 800 employees (including administration and guard force), the police are assigned via a presidential decree to protect the Grasberg Mine site, which has been categorized as a national vital asset. Where invited by the police, the Indonesian military also may be deployed to provide additional security. Due to the security incidents experienced in 2009, a joint mission of police and military personnel were deployed and together numbered approximately 1,600 personnel in the PT Freeport Indonesia project and surrounding area.

PT Freeport Indonesia's share of support costs for government-provided security was \$10 million for 2009. This supplemental support consists of various infrastructure and other costs, such as food, housing, fuel, travel, vehicle repairs, allowances to cover incidental and administrative costs, and community assistance programs conducted by the military and police to promote harmony with local communities.

In the DRC, Tenke Fungurume Mining engages government security (Mines Police) assigned to assist with security matters at its concession area. Approximately 400 direct unarmed security personnel (including administration and guard force) and 84 Mines Police provide security for the mine site. Tenke Fungurume Mining provides food, housing, monetary allowances, and logistical support as well as direct payments to the government for the provision of the Mines Police assigned to the concession area. The total cost for this support, including in-kind support, totaled less than \$1 million in 2009. Tenke Fungurume Mining participates in monthly security coordination meetings with host country security personnel, other mining companies, and representatives from the United Nations to discuss security issues and concerns.

The Voluntary Principles on Security and Human Rights provide guidance for our approach to human rights and security. We include reference to the Voluntary Principles in our Memoranda of Understanding with host government security forces.

POLITICAL RISK AND CORRUPTION

Corruption is sometimes widespread in local systems and cultures near our operations, particularly in developing countries. Our Anti-Corruption Policy assists in ensuring compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) and other relevant anti-corruption laws, including local laws. Over the years, the Company has established control systems at our operations around the world in order to comply with the FCPA. Each year, our internal audit firm performs a company-wide, business risk assessment which includes the corruption risk factor. In addition, the Company conducts risk assessments for corruption in specific businesses or geographic regions.

Our anti-corruption guidelines assist individuals in the Company whose job duties are likely to lead to areas covered by the FCPA or other applicable anti-corruption laws. Furthermore, we maintain a tailored training program on anti-corruption policies and procedures. We targeted training for the Governmental Relations office of Tenke Fungurume Mining and the operational and administrative managers in our Jakarta office and Grasberg operations during 2009. In addition, anti-corruption training was also conducted for the Climax Molybdenum management team.

Transparency of Government Payments

Our payments to host governments via taxes, royalties, and other obligations are a significant contribution to national, regional, and local development. In 2009, these payments totaled approximately \$2.4 billion. Government funding allocation systems between central governments and local regions is often not transparent and thus the development benefits of our contributions to governments are not always apparent or realized.

In addition to specific Extractive Industry Transparency Initiative commitments, Freeport-McMoRan publicly reports payments made to governments (see table below). PT Freeport Indonesia has reported payments to the government of Indonesia since the Company began operating, and we have now expanded this practice for every country in which we conduct business.

2009 Cash Payments to Governments ⁽¹⁾

For the year ended December 31, 2009 (U.S. \$ millions)	U.S.	Chile	Peru	Indonesia	DRC	Other Countries ⁽²⁾	Total
Corporate Income Taxes (Refunds)	\$ (83)	\$ 80	\$ 207	\$ 798	\$ -	\$ 5	\$ 1,007
Withholding Taxes on Dividends Paid	-	133	22	216	-	-	371
Employee Payroll Taxes	218	13	18	41	33	13	336
Dividends	-	-	-	213	-	-	213
Royalties and Net Severance (or Net Proceeds) Taxes	15	31	-	128	3	-	177
Property Taxes	82	-	-	8	-	2	92
Customs Taxes, Value-Added Taxes, Peruvian Profit Sharing, Withholding Taxes and Other	17	26	75	7	95	16	236
Total	\$ 249	\$ 283	\$ 322	\$ 1,411	\$ 131	\$ 36	\$ 2,432

(1) This schedule reflects a voluntary effort by Freeport-McMoRan to capture its material cash payments to governments (net of refunds).

(2) Represents cash payments to governments by Freeport-McMoRan's other business groups (primarily its smelter operations in Spain) that are located outside of the countries where Freeport-McMoRan conducts its mining operations.



www.eitransparency.org

www.eitransparency.org/DR Congo

www.eitransparency.org/Peru

In 2008, we endorsed and committed to support the Extractive Industries Transparency Initiative (EITI). These principles and criteria require an international commitment for governments to disclose revenues and companies to disclose payments to governments to advance societal governance and accountability in countries where EITI agreements are in place.

We are an active member of the ICMM and adhere to its Transparency of Mineral Revenues position statement. ICMM supports EITI with an annual contribution of £190,000 GBP.

Peru and the DRC are candidate countries under EITI and, thus, our Cerro Verde and Tenke Fungurume Mining operations participate directly in the initiative. We have supported this process by reporting payments published in each of these countries' EITI reports. Indonesia has joined the EITI, and we work with multilateral donors, NGOs, and other companies to support the process, as well as provide voluntary publication of our payments to the Indonesian government.

Freeport-McMoRan Copper & Gold Inc.
Anti-Corruption Policy



New Mulumbu village, near the Tenke Fungurume Mining operations in the DRC

COMMUNITIES

Communities near our facilities are aware of the day-to-day impacts of our operations, both positive and negative. They have expectations about how we conduct our business and expect fair and honest treatment. Our Community Policy establishes that we conduct our activities in a manner that promotes positive and open relationships with communities, governments, and other stakeholders to support sustainable benefits. We apply this policy through programs and resources targeted at sustained quality-of-life improvements, including programs that benefit communities subsequent to mine closure.

For international projects and expansions, we conduct Environmental and Social Impact Assessments to identify potential project-related impacts from the outset and form a framework for developing mitigation plans. For issues such as community health at Tenke Fungurume Mining, we implemented broad demographic baselines as well as targeted disease studies. The framework for our development programs is formally included in five-year community plans established at all operating facilities in 2009. These plans consider community-identified needs and provide a system for corporate and local decision-making as well as tracking of social commitments and performance.

Our operations directly engage communities in many ways, from Community Partnership Panels in the United States to Community Liaison Officers who engage directly with local stakeholders on a daily basis. Common concerns raised during these engagements in 2009 related to the desire for direct and indirect economic opportunity, including employment and business or governmental revenues. Communities also engage us in dialogue about adverse environmental impacts of our operations, including dust, noise, vibrations and issues related to water supply and water quality.

In order to more effectively address community concerns, including those related to indigenous peoples' issues, in 2009 we developed a grievance management system that incorporates industry best practices. The system includes an online grievance database, appointment of a site community grievance officer, an assessment of community impacts, and a process for tracking responses and resolution of grievances. Implementation is occurring at all active operations in 2010 with the goal of improving our management of community grievances – both our response to issues as well as our ability to prevent minor issues from escalating into larger problems. The system will also allow us to better assess our performance in this area by monitoring trends and issues.

- *Freeport-McMoRan Copper & Gold Inc. Community Policy*
- *Tenke Fungurume Mining Environmental and Social Impact Assessment*



Community Investment

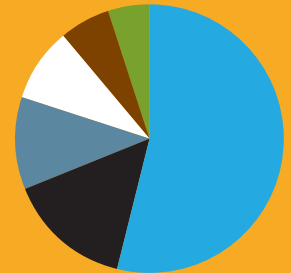
We aim to work in partnership to ensure long-term community capacity-building. This concept of integrated support aligned with community needs is the basis for our community investment decisions. In 2009, we developed company-wide guidelines for social investments to facilitate a more effective and consistent approach to community development. These guidelines ensure that our investments focus on increasing the long-term socio-economic capacity of communities beyond the life of our operations. We invested over \$180 million in projects and programs to promote sustainable communities in 2009.

Philanthropy and volunteerism are strongly supported at Freeport-McMoRan. Through the Freeport-McMoRan Foundation’s Matching Gifts Program, employees in the United States donated more than \$800,000 to non-profit organizations. As a result, an additional \$1.1 million was given to organizations chosen by our employees. Employees also contributed over 2,000 hours of time and talent toward environmental stewardship programs in communities as part of our annual Global Volunteer Month campaign in April 2009.



Sierrita employees participate in the Pima County, Arizona “Adopt a Roadway” program during Global Volunteer Month.

2009 Community Investment \$180 Million



- 54% Community Trust Funds ¹
- 15% Education & Training
- 11% Administration & Other ²
- 9% Safety, Health & Environment
- 6% Economic Development & Infrastructure
- 5% Resettlement ³

¹ Community Trust Funds (primarily directed by the community) include the Peru Voluntary Social Contribution Fund, PT Freeport Indonesia Partnership Fund for Community Development, the Amungme and Kamoro Trust Funds (Indonesia), and the Tenke Fungurume Mining Social Fund (DRC)

² Includes administration costs associated with the direct provision and management of social programs/ services

³ Associated with the Tenke Fungurume Resettlement Action Plan

Climax Molybdenum Funds Community Education and Leadership Center

Climax Molybdenum, through the Freeport-McMoRan Foundation, provided \$1 million for a new community education and leadership center on Colorado Mountain College's Timberline campus in Leadville, Colorado. This gift was the result of the Climax-area Community Partnership Panel, where Climax Molybdenum has been engaging with local stakeholders since 2008 to promote sustainability in the community.

The education and leadership center provides space for students and the greater Leadville community. An example of this is the use of the center by The National Mining Hall of Fame and Museum, which has partnered with Colorado Mountain College to host trade shows, professional conferences and corporate training events.

We have established community foundations or voluntary social funds in Indonesia, Peru, and the United States and ensure that communities and local governments have a direct voice in how these funds are invested. We are replicating this model through the development of a new foundation in the DRC that will be launched in 2010. In 2009, Atlantic Copper established a new foundation to guide social investment programs in Spain. Led by Atlantic Copper management and a cross-section of community leaders, the Foundation's initial focus is to provide scholarships to students who have the ability, but not the means, to complete higher levels of education.

Near our Safford and Morenci operations in southeast Arizona, we formed a pilot program with local community members to directly allocate Freeport-McMoRan social investment dollars. Known as the Graham County Community Investment Fund, the project is designed for local decision-making and effective prioritization of needs. Having community members directly engaged in social investment decisions has proven beneficial. With the successes of this pilot project, we plan to expand this social investment model to other communities near our operations.

In its first year, the Graham County Community Investment Fund distributed \$250,000 of Freeport-McMoRan Foundation funds to eight local organizations. Terry Cooper, County Manager and Fund member, described the value of the partnership by saying, "Freeport is a major contributor to Graham County in many ways. Through the creation of the Community Investment Fund, local community leaders have the opportunity to directly pinpoint contributions to needs that we are acutely aware of living here in Graham County. We appreciate the fact that Freeport trusts local community members to truly determine the best way to allocate the necessary funds to meet community needs for the long-term."

Members of the Graham County Community Investment Committee participate in a workshop with Freeport-McMoRan and the Arizona State University Lodestar Center for Philanthropy and Nonprofit Innovation to support the goal of investing funds in meaningful community projects.



Community leaders and Freeport-McMoRan representatives participate in the groundbreaking ceremony for the Climax Molybdenum Leadership Center at Colorado Mountain College's Timberline campus in Leadville, Colorado.





In 2009, the Cerro Verde Civil Association purchased new equipment for two operating rooms at the Regional Cancer Institute in Arequipa, Peru.

Public Health

We operate in many parts of the world with serious community health risks, including lack of clean water and sanitation, the presence of infectious diseases such as malaria and HIV/AIDS, and remote or rural areas that have limited access to health services. Under the direction of our Senior Vice President and Medical Director and in coordination with local governments and NGOs, we dedicate significant resources to helping communities and governments increase local health standards and reduce these risks. Healthier communities also have positive impacts for our workplace and employees.

Near our operations in Indonesia and the DRC, HIV/AIDS, tuberculosis, and malaria are devastating diseases impacting our employees, their families, and communities around the Company's areas of operation. Supported by the medical services provider, International SOS, both of these operations implement ongoing comprehensive programs to address disease through prevention, education, counseling and treatment.

In addition to these programs, PT Freeport Indonesia also contributes one percent of annual revenues to the PT Freeport Indonesia Partnership Fund for Community Development, which is managed by a local Papuan community organization known as the Amungme and Kamoro Community Development Organization (LPMK). In 2009, the LPMK contributed almost \$12 million to health care programs, including the operation of two community hospitals built by LPMK that provide subsidized care for the local community in Papua. LPMK also supports implementation of comprehensive public health programs, including programs targeting clean water, malaria, and mother and child health.

Addressing Malaria in the Democratic Republic of Congo

Tenke Fungurume Mining conducted a survey in 2007 which indicated a 77 percent malaria prevalence among school children (6-12 yrs) in communities near the area of operation. A baseline health survey conducted one year later confirmed high malaria infection levels with a prevalence of 55 percent among sampled children under five. The survey also indicated very low levels of community awareness about malaria transmission as well.

Based on these findings and in support of the DRC government's National Malaria Control Program strategy, Tenke Fungurume Mining partnered with the local government to implement an integrated malaria control program. The program elements include indoor residual spraying, distribution of insecticide-treated bed nets, improved diagnosis and treatment, and prevention awareness and education campaigns.

With program implementation, the malaria infection rate for the workforce was reduced by more than 62 percent when compared to the period prior to control measures being introduced. A follow-up malaria prevalence survey at local schools in 2009 also indicated an overall prevalence of 33 percent among school children. This represents a reduction of 57 percent in malaria-infection levels in the community compared to 2007.

Creating a healthier community is the fundamental building block for development, and Tenke Fungurume Mining seeks to maintain partnerships with the government and community to promote better health standards.



An important part of the malaria prevention program includes residual spraying of community infrastructure, such as new housing construction.

Community Rehabilitation Program Expands with New Headquarters

In 2009, El Abra funded a new headquarters for Hijos Estrella, a program providing rehabilitation services to community members with physical disabilities. Prior to establishment of the new facility, the center operated from a founding member's home with minimal space and equipment. Today, with increased capacity and additional medical resources, the program provides free treatments to approximately 150 community members.



Hijos Estrella Program, Calama, Chile



PT Freeport Indonesia supports comprehensive programs to address HIV/AIDS in the communities surrounding its operations through prevention education, counseling and treatment.

Some of our communities and employees were affected by the swine flu (H1N1) pandemic, and an employee at our Cerro Verde mine died after contracting H1N1 in 2009. In addition, according to World Health Organization testing standards, 18 individuals also tested positive in the Tenke Fungurume Mining project area. At both operations, steps were taken to increase education and awareness on sanitation, hygiene and illness prevention.

The community near our Tenke Fungurume Mining operation was also impacted by an outbreak of cholera in early 2009. We coordinated with the local government to provide emergency medical supplies, implementation of awareness campaigns on cholera prevention, as well as the installation of water tanks in high risk areas, which Tenke Fungurume Mining filled by trucking in clean water daily. Our health team also worked with the government and local partners throughout the year to focus on clean water and sanitation issues and to promote healthy behaviors that will decrease the future risk of a cholera outbreak.

In September 2009, Freeport-McMoRan funded \$1 million for the purchase of state-of-the-art equipment for the Biamba Marie Mutombo Hospital in Kinshasa, DRC, which is supported by the Dikembe Mutombo Foundation. Funds from this donation helped the hospital purchase a CT scanner, the first of its kind in the country, and will improve medical care for accident victims and patients suffering from strokes and other life-threatening conditions. The Biamba Marie Mutombo Hospital is one of the few health facilities in the DRC equipped with staff and resources to support this medical technology.

INDIGENOUS PEOPLES AND CULTURAL PRESERVATION

Indigenous peoples are key stakeholder groups, including the ethnic Papuans in Papua, Indonesia; Native Americans in the United States; and the communities of Alto Loa (Chile's First People) in Chile. Through community engagement, cultural preservation projects, and training and development programs we seek to address the needs, cultures and customs of indigenous peoples. For instance, through the development of an apprenticeship program in Indonesia, we increased Papuan employment over the past decade from 1,254 to 3,282 employees and trained approximately 1,000 indigenous Papuan apprentices in 2009.

In the United States we work with Native Americans on issues primarily related to water rights. We seek to engage tribes to better understand their concerns and explore opportunities to strengthen relationships and support each other. We are preparing a Native American Engagement Plan to guide these efforts.

The Cerro Verde Civil Association recently undertook a remodeling of the Selva Alegre Ecological Park in Arequipa, Peru (shown below). The remodeling included the construction of a lake and, when the digging commenced, it was discovered that the area contained ancient artifacts. Over 60 tombs were unearthed, two of which housed artifacts from pre-Inca and Inca civilizations. Peru's cultural institute is developing an onsite museum supported by the City of Arequipa and the Cerro Verde Civil Association to display discovered artifacts.

"Thanks to the support of the Cerro Verde Association and the city, this has become a major research work," said Franz Grupp, regional director of Peru's National Institute of Culture. "I think it is positive and beneficial to all for education, tourism and other items."



AMUNGME TRADITION AND CHANGE
IN THE HIGHLANDS OF PAPUA
KAL MULLER AND YUNUS OMABAK
PHOTOGRAPHED BY KAL MULLER

PT Freeport Indonesia has supported research and funded numerous programs to advance the body of knowledge of the indigenous people of the province of Papua, Indonesia. Amungme: Tradition and Change in the Highlands of Papua, written by scholar Kal Muller and Amungme community leader Yunus Omabak, is the latest Company-supported publication on the cultures of Papua.



Approximately 50 bowls, jugs and other containers found at the park were thought to be made between 900 AD and 1200 AD. Some of these items were made of copper.





The Mulu airstrip was constructed in Tsinga village as part of PT Freeport Indonesia's Tiga Desa (Three Villages) development program supporting the Amungme villages closest to the Grasberg operations. With no roads leading to this highland area, the airstrip provides increased access to goods and services. The airstrip also opens a new route for mountain climbers to access Puncak Jaya peak (the highest point between the Himalayas and the Andes), thereby increasing tourism-related economic opportunities in the highlands.

Land Rights

It is our policy to comply with host country laws regarding land and customary rights wherever we operate, from exploration to closure. In situations where community members report a claim or grievance regarding land or customary rights, we work with local authorities to investigate the claim and reach an agreement within the existing legal framework of the host government.

In Indonesia, PT Freeport Indonesia has received claims from local Papuan community members related to purported prior existing land rights associated with areas impacted by PT Freeport Indonesia's operations. The Company responds to claims for compensation from the original inhabitants of the impacted areas through a number of programs with the local community, including the establishment of Amungme and Kamoro Trust Funds for the life of the mine. Since 2001, we have contributed over \$27 million to these funds. In addition, we have established recognition projects with affected Amungme and Kamoro villages by providing infrastructure and community development assistance.

In 2009, PT Freeport Indonesia received grievances regarding increased sedimentation from mine tailings and natural sediment at specific locations in the Ajkwa Estuary. Specifically, sedimentation was reported as negatively impacting a waterway access route primarily used by coastal villages for travel to the urban town of Timika. The area affected is within the boundaries of the tailings management area approved by the Government of Indonesia. This sedimentation impact was identified in the PT Freeport Indonesia 1997 Environmental Impact Assessment (AMDAL), and PT Freeport Indonesia has committed in the AMDAL to mitigating these impacts by supporting the community with alternative transport routes. PT Freeport Indonesia is addressing the community's grievances and is commissioning a study to assess additional routes for coastal transport. Based on the findings, the Company will work with local stakeholders to implement sustainable transport alternatives.

The Kamoro tribe in Papua, Indonesia, resides in the coastal areas of PT Freeport Indonesia's project area. Many Kamoro, such as the man shown, have traditionally made a living from fishing. In partnership with the local Catholic Church, PT Freeport Indonesia has supported a cooperative for purchasing and transporting fresh fish catch to the market; these economic linkages have increased Kamoro household incomes.



ARTISANAL MINING

Artisanal mining often creates economic and social tensions between the local community and outside groups drawn to artisanal mining activities, as well as increased environmental, health and safety risks. Artisanal mining is a significant challenge for PT Freeport Indonesia, with thousands of illegal miners panning for gold in the Otomona river system within the Company's project area. Our approach to these risks is to engage with artisanal miners and authorities to increase awareness and dialogue on these complex issues. The ICMM recently published "Working together – how large-scale miners can engage with artisanal and small-scale miners", and we will use this guidance document to plan and conduct our continuing engagement efforts.

In 2007, a Panners Task Force was established, consisting of representatives from national, provincial and local government agencies; local security authorities; civil society; and PT Freeport Indonesia. The Panners Task Force's main objective is to work in cooperation with all parties on developing and managing activities related to artisanal mining, as well as maintaining clear lines of communication and positive dialogue with artisanal miners on issues such as health and disease, safety, and the dangers of mercury use. PT Freeport Indonesia continues to monitor for potential mercury use via routine environmental monitoring programs, and mercury has not been detected above natural background levels in the river ecosystem. The Company also maintains a continuous air mercury monitoring system in the town of Timika, and ambient air quality data show mercury levels to be less than typical urban environments. Key issues in 2009 also included communicating to artisanal miners about working in unstable areas with risks of landslides and drowning. PT Freeport Indonesia also works closely with provincial and local government authorities regarding the management of illegal settlements of artisanal miners in the Company's project area.

In addition to these efforts, we support economic development activities outside of artisanal mining. PT Freeport Indonesia implements a number of economic development programs supporting small and medium enterprise development, agri-business, and education and skills development. As long as artisanal mining remains profitable, it will continue to attract outsiders to the area. Continued cooperation with the government is critical for developing a long-term solution to these social and economic development challenges.

The presence of artisanal miners in the area which is now the Tenke Fungurume Mining concession is relatively new, dating to the boom in cobalt prices that began around the year 2000. The year 2009 saw a resurgence of the activity within the concession as metal prices recovered. At present, villages in the concession (approximately 8-10) that are proximate to surface mineralization host an unknown number of transient artisanal miners who work the nearby deposits. Tenke Fungurume Mining engages with authorities to stem illegal mining, including the installation of control measures at the entry and exit points of the concession to interdict shipments of illegal product.

Artisanal miners panning for gold in the Otomona river system within PT Freeport Indonesia's project area



RESETTLEMENT

Through feasibility studies and project planning processes, we avoid involuntary community resettlement whenever possible by evaluating practicable alternatives such as selecting project footprints with the least resettlement impacts and implementing community development strategies designed to stem project-induced population influx. In 2006, Tenke Fungurume Mining completed an Environmental and Social Impact Assessment that identified potential impacts to residents of Mulumbu Village due to the village's close proximity to the future mine and plant site. As a result, it was determined that the residents of Mulumbu Village would have to be resettled to avoid unacceptable risks related to air, noise, traffic, etc. In addition, two other villages were identified at risk from future phases of the project and thus were also determined as unavoidable for resettlement.

A specialized consultancy was hired to develop a Resettlement Action Plan (RAP) for the Tenke Fungurume Mining project in alignment with DRC law and the International Finance Corporation Performance Standards. The RAP was developed through numerous public consultation meetings with project-affected households and included community input on the location of the new villages, style of housing, and other support facilities and compensation for those affected.

In implementing the RAP, Tenke Fungurume Mining provided resettlement housing for 358 households and building materials for the remaining twenty-one households who elected to construct their own housing. In addition, in each village Tenke Fungurume Mining constructed an elementary school, clean water wells, and household latrines. In 2009, a health center was completed for the Kiboko/Amoni villages and another one was completed in Mulumbu. Over 750 individuals identified as economically displaced were provided with replacement farmland and livelihood restoration support activities.

Tenke Fungurume Mining hired a third party to conduct two audits of the RAP implementation. A consultant also was hired to conduct monitoring of economic impacts and livelihood restoration compared to the baseline survey. Results identified communities where livelihood restoration has been slower to progress and provided needed information to reassess activities and offer possible alternatives. One of these areas includes the village of Mpala, where the community selected a location with poorer-quality farmland. Alternatives for this community include improving farming techniques, skills development for individuals who do not have a background in farming (many of the Mpala community members were previously employed in artisanal mining), and other income-generation activities. In addition, Tenke Fungurume Mining also has taken into consideration the greater stress that resettlement places on vulnerable people, like the elderly or single-parent households, and the progress of these individuals is captured in the RAP database and included in ongoing project monitoring.



In implementing its Resettlement Action Plan, Tenke Fungurume Mining provided resettlement housing for over 350 households, constructed an elementary school, clean water wells, and sanitary facilities in each village.

Elementary school pictured (above) and housing (below) in the resettlement village of New Mulumbu





Women entrepreneurs in Fungurume, DRC, produce (geology sample) bags that are purchased by Tenke Fungurume Mining

ECONOMIC IMPACTS

Our operations have significant direct and indirect economic impacts for many of our stakeholders, particularly local communities. They contribute significant financial resources to host governments in the form of taxes, royalties, dividends, and fees. In addition, the wages of our large workforces promote secondary economic growth. Correspondingly, our operations purchase large quantities of goods and services, improve local infrastructure, and support meaningful social development projects.

The table below illustrates a summary of our key economic contributions by operating region during 2009.

For the year ended December 31, 2009 (U.S. \$ millions)	North America	South America	Indonesia	Europe	Africa	Corporate & Other ⁽¹⁾	Total
Revenues	\$ 4,082	\$ 3,839	\$ 5,908	\$ 1,892	\$ 389	\$(1,070)	\$15,040
Payments to suppliers	2,003	1,204	1,108	1,867	230	(864)	5,548
Economic value added	2,079	2,635	4,800	25	159	(206)	9,492
Employee wages and benefits	561	340	398	46	94	270	1,709
Payments to providers of capital:							
Dividends	-	908	2,283	-	-	(2,425) ⁽²⁾	766
Interest	1	2	16	5	55	490 ⁽³⁾	569
Payments to government ⁽⁴⁾	(83)	507	1,014	-	128	5	1,571
Community investment	17	31	104	-	16	12	180
Economic value retained	\$ 1,583	\$ 847	\$ 985	\$ (26)	\$(134)	\$ 1,442	\$ 4,697

Note: These amounts were derived primarily from Freeport-McMoRan's publicly reported segment data. For disclosure of Freeport-McMoRan's segment data in accordance with generally accepted accounting principles (GAAP), see pages 173-178 of our 2009 Form 10-K.

(1) Primarily reflects intercompany eliminations for purposes of presenting consolidated Freeport-McMoRan results in accordance with GAAP. Also includes parent company results.

(2) Includes elimination of dividends to the parent company totaling \$2.1 billion from Indonesian subsidiaries and \$588 million from South American subsidiaries.

(3) Primarily represents interest payments on corporate debt held by the parent company.

(4) Excludes employee payroll taxes, dividends, royalties, property taxes and certain other taxes which are included in revenues, payments to suppliers and dividends. See the table on page 19 for a summary of 2009 cash payments to (refunds from) governments.

Population Influx at Tenke Fungurume Mining

With the growth of the local Fungurume economy, nonresidents migrate to the area to look for jobs with Tenke Fungurume Mining or in other sectors supported by the presence of the mining project (retail, transport, etc). Population influx not only increases competition for jobs and resources but also creates a burden on limited government services and a greater demand on Tenke Fungurume Mining for employment and development programs.

Even though the local economic growth is positive, rapid population expansion can lead to more crowding of schools and put a strain on local health and sanitation facilities. Inadequate clean water and sanitation can result in the spread of infectious disease.

PT Freeport Indonesia assisted community members to start the Amungme Gold Coffee Company in Papua, supporting over 20 farmers with over 12,000 coffee trees. Amungme Gold operates a roasting and packaging facility in Timika and purchases green bean coffee from other Papuan coffee farmers.



Developing A Local Supply Chain in Africa

In the DRC, the lack of infrastructure and local materials for operating a modern mine creates challenges for our supply chain. The ability to foster local innovation and create new opportunities for Congolese businesses is an ongoing effort for Tenke Fungurume Mining. By identifying procurement needs and matching them with local development initiatives, we hope to increase local content in our supply of goods and services.

Tenke Fungurume Mining supports the development of small and medium enterprises (SMEs) through micro-credit, technical assistance, and technology transfer. In 2009, Tenke Fungurume Mining's SME program supported 20 locally-owned businesses, which in turn created employment opportunities for over 300 individuals.

In October 2009, approximately 200 suppliers from the DRC business community, as well as government and provincial Chamber of Commerce representatives, attended the first annual Tenke Fungurume Mining Supplier Summit. The event was designed for communicating best business practices and for local entrepreneurs to showcase goods and services. Tenke Fungurume Mining expects that continued work through SME programs and supplier forums will lead to an increase in local supply content and linkages.



El Abra supports a growing industrial laundry business run by women entrepreneurs in Chiu Chiu, an indigenous community near Calama, Chile.

Local Sourcing

We promote local sourcing of goods and services in areas where economic opportunities are not abundant. Our Global Supply Chain policy specifically encourages consideration of local suppliers when there is a benefit to the communities in which we do business and when standard purchasing criteria are met. In 2009, approximately 21 percent of our worldwide procurement expenditures were with local suppliers. We have also increased emphasis on relationship-building between our sourcing teams and community development activities to leverage existing economic development efforts.

La Tomilla II Water Treatment Plant Update

Cerro Verde, in a public-private partnership with several Peruvian government agencies, is facilitating an initiative to improve water reliability and quality for over 750,000 people in Arequipa, Peru. Through this partnership, Cerro Verde is financing the design and construction of a water treatment plant (La Tomilla II) and providing basic engineering studies for two wastewater treatment plants. To date, Cerro Verde has contributed \$48 million toward completion of La Tomilla II and committed an additional \$7 million in engineering support services to the overall clean water initiative.

The construction contract for La Tomilla II has been awarded to a consortium of Peruvian and international firms and final design and pre-construction is now underway. The water treatment system, slated to be operational in 2012, has been designed to accommodate population growth over the next 30 years. Freeport-McMoRan President and Chief Executive Officer Richard Adkerson is working with the Clinton Global Initiative to pursue additional funding for the partnership to advance the design and construction of the wastewater treatment plants.



Members of La Tomilla II engineering team

ENVIRONMENT

Our Environmental Policy is based on our objective to minimize environmental impacts using risk management strategies based on valid data and sound science. The policy also requires that we review and consider the environmental effects of exploration, mining, and processing and conduct the design, development, operation, and closure of projects in a manner that optimizes the economic use of resources. We set environmental objectives, enhance systems, and ensure that procedures are followed to implement this policy. During 2009, we incurred environmental capital expenditures and other environmental costs (including our joint venture partners' shares) of \$289 million for programs to comply with applicable laws and regulations that affect our facilities.

Climate Change and Energy

Recognizing that climate change may pose risks and opportunities for our Company, we established a multi-departmental task force to address these issues and evaluate associated business ramifications such as increased product demand, supply chain impacts, operational issues such as energy efficiency, and the effects of new regulatory requirements. From a medium- and long-term perspective, we are likely to incur an increase in costs for operations that emit significant amounts of greenhouse gases due to anticipated legislative or regulatory initiatives. The cost of electricity and fuels that we purchase may increase if suppliers incur increased costs from the regulation of their greenhouse gas emissions. We engage key suppliers to identify equipment improvements that can provide reductions in emissions and energy consumption while maintaining production efficiency. Since 2006, we have participated in the Carbon Disclosure Project (CDP), a voluntary initiative to promote standardized reporting of emissions and reduction efforts. Our CDP reports are available on our web site.

In 2009, our total greenhouse gas emissions, measured as carbon dioxide equivalent emissions (CO₂-e), were 8.7 million metric tons. These emissions resulted from fuel combustion in haul trucks and the combustion of fuels to provide energy for roasting, smelting, and other energy-intensive processes. Our total direct CO₂-e emissions and related direct energy consumption decreased 5 percent and 7 percent, respectively, from 2008. These reductions were primarily a result of revised operating plans and production curtailments as market conditions weakened.

Indirect emissions include the emissions of outside providers from whom we purchase electricity for use in our operations. In Peru and in Africa we primarily purchase power generated from hydroelectric sources. As power providers in other regions increase their generating capacity from renewable and alternative fuel sources, our indirect emissions will decrease. We are actively working with electric utilities in the United States that are under an obligation to increase the percentage of renewable energy in their production portfolios. In some cases, this includes leasing inactive mining properties to solar energy project developers who sell power to utilities with renewable mandates. We expect to exceed our target to establish two renewable energy facilities on our mining-related properties by 2014.



Our Cerro Verde operation's environmental education program "Viveros Uchumayo" has established community nurseries built from recycled materials. The nurseries provide agricultural education to local farmers and produce seedlings to be used in a variety of industries.

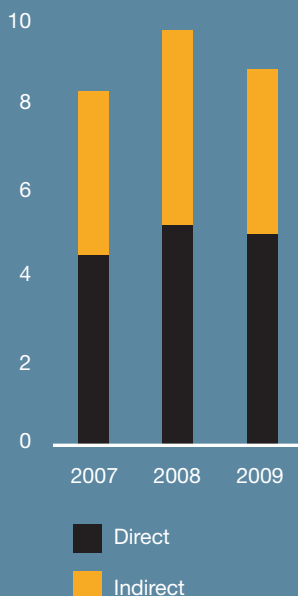


Installation of alternative anodes in the solution extraction and electrowinning (SX/EW) process at Chino Mines Company in New Mexico. Alternative anodes are a technology that can reduce energy consumed in the SX/EW process by 15 percent.

- [Freeport-McMoRan Copper & Gold Inc. Environmental Policy](#)
- [Carbon Disclosure Project reports](#)

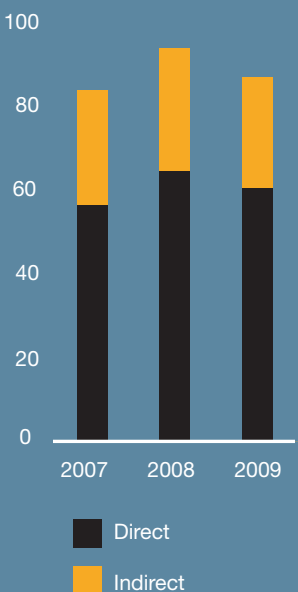
Total Carbon Dioxide Equivalent Emissions

(in million metric tons)



Energy Use

(in petajoules)



Our energy consumption and carbon dioxide equivalent emissions are directly correlated to changes in our mining production.

Additional indirect emissions, beyond those just described, may be generated as a consequence of the activities of our business, but originate from sources not owned or controlled by the Company. These emissions are related to commuting, air travel, and waste disposal; embodied emissions from extraction, production, and transportation of produced and purchased goods; and outsourced activities. We expect to quantify some of these emissions for the 2010 reporting year.

2009 Total Energy Use and Related CO₂-e Emissions

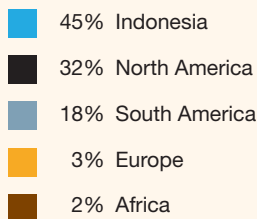
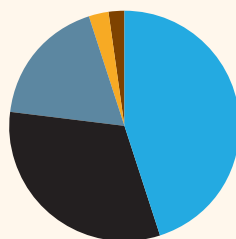
	Energy Consumed (in petajoules)	% of total	CO ₂ -e (in million metric tons)	% of total	
Direct Sources	Coal	21	24%	2.0	23%
	Liquid Hydrocarbons	33	39%	2.3	27%
	Gaseous Hydrocarbons	6	7%	0.3	3%
	Other*	0	0%	0.3	3%
Indirect Sources	Purchased Electricity	26	30%	3.8	44%
	Total	86	100%	8.7**	100%

* Includes CH₄, N₂O, HFC, SF₆ and CO₂ from process units

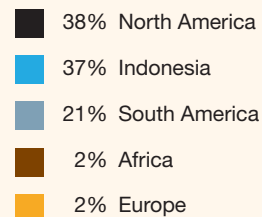
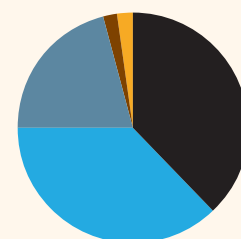
** Subsequent to filing its Form 10-K for the year ended December 31, 2009, Freeport-McMoRan Copper & Gold Inc. adjusted its CO₂-e emissions calculation, resulting in a slight decrease in total direct and indirect emissions in 2009.

We have established targets for all active mining operations to implement energy efficiency and conservation plans. Our Technology Center directs a development program to improve the overall efficiency of our mining and recovery processes. A significant portion of the Center's development work focuses on improving energy efficiency and reducing energy consumption, both of which lead to greenhouse gas reductions. For example, at certain sites we are deploying technologies to improve rock mass fragmentation, thereby using less energy to process ore in crushing and grinding circuits. Depending on market conditions, we typically invest \$20-\$50 million annually in expenditures for internal, industry and government research and development programs related to operational efficiencies.

2009 Energy Use by Region



2009 Carbon Dioxide Equivalent Emissions by Region



Climate Change and Water *

Continuation of our mining production is dependent on the availability of adequate water supplies. We used 621 million cubic meters of water in our operating processes in 2009, of which approximately 66 percent was recycled water. Since 2007, our overall water use, including recycled water, has remained relatively constant.

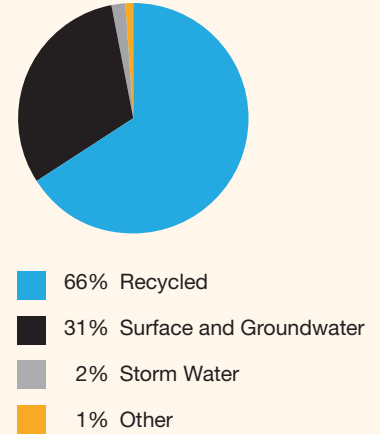
Cyclical weather changes and competing uses may, however, affect water availability and we are evaluating ways to use water more efficiently and develop contingency plans to ensure uninterrupted operations. In 2009, management formed an integrated task force to evaluate regulatory, social and operational risks regarding water management. This team is developing a framework for company-wide water management plans in accordance with our sustainability targets. Each plan will include tasks for improved water management based on detailed water balances and current and future demand analyses.

In South America, water for our mining operations at Candelaria and Ojos del Salado is drawn from the Copiapó River aquifer. Because of rapid depletion of this aquifer in recent years due primarily to agricultural production, ongoing studies are assessing the available long-term water supply at these sites and plans are in place to develop new supplementary water supplies. For example, construction is under way to convey treated effluent from a nearby sewage treatment plant to these operations. Planning is also in progress to construct both a desalination plant near the Pacific Ocean and a pipeline to convey the desalinated water to the Candelaria mine.

We devote significant resources to managing challenges associated with operating large-scale metals and mining facilities while protecting water quality. We returned approximately 125 million cubic meters of water from operations to surface waters in 2009, mostly associated with tailings transport water at PT Freeport Indonesia and cooling water uses at our Atlantic Copper smelter in Spain.

** Note: Water-related data in this section excludes amounts associated with all facilities located in Arizona due to ongoing water-rights litigation.*

2009 Water Use by Source



Using large grinding mills (below), ore is crushed and ground to the consistency of beach sand. Because nature creates copper in low densities (typically less than 1 percent grade), copper is then "concentrated" through flotation processes to be recovered economically. Grinding requires significant energy usage and flotation requires significant quantities of water.

Concentrator, Candelaria operations near Copiapo, Chile





Used oil recycling at the PT Freeport Indonesia operations

Compliance

Our mines and processing facilities are also subject to regular surveillance audits to ensure ISO 14001 standards are met. Internal environmental audits were conducted at 11 facilities in 2009 in accordance with our Environmental Auditing Policy. As part of our Environmental Management System (EMS) and ISO 14001 registrations, all sites have corrective and preventive action management systems for audit findings and incidents. These systems include root cause analyses, development of action plans, and tracking plans through to closure. Tenke Fungurume Mining is in the process of implementing an environmental management system and will seek ISO 14001 certification.

As part of our EMS and ISO 14001 registrations, all site employees receive general environmental training as well as specific training on the environmental aspects associated with their job responsibilities. Environmental staff members also receive on-the-job management practices training from site, corporate staff or external trainers, respectively.

In 2009, we experienced 26 spills which were reportable to government agencies, down significantly from 85 in 2008. The volume of reported spilled materials was 700 cubic meters, a decrease of approximately 90 percent from 2008. During 2009, our operations received six Notices of Violations regarding reported incidents of permit exceedances and/or releases to the environment, and we paid approximately \$500,000 in penalties to various environmental regulatory agencies in the United States, primarily related to events in previous years.

PT Freeport Indonesia participates in the environmental management performance rating program, known as PROPER, administered by the Indonesian Ministry of Environment. PT Freeport Indonesia received a Blue Rating score from the Government of Indonesia after its 2009 PROPER Audit, indicating compliance with the laws and regulations of Indonesia. PT Freeport Indonesia also voluntarily committed to perform an external environmental audit every three years as part of the 300K expansion Environmental Impact Statement. The audits focus on measuring and evaluating performance on environmental management, adherence to the laws and regulations of the Indonesian government, and fulfillment of PT Freeport Indonesia's commitment to complying with environmental best practices associated with the international mining community. An executive summary of the most recent external environmental audit (2008) and PT Freeport Indonesia's response to the audit recommendations are available on our web site.

- *Freeport-McMoRan Copper & Gold Inc. Environmental Auditing Policy*
- *2008 External Environmental Audit Executive Summary of PT Freeport Indonesia by MWH*
- *PT Freeport Indonesia Response to MWH 2008 External Environmental Audit Recommendations*



Our El Abra operation in Chile has implemented a comprehensive monitoring program for the Salar de Ascotan (a salar is a type of geologic formation bearing a saline aquifer). The Salar de Ascotan is a key source of water for the El Abra operations located 78 kilometers away, and a habitat hosting sensitive plant species in algae-rich springs as pictured.

Biodiversity

We own, lease, and operate large land holdings around the world. Within and adjacent to these areas, certain of our sites maintain Biodiversity Action Plans as required by regulatory processes or international standards. In addition, we manage our operations so as to avoid or minimize impacts to areas of high biodiversity value. To standardize our approach, active mining sites will complete biodiversity inventories and develop land management plans by the end of 2010 and 2011, respectively.

Some operations voluntarily promote biodiversity on a project-specific basis, often with an NGO or agency partner. For example, our Bagdad operation in Arizona enhances wildlife habitats in riparian areas of a nearby creek in coordination with the Wildlife Habitat Council. At Tenke Fungurume Mining we protect and transplant plant species adapted to soils with high concentrations of copper and cobalt.

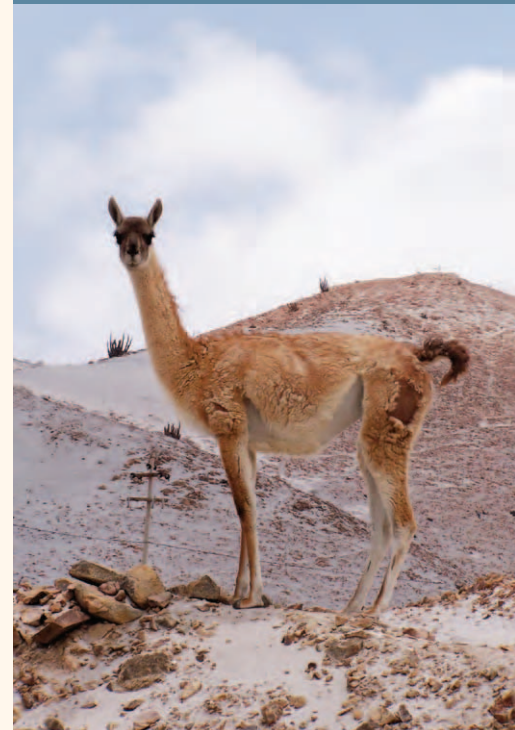
PT Freeport Indonesia's project area is adjacent to the Lorentz National Park, a World Heritage Site and the largest protected area in Southeast Asia (over two million hectares). This park is the only protected area in the world that incorporates a continuous, intact transect from snowcap to tropical marine environments, including extensive coastal wetlands. PT Freeport Indonesia has conducted numerous biodiversity studies, as well as supported third party researchers and community educational programs, helping to build the knowledge base necessary for long-term management of the park.

In conjunction with Indonesian and international experts, PT Freeport Indonesia maintains an environmental monitoring program that includes extensive flora and fauna surveys within multiple habitat types. Additionally, a Biodiversity Management Standard Operating Procedure is currently being developed for the operation. In 2009, PT Freeport Indonesia sponsored Papua Province's first International Conference on Biodiversity, sharing information about environmental management practices with academia, government agencies, conservation NGOs, and students from around the world.

We recognize that protecting biodiversity can be both challenging and rewarding for the Company. In 2009, we established a corporate task force to work with internal stakeholders and international experts to help guide our efforts.

Researching the Guanaco in Peru

Cerro Verde has partnered with international scientists to study the guanaco (*Lama guanicoe*), a protected mammal native to the altiplano of southern Peru. The project consists of habitat evaluation, a population census including distribution by age and gender, as well as a multi-year study of movement patterns using radio telemetry technology. The information garnered from this study will be utilized by Cerro Verde for land-use planning and will be shared with the scientific community and other stakeholders for guanaco conservation efforts. Please see our web site for an in-depth video about the study.



Guanaco (Lama guanicoe) in its native habitat near the Cerro Verde mine in Peru



The subsurface water treatment system complements recent reclamation capping activities (above) by providing an irrigation source for planted native vegetation.

Innovative Water Treatment Promotes Reclamation at Historic Copper Mine

At the historic Iron King/Copper Chief mine near Cottonwood, Arizona, seepage of acidic water from mine openings has been a concern previously addressed by the installation of physical barriers and repetitive pumping back into the mine site. Today, under a voluntary remediation program, the Company is taking further action to directly address water quality at the closed site.

Our scientists and consultants have designed and installed a water treatment system that includes a passive, subsurface bioreactor structure containing wood chips, lime, and other organic material to clean drainage water using natural, bacteriological processes.

Legacy Liabilities

As a result of the acquisition of Phelps Dodge in 2007, we own subsidiaries that are conducting over 100 active environmental remediation projects across the United States. Most sites are located at former facilities that operated before modern environmental laws and regulations. We dedicate significant resources to manage and reduce remediation-related liabilities and senior management and the Board of Directors receive regular updates on legacy issues. In 2009, \$77 million was spent on legacy remediation activities and we expect to spend substantial sums annually for many years to come.

Each legacy remediation project is overseen by a project manager supported by technical experts and environmental attorneys. Our project teams typically work closely with, and under direct oversight of, national, state or local government agencies in planning and implementing legacy liability projects. Our Environmental Technology team is testing several new technologies to deal with historical environmental problems, including methods to more effectively treat impacted groundwater. In some cases, we expect the application of advanced technologies to reduce certain remediation costs compared to traditional methods while meeting or exceeding applicable standards.

In 2009, we reached an “agreement in-principle” to settle litigation regarding assessment of liability between ourselves and another company at an historic mining site in Arizona. We are completing a multi-year capping project at this site; we also operate an extensive groundwater extraction and treatment system. In total, we spent \$12 million at this site in 2009.

Soil testing and remediation programs are continuing at four locations in Arizona and Oklahoma to address the environmental impact from former mining and smelting operations of Freeport-McMoRan affiliates acquired with the purchase of Phelps Dodge. We expect to implement similar community soil clean-up programs at additional locations in 2010.

The photo below shows stages of voluntary stockpile reclamation near the community of South Bisbee, approximately one mile south of the Lavender Pit in Bisbee, Arizona. In late 2009, most of the stockpile area had been re-contoured, capped with growth medium, and seeded and mulched. Capping of the lower portion of the stockpile will be completed during 2010 using the same practices.



Reclamation

Mine reclamation is the process of taking land once used by the operation and converting it into economically productive land uses or restoring it back to its natural or semi-natural state. At the end of 2009, our total footprint of disturbed land (i.e. areas to manage tailings, waste rock, open pits, leach stockpiles, and operations infrastructure) was approximately 613 square kilometers. A team of project managers, technical experts, and equipment operators are currently executing projects to reclaim areas no longer required for current or future operations.

Tailings impoundments and rock stockpiles may contain sulfide minerals that can react with storm water runoff to potentially impact surface and groundwater. To protect surface and groundwater for future generations we may cover these sites with soil, promote vegetation growth, and manage storm water runoff. Under some conditions, well-designed reclamation projects can also provide opportunities for recreation, wildlife habitat enhancement, and renewable energy projects.

Through detailed life-cycle planning and analysis, we are able to apply innovative ideas to reduce current production costs and future reclamation costs. For example, we have restarted our Miami copper mining operation not just for development of the remaining copper reserves, but because we can generate an additional 19 million tons of quality cover material for use in on-site reclamation projects.

One of our largest reclamation projects underway is at the Chino Mines Company in New Mexico. Open-pit mining commenced there in 1910 and its tailings deposition area covers almost 3,000 acres. In coordination with state agencies, we are now reclaiming 2,000 acres no longer required for operations. These activities include reducing side slopes of impoundments, covering the area with soil, and creating storm water diversions to protect the integrity of the covering. The primary post-mining land use of the reclaimed area will be for wildlife habitat as the entire area will be reseeded with native grasses and shrubs. We have also received inquiries about using the reclaimed surface for locating a solar power project.

PT Freeport Indonesia has planted hundreds of thousands of mangroves in its tailings management area as part of an assisted mangrove colonization initiative. Contractors from the indigenous Kamoro community, the traditional inhabitants of the coastal zone, are engaged in the large-scale reclamation program.



Stakeholder participants discuss tailings management with PT Freeport Indonesia engineers in the area where levees and other engineered systems retain the deposition of tailings.

PT Freeport Indonesia Engages Stakeholders on Tailings Management Practices

PT Freeport Indonesia and the State University of Papua (UNIPA) maintain a Memorandum of Understanding to provide ongoing communication of PT Freeport Indonesia's environmental management practices and to engage on key issues related to mine closure that have been raised by local stakeholders. In November 2009, PT Freeport Indonesia and UNIPA organized a symposium to provide up-to-date information on the management of tailings from the Grasberg operation. Academics, government officials, community leaders and NGOs learned about levee construction activities, biodiversity considerations, reclamation, and ongoing environmental monitoring efforts.

During the roundtable, close-out session participants endorsed a number of consensus conclusions, including recognition that tailings utilization programs should be continued and expanded, better transportation in and around the tailings deposition area is warranted and that PT Freeport Indonesia should step up provision of tailings management information on university campuses and in local communities.

Controlled Riverine Tailings Management at PT Freeport Indonesia



Tailings-aggregated concrete was used in the construction of the new Mimika Regency office near the PT Freeport Indonesia operations.

Tailings Support Development Innovations

One of the largest volumes of wastes generated at our operations is the finely ground rock residue of tailings and the water that remains after concentrate has been removed from ore. We are actively pursuing projects to derive value from this mineral waste by using it as a beneficial resource, including the following examples:

- At our PT Freeport Indonesia operation, we have implemented a program to use tailings-aggregated concrete in place of conventional concrete and asphalt for government and community infrastructure projects, including roads, bridges and buildings.
- At our Candelaria operation in Chile, tailings from our mill feed directly to a customer’s process that extracts valuable magnetite, thus deriving economic benefit and reducing waste volumes.
- At our Sierrita mine in Arizona, we are sponsoring an important pilot project with the University of Arizona to determine the installation implications of solar energy systems on inactive tailings areas.
- Freeport-McMoRan engineers, in coordination with a manufacturer in Europe, have created bricks and blocks made primarily from tailings material that can be sold for use in buildings, landscaping, paving, and other applications.

Tailings Management

Tailings are a large volume of waste generated at our mining operations that require significant land areas for disposal and management. Under our tailings stewardship program, we operate seven active Tailings Storage Facilities (TSFs) and manage 60 that are inactive or yet to be fully reclaimed. This program is directed by an interdisciplinary group of Company management, internal technical experts and operators, and external technical consultants. Active TSFs undergo field audits at least every two years and include reviews of design, construction, and operational issues such as phreatic water level management, toe drains, decant ponds, structural integrity, seepage management, and available stability evaluations.

TSF stability is controlled by employing recognized geotechnical engineering standards and practices such as manual and automated measurement techniques. At TSFs located in arid areas, the tailings management program also includes a comprehensive evaluation and planning effort to reduce fugitive dust emissions from the surface of impoundments and to reclaim water from the clarification ponds for reuse in flotation mills.

We continue to manage tailings at PT Freeport Indonesia using a controlled-riverine system. Because of the site-specific topography, seismic activity, and annual rainfall in excess of 30 feet, we use riverine transport of material from the concentrating complex in the mountains to a designated engineered and managed deposition zone in the lowlands and coastal zone. This system was approved by the government of Indonesia following numerous technical studies, which included the evaluation of 14 tailings management options and a multi-year review process.

A management review board comprised of four senior Freeport-McMoRan staff members and four international tailings and geochemistry experts review monitoring data and make specific operational recommendations on levee designs, construction, and system-wide performance. The system also undergoes ongoing reviews by independent experts. When mining is completed, the deposition area will be reclaimed with natural vegetation or used for agriculture, forestry, or aquaculture.

Riverine Tailings Management at PT Freeport Indonesia is a topic of interest for many stakeholders. In response, we have prepared a detailed publication on our controlled riverine tailings management program, which is available on our web site.

Controlled Riverine Tailings Management at PT Freeport Indonesia



Bricks made primarily from tailings material decorate the lobby and elevator banks of Freeport-McMoRan’s new headquarters building in Phoenix, Arizona.

Materials Stewardship

Materials stewardship is an emerging concept related to a company's responsibility within its entire product value chain. It is a shared responsibility by many industry stakeholders including suppliers, end users, and policy makers. Reducing risks to human health and the environment is the basis of the concept.

As best practices evolve, our near-term focus on materials stewardship is within areas of the product life-cycle that are within our span of control. We engage with key materials suppliers to ensure we are optimizing use of recycled inputs such as truck tires, scrap metals, used oil, and lead anodes, and we expect to realize additional cost savings from material efficiency improvement projects. In 2009, we generated 162 thousand metric tons of waste, down 13 percent from 2008. We also have reduced the volume of hazardous waste sent from our operations to landfills by 73 percent since 2007.

We are also strengthening our supplier due-diligence program to evaluate practices at facilities where certain materials originate or are disposed. In this effort, we aim to reduce risk associated with using inputs that could be brought to market in an irresponsible manner. In 2009, our global supply chain and corporate environmental staff upgraded our contracting protocols for companies that recycle e-waste.

We also participate in industry and commodity associations with strong materials stewardship agendas, such as our work with the European Copper Institute as part of the industry's efforts to meet obligations under REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances). We have active participation in the ICMM Material Stewardship Committee, addressing a variety of issues related to the mining industry as a whole. Over the last ten years, the International Molybdenum Association developed and maintained a Life Cycle Inventory (LCI) of molybdenum substances that are produced by the international molybdenum industry. The LCI provides valuable quantitative and scientific analyses of the environmental impacts of products and their associated industrial systems. Our subsidiary, Climax Molybdenum Company, participated in the International Molybdenum Association's 2007 LCI update for products it produces at its mining and mineral processing facilities.

AWARDS

Freeport-McMoRan was named to the 2009 list of 100 Best Corporate Citizens, published by *Corporate Responsibility Officer* magazine. More on this award and 20 others can be found in the WTSD supplement at www.fcx.com.

Recycling in the Supply Chain Creates Cost Advantages

Four of our mining operations in Arizona purchase mill and crusher liners from ME Elecmetal, a local business and leading supplier of consumable wear parts for the mineral processing industry.

During production, our mills consume approximately 60 percent of the weight of a cast liner over its useful life. Spent liners are sold back to ME Elecmetal based on the current market value of the primary raw materials contained in the scrap. These transactions partially offset raw material requirements in the production of new liners.

"This program is a win-win business relationship with Freeport and an excellent model for efficient use of resources," commented Jeff Washburn, ME Elecmetal's Director of Western Sales. "With supply input costs continuing to remain volatile, recycling and reusing product scrap is a strategic component of our business model. We are happy to share the value of recycling with a key customer like Freeport."

Since 2008, approximately 5,000 tons of white iron scrap metal generated from worn mill liners has been recycled in this program.

We want your suggestions and feedback

We appreciate receiving feedback that will help us identify the topics that are of most interest to you and thus improve the quality of future reporting. Please send us an email at sustainability@fmi.com.

The 2009 Freeport-McMoRan Copper & Gold Inc., Working Toward Sustainable Development (WTSD) report and the supplement report have been prepared by the management of Freeport-McMoRan Copper & Gold Inc. who are responsible for the collection and presentation of information in these reports.

Scope

Corporate Integrity Ltd., in accordance with Freeport-McMoRan Copper & Gold Inc. management's instructions, was asked to perform:

1. A review of policies and systems in place at both the corporate and site level in relation to the International Council on Mining & Metals (ICMM) Sustainable Development (SD) Framework – using as a basis the ICMM Sustainable Development Framework: Assurance Procedure and the Global Reporting Initiative (GRI) G3 guidance on management disclosures
2. A review of statements made regarding the 2009 WTSD report and the supplement report; and
3. A review of selected qualitative and quantitative reportable data/information based on GRI G3 guidelines and performance indicators including the GRI (2005) Mining and Metals Sector supplemental indicators.

Our assurance work covered Subject Matters 1 to 5 referred to in the ICMM SD Framework: Assurance Procedure.

Our assurance work scope covered all the Freeport-McMoRan Copper & Gold Inc. operations defined by the reporting boundaries of the 2009 WTSD report. The work involved selective reviews of documents, interviews and site visits to:

- PT Freeport Indonesia, Jakarta;
- Cerro Verde Mine, Peru;
- Sierrita Mine, USA;
- Head Office in Phoenix, USA.

These sites were chosen following discussions with Freeport-McMoRan Copper & Gold Inc. regarding their preliminary assessment of sustainability risks and consideration of the development of systems aligning with the ICMM SD framework.

Key Findings

Based on our review, its scope and limitations:

- Nothing has come to our attention which causes us to believe that the information reported by Freeport-McMoRan Copper & Gold Inc., in the 2009 WTSD Report and its supplement, regarding Freeport-McMoRan Copper & Gold Inc. implementation of the ICMM assurance commitment with respect to subject matters 1 to 4, has been materially misstated.
- Nothing has come to our attention to cause us to believe that the Freeport-McMoRan Copper & Gold Inc. self declared application level of A+, in relation to its reporting against the GRI G3 Sustainability Reporting Guidelines, is materially misstated.

Methodology

Through document reviews and interviews at the selected sites and head office, the work activity involved:

For Subject Matters 1 to 3 in the ICMM SD Framework: Assurance Procedure

1. A review of Freeport-McMoRan Copper & Gold Inc. policies and their alignment to ICMM's 10 SD principles and ICMM Position Statements at corporate and site level.
2. A review of processes in place to identify and prioritise SD risks and opportunities at corporate and site level during the reporting period and the results of the identification and prioritization process.
3. A review of the systems and approaches that Freeport-McMoRan Copper & Gold Inc. is using to manage its identified material SD risks and opportunities and to implement ICMM's 10 SD principles at corporate and site level.

For Subject Matter 4 in the ICMM SD Framework: Assurance Procedure

4. Review of Standard Operating Procedures (SOPs) for the collection and assimilation of GRI G3 reported performance information involving:
 - a. An assessment to evaluate the risk of misstating reported information for quantitative indicators reported. The assessment looked at site level reported performance data for GRI indicators and considered materiality in the context of corporate level reported information. On this basis certain indicators were selected for verification activities at the selected sites. The assessment methodology was based on the AS/NZS 4360:2004 Risk Management standard.
 - b. A review of data reporting, collection and consolidation processes at Head Office. This involved VP-level management interviews and documentation reviews in support of corporate level reported information.

For Subject Matter 5 in the ICMM SD Framework: Assurance Procedure and the contents of the 2009 WTSD report

5. Review of statements made in the WTSD report regarding Freeport-McMoRan Copper & Gold Inc. sustainable development processes and achievements in 2009 including its implementation of the ICMM SD Framework;
6. Qualitative statements made in the WTSD report were reviewed and selectively tested for accuracy through management interviews and selected document reviews;
7. Assessment of the self declared application level of reporting against the GRI G3 Sustainability Reporting Guidelines and the Mining and Metals Sector Supplement Pilot Version 1.0 – self declared at the A+ Level.

Limitations of the Work Performed

This work has been carried out by checking samples of information and documents that have been made available during the period of assurance activity by Freeport-McMoRan Copper & Gold Inc.

Information provided that has been deemed to be independently verified by other third parties has been considered to be appropriately verified, and was not subjected to re-verification by Corporate Integrity.

Our evidence gathering procedures have been designed to obtain a limited level of assurance on which to base our conclusions.

The assurance statement provided by Corporate Integrity is not intended to be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Statement of Independence

The independence of our team has been reviewed and none of the Corporate Integrity assessors involved in this project presents a conflict of interest to the integrity of this assurance statement.

Corporate Integrity Ltd.

28th May, 2010



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