

Freeport-McMoRan is a global U.S.-based natural resources company with an industry-leading portfolio of mineral assets. We contribute to sustainable development through the important metals we produce for society, as well as the many benefits our operations deliver to communities where we operate. Our business has significant economic, social and environmental impacts on local communities. We engage proactively with stakeholders to develop solutions to mitigate adverse impacts and to leverage the positive benefits of our operations.

Access to water, both in terms of quantity and quality, is a major issue for our mining operations and is critical for local communities. In arid regions in Peru and Chile, communities have protested mining projects because of concerns about competition for scarce water resources.

In 2010, we commenced the major expansion of our Cerro Verde copper mining operation near Arequipa — Peru's second largest city and home to more than 1 million people. Completed with local support, today our expanded operations at Cerro Verde include the world's largest copper concentrating complex and represent a significant long-term asset for our company. The expansion has provided significant economic benefits to the Arequipa region and Peru, including increased employment opportunities, supplier business relationships and, importantly, revenues to host-government jurisdictions.

Arequipa has grown more than 30 percent during the past two decades, and clean water in southern Peru is critical for regional sustainability. Following engagements with local stakeholders, Cerro Verde completed construction of a potable water treatment plant that will serve more than 750,000 people in the Arequipa region at full capacity.

With a lack of adequate wastewater treatment infrastructure in the city, Cerro Verde financed the design and construction of one of the most advanced wastewater collection system and treatment plants (WWTP) in the country through a public/private partnership that included Arequipa's local water utility company. The WWTP is designed to treat approximately 90 percent of Arequipa's domestic sewage and industrial discharges that previously reported directly into the adjacent Rio Chili. The plant considerably improves water quality, reduces health and environmental risks for the population, and creates a higher market value for local agriculture and tourism.

Water for Cerro Verde's processing operations comes from renewable sources including a series of storage reservoirs on the Rio Chili watershed as well as more than 85 percent of recycled water from within its operations. In addition, Cerro Verde will now use an annual average of 1 cubic meter per second of the treated wastewater from the WWTP to support additional ore processing.

This innovative solution for clean water in Arequipa is a successful model of sustainability and a collaborative win-win.



Richard C. Adkerson

Vice Chairman, President and Chief Executive Officer



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