Mood in the Middle – Everyone has a Stake in the Game: The Sequel

Presenter Introductions

- Stephen Nehring – Global Compliance Manager
- Cynthia Davis – Dir of GSC Commodity Mgt & Contracts
- Lex Zerwas – Director Ops Strategy, Controller FMA

Big Picture – Why are we here?

- Culture Eats Strategy for Breakfast (Peter Drucker: professor, consultant)
- Corporate IQ
- Leadership/Agent of the Company
- Controls and Policies
- Communication
Operator Behavior

Was there evidence in the incident follow-up that operator behavior played a significant role in the incident?

Behavior such as ignoring posted warning signs, not following a policy or SOP, reckless actions, or fatigue/fit for duty

Supervisors said...

- We need to make safety personal again
  - Simplify
  - Less administrative
  - More unscripted time with people
  - “We check the box and then discuss what matters.”
- Rolling out too many different things with no support/guidance
- Totem pole analogy – supervisors feel like they are on the bottom supporting everyone above – shouldn’t it be the other way around?
- HR processes
  - Time & Attendance entry consumes a lot of time
  - IWP process
  - Perceived constraints on holding people accountable
- DNA, parts orders, accident investigations, etc. taking up a lot of time and keeping them out of the field
GM’s said…

- Safety has become too administrative, not personal
- Roles and responsibilities need defined & communicated
- Every communication goes thru the supervisor – need to look for ways to do it differently
- Process is overly complex – safety needs to be simple
- QSPB is not getting us what we want and has become a “burden”
- Matrix organization creates clarity issues
  - Not a lot of work on acceptance, more on compliance
  - Feels like two bosses that aren’t aligned
- Need more time on “what” vs “how” – prioritization
- Need to spend as much time on the rollout as the solution development (understand the impacts and how to manage)

Back-to-Basics: Level 1 Data Observations and Insights

Other Safety Topics

- Follow up to Reporting Falsification
- Safety Reporting to FCX Compliance Line
- Fatality Prevention
Discussion Points

- Time & Attendance
- Leadership Role in:
  - Staffing & Establishing Culture
  - ...and the big deal with our Position Titles
  - Conflict of Interest
  - Anti-Harassment, Anti-Discrimination, Anti-Retaliation
- Update on Guiding Principles

Discussion Points

- Time & Attendance
  - Goal: Get as much “Green” as possible
  - We stayed the same
  - Need your help, our goal continues to be “get as much Green as possible”
  - What can we do to help with this?
Leadership Role in Staffing & Establishing Culture

- 2018
  - Hiring and Onboarding hundreds of new employees
  - Ensure they understand our values, culture and standards.
  - Their prior employer might have been ok with things we are not
  - Leaders: What should we do to ensure they align with our standards?

Leadership Role- Our Positions & Conflict of Interests

- What’s the big idea...What does my Position Title have to do with it?
  - Perception from others
  - Modeling behavior
- Conflict of Interest
  - FCX Contractor doing work at home for me
    - I’m paying him, what’s the problem?
    - I’ve hired them and they know this doesn’t have anything to do with FCX

Leadership Role in Anti-Harassment, Anti-Discrimination, Anti-Retaliation

- EEOC Stats: 2017 lowest charges in 10 years (84,254) compared to 91,503 filed in 2016
- EEOC FCX Stats:
  - We received the same number of charges in 2016 & 2017
    2017 breakdown
    - Retaliation 22%  Race 33%
    - Disability 22%  Age 33%
    - National Origin 22%  Religion 11%
    - Sex 11%
  - Continuing high number of retaliation claims
- PBC Stats- Stayed relatively flat between 2016 & 2017
Leadership Role in Anti-Harassment, Anti-Discrimination, Anti-Retaliation

- Unfortunate examples
  - Allegations of an employee using sexual comments
  - Allegations of two leaders in a single bathroom stall
- #MeToo campaign
- Safe Production Goal
  - We care about our employees in all aspects (Safety, Environmental, Workplace Culture, Health & Welfare, etc...)

Global Supply Chain

Commercial Terms

- What is included in commercial terms?
  - What is being bought, sold, or delivered
  - How much is being paid
  - When & how will goods or services be delivered
  - When will payment be made
- Why are they important?
  - These major terms (conditions) are the basis of any contract and if one of them fails or is broken, the contract is breached
  - Limits risks & ensures both parties understand what they are agreeing to
Requirements of a Valid & Enforceable Contract

1. Agreement (offer & acceptance)
2. Each party must give something in exchange
3. The parties have legal capacity to enter into a contract
4. Each party has willingly entered into a contract
5. The subject matter of the contract must be legal

- Purchase & Service orders are contracts
- Contracts can be oral; do not have to be written to be enforced
- Suppliers may not know that you don’t have authority based on FCX policy; if the supplier has a reason to assume you have legal capacity, then we are still bound by the contract

Responsibilities

<table>
<thead>
<tr>
<th>GSC</th>
<th>End User</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Supplier Selection / Verification</td>
<td>• Identify need for goods &amp; services</td>
<td>• Adhere to our Supplier Code of Conduct</td>
</tr>
<tr>
<td>• Negotiate commercial terms &amp; conditions</td>
<td>• Notify GSC of need</td>
<td>• Provide products and services based on agreed to terms</td>
</tr>
<tr>
<td>• Contract with supplier</td>
<td>• Discuss technical issues with supplier</td>
<td>• Only provide services or goods with a valid PO or SO that was provided by GSC</td>
</tr>
<tr>
<td>• Hold supplier responsible for meeting contracted terms</td>
<td>• Work with supplier after agreement is in place to get contracted work accomplished</td>
<td>• Follow our policies and procedures</td>
</tr>
<tr>
<td>• Assist with dispute resolution</td>
<td>• Provide feedback on supplier performance to GSC</td>
<td>• Ensure work is completed as per contract</td>
</tr>
<tr>
<td>• Close contract</td>
<td>• Accurately represent your authority</td>
<td>• Require compliance with Supplier Code of Conduct, with site &amp; corporate policies &amp; procedures</td>
</tr>
<tr>
<td>• Follow applicable laws, regulations &amp; policies</td>
<td></td>
<td>• Take steps to reduce risk to supplier &amp; Company</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Take steps to ensure timely payment &amp; issue resolution</td>
</tr>
</tbody>
</table>

Joint Responsibilities

• Ensure work is completed as per contract
• Require compliance with Supplier Code of Conduct, with site & corporate policies & procedures
• Take steps to reduce risk to supplier & Company
• Take steps to ensure timely payment & issue resolution
Supplier Responsibility as per...

- Our Supplier Code of Conduct
  - Abide by and operate in a manner that is in accordance with our policies and procedures, when on property or when doing work for or on behalf of FCX
  - Avoid conflicts of interest
    - Suppliers are prohibited from promising, offering or paying bribes, kickbacks, illegal gratuities or similar payments to Company personnel for the purpose of obtaining or retaining business with FCX
    - Suppliers are prohibited from engaging in any anti-competitive business practice aimed at limiting or impairing full and open competition for products and services provided by Suppliers to FCX
  - Report compliance concerns
    - "FCX believe in doing business only with Suppliers who demonstrate the highest standards of ethical business conduct."

Relationships with Suppliers

- Avoid perception of impropriety
  - Swag - where it is displayed may be sending messages you were not intending to send
  - Do not wear supplier promotional items on a bid walk
  - Let your supervisor know when there is a conflict of interest
  - Management approved events (golf, conferences, etc.)
  - Graciously decline gifts that do not comply with Supplier Code of Conduct & report individuals using gifts for gain
  - Respect the vendor’s proprietary information – don’t share

Examples

- Test & Trials – Supplier offering products for free or reduced rate to evaluate
- Obtaining quotes – General guidance is for GSC to get quote
- Contract requests being entered after the work was done
The Need for Goods or Services...

- Security
- GSC Buyers/CA & Warehouse
- Accounts Payable / Treasury / Accounting
- Health & Safety
- Supplier
- End User
- Environmental
- Legal

Most Important things to remember...

- Get GSC involved early
- Commitments for procurement of goods or services is handled by GSC
- Maintain professional relationships with all suppliers
- Ask questions if you are unclear on responsibilities
- Maintain confidentiality

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Card Types

American Express = Travel Card
- Exempt employees traveling 2+ times per year
- Personal Liability Card
  - Employee responsibility for late fees
- Annual Rebate
  - Use AMEX whenever possible

US Bank = ProCard
- Cost-efficient, alternative method to purchase business-related items
  - Low Dollar, and
  - Infrequent, and
  - Non-Black, and
  - Non-Capital
  - Annual Rebate

Cash Card
- Qualified Interviewee Travel Expenses
- Housing Security Deposits
- Prepaid travel for non-exempt employees
- Reimbursement expenses

Appropriate AMEX Charges

Travel Card
- Meals
- Lodging
- Tips
- Parking/Tolls
- Business Meeting meals
- Transportation - rail, train, bus, airplane, taxi, rental car
- Passport/Visa fees
- Immunizations required for international travel
- Memberships/Registrations
- Laundry (for trips longer than 5 days)
- Gym / Sports Facilities (for trips longer than 5 days)
- Gasoline
Appropriate Procard Charges
- Subscriptions, books, training videos, and dues
- Approved professional membership fees
- Seminar registration fees
- Printing (business cards, memo pads, stationery)
- Miscellaneous supplies not routinely used
- Repair services on company assets
- Car washes for company vehicles
- Catering and special events
- Flowers
- Vehicle registrations
- Office equipment (non-capital items)

What NOT to Charge
Examples of items NOT to charge on either card:

Cash Reimbursements
- Personal Mileage
- Tips
- Taxi’s / Uber / Lyft
- Toll Charges
- AMEX not accepted

Inappropriate Cash Reimbursements
- Personal rewards card for purchases
- Purchases under $25 (if vendor accepts AMEX)
Concur Process Flow

Our Content Management Journey
- Moving from paper to electronic records
- Cleaning up file shares and moving active content to SharePoint
- Where to store what:
  - One Drive for Business (OD4B) - Personal, document passes, Work in Progress
  - SharePoint, Department Drives - Final documents, Company records
- Benefits:
  - Accessible from any device
  - Lower storage costs
  - More storage space
  - New tools & capabilities
  - Can automate destruction (following our policy)
- Records Retention Policy

Password Improvement Program
Creating – and remembering – an unbreakable password is easier than you think ...

Why Passphrases?
- Passphrases are easier to remember and longer
- Passphrases increase complexity

Password Improvement Program:
- Testing will be done on current passwords
- Users will be notified if they passed or failed
- Reports will be generated for Department Heads and EIM

What we need from you:
- Raise awareness
- Ask users to test their passwords

Our Content Management Journey

Password Improvement Program

Concur Process Flow

Our Content Management Journey

Password Improvement Program
Compliance

Discussion Points

- 2017 Common Allegations
- Speaking Up
- Compliance Line and Investigations:
  - What employees can expect
  - What Managers can expect
- PBC Training – Why?

Compliance – 2017 Common Allegations

- Conflicts of Interest (personal/financial)
- Harassment (derogatory, degrading, demeaning words/gestures)
- Health & Safety (SOP violations, fit for duty)
- Inappropriate Behavior (treatment, tone, words, joking w/employees)
- Falsification of Docs (Invoices, results, payments)
- Misuse of Assets (equipment, scrap)

If a question or concern arises – What do you do?
Speak Up – How to Report Violations or Get Help

- Talk with your Supervisor
- Talk with your local or corporate Human Resources Rep.
- Talk with your local or corporate Legal dept.
- Call or visit your local or corporate Compliance Officer
- Contact the Compliance department
  - compliance@fmi.com
- Contact one of our Compliance Officers
  - 1-602-366-7550 or Compliance_Officer@fmi.com
- Contact the FCX Compliance Line
  - 1-800-295-6783 or https://fcxcompliance.alertline.com

Compliance Line – What Employees Can Expect

- If calling – they will be connected with a rep (in language)
  - Via the web – same questions (in language)
- The rep will make note of all their information, then read back
- A report number and pin code will be provided
- The more information they provide the better – names, dates, locations, witnesses, what was said, what happened, etc.
  - If not enough information, we may not be able to thoroughly and properly investigate the matter
- Will be instructed to check back regularly
- They will be notified once the investigation is complete and appropriate action has been taken
- Reminded of the No Retaliation policy

Compliance Line – What Managers Can Expect

- You will be notified if your employee is the subject
- You will be notified if we need to talk to your employee(s)
  - We will assist if employees ask you questions
  - We take all reports of alleged PBC violations seriously
- We may need your assistance ensuring employees cooperate
  - Employees are expected to cooperate fully, and be truthful, honest and forthright
- We will keep you posted throughout the investigation
- We will provide the findings to you and HR; maybe others
- We will look to you for management action; if warranted
- We will remind you of our No Retaliation policy
### Training – Annual PBC Courses

**2017**
- NA sites reached 100% completion with the Manager, Non-Manager and Anti-Corruption courses. Congratulations!
- 95% of the New Hires in 2017 completed training.

**2018**
- New Manager, Non-Manager and Anti-Corruption courses will launch in March.
- All employees will receive notification.
- Supervisor talking points will be available.
- Supervisors will need to work with HR to schedule training time for those without internet access.
- Supervisor notifications will begin in early September.