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

2018

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Presenter Introductions

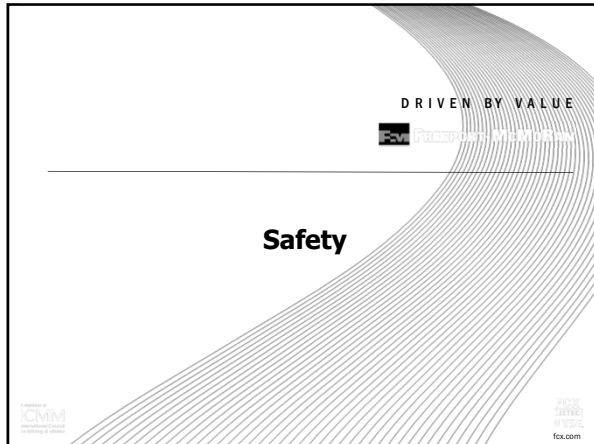
- Stephen Nehring – Global Compliance Manager
- Cynthia Davis – Dir of GSC Commodity Mgt & Contracts
- Lex Zerwas – Director Ops Strategy, Controller FMA

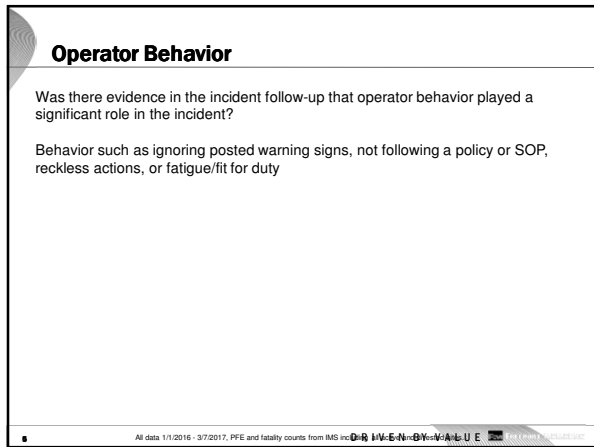
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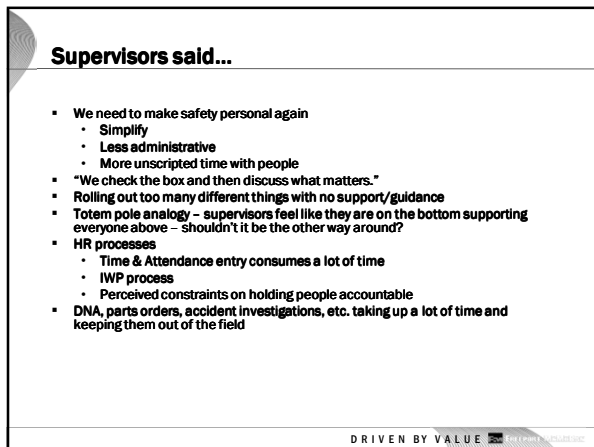
Big Picture – Why are we here?

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

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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)

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

Observed vs. Perceived

- Significantly less time is spent on Active Management than perceived
- Supervisors have more time Available to Manage than perceived
- Time spent on T&E and Training is less than half of what's perceived
- Supervisors perceive that Administration takes twice as long as it really does
- Opportunity to increase Active Management by adjusting Supervisor perceptions
- Opportunity to transition lower-value Available to Manage time (i.e. waiting) into higher-value add activities
- Opportunity to increase time spent on active safety management
- Opportunity to shift Supervisor focus to Active Management in the field

Perceived vs. Ideal

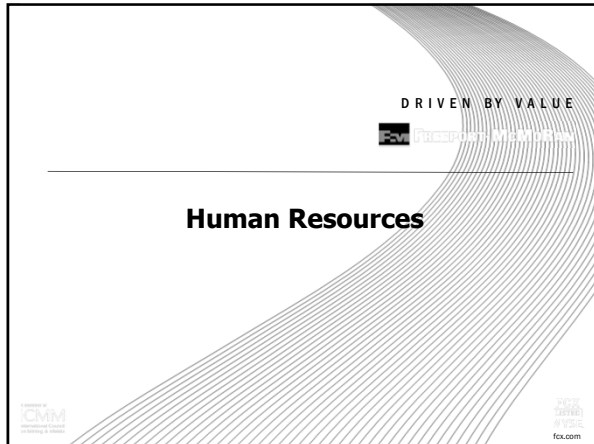
- Supervisors perceive that they have significantly more Administration work than what is expected
- Supervisors perceive that they currently exceed Active Management expectations
- Supervisors perceive that they spend less time on Training and T&E than expected
- Supervisor's "aren't allowed to do direct work", though expectations and perception dictate otherwise
- Opportunity to align expectations on required Administration work for Supervisors
- Opportunity to align on adequate expectation setting and follow-up to drive safe production
- Opportunity to educate Supervisors on expected Training and T&E activities to perform during a shift
- Opportunity to guide Supervisors on what types of direct work activities are warranted, and when

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Other Safety Topics

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

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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

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Discussion Points

- Time & Attendance
 - Goal: Get as much "Green" as possible

Transaction Type

- Auto Approve
- Supervisor Approval w/o Adjustment
- Employee Snap Avoidance
- Employee Clocking Issue
- Manually Entered Time (No Clock)
- Supervisor Snap Override
- Supervisor Other Adjustments

- 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?

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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?



* Ramp up sites-High Volume Positions

33

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

34

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

35

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...

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Global Supply Chain

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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

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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

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Responsibilities

GSC	End User	Supplier
<ul style="list-style-type: none"> • Supplier Selection / Verification • Negotiate commercial terms & conditions • Contract with supplier • Hold supplier responsible for meeting contracted terms • Assist with dispute resolution • Close contract • Follow applicable laws, regulations & policies 	<ul style="list-style-type: none"> • Identify need for goods & services • Notify GSC of need • Discuss technical issues with supplier • Work with supplier after agreement is in place to get contracted work accomplished • Provide feedback on supplier performance to GSC • Accurately represent your authority 	<ul style="list-style-type: none"> • Adhere to our Supplier Code of Conduct • Provide products and services based on agreed to terms • Only provide services or goods with a valid PO or SO that was provided by GSC • Follow our policies and procedures

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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

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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 anticompetitive 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."


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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**




"Based on fair dealings"



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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**

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- ### 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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Financial Shared Services / MIS - T&E

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-Stock, and
 - Non-Capital
- Annual Rebate



Cash Card

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




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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



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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)

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What NOT to Charge

Examples of items NOT to charge on either card:



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Cash Reimbursements




Appropriate Cash Reimbursements

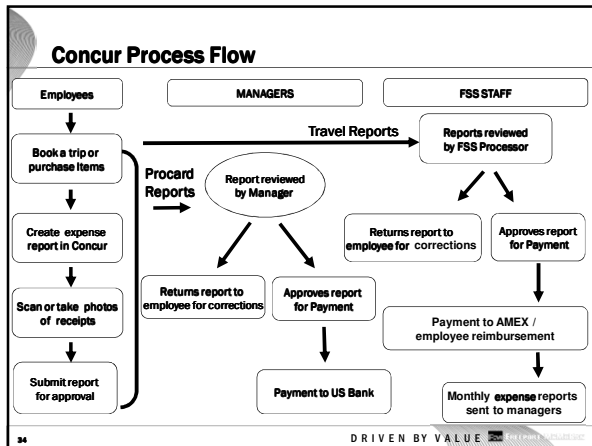
- Personal Mileage
- Tips
- Taxi's / Uber / Lyft
- Toll Charges
- AMEX not accepted

Inappropriate Cash Reimbursements

- Personal rewards card for purchases
- Purchases under \$25 (if vendor accepts AMEX)



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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 space; 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

Company Records Management Evolution

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:

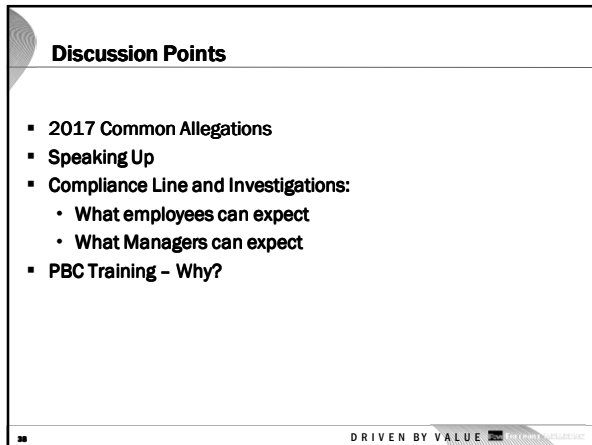
- Testing will be done on current passwords
- Users will be notified if they passed or failed
- Reports will be generated for Department Heads and GMs

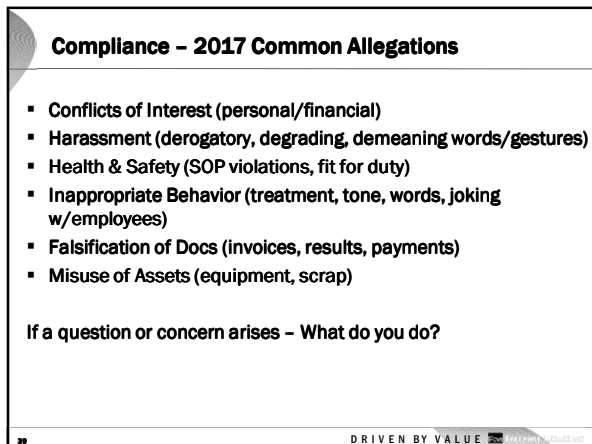
What we need from you:

- Raise awareness
- Ask users to test their passwords

<https://www.my1login.com/resources/password-strength-test/>







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>

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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

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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 as 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

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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

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