



**FREEPORT-McMoRAN**  
**OIL & GAS**



## Environmental Health & Safety Management System



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Environmental Health & Safety Management System  
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# SYSTEM OVERVIEW

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The Environmental, Health & Safety Management System ("System") ensures consistent and effective management of environmental, health and safety (EH&S) matters throughout Freeport-McMoRan Oil & Gas (FM O&G) operations. The System promotes continuous improvement by ongoing measurement and evaluation of performance against established standards. It provides an effective EH&S management interface with partners and contractors and ensures that EH&S issues are assessed and managed in accordance with the requirements of the EH&S Policy Statement.

The System consists of a series of multiple-level documents grouped as follows:

## Level A

Level A documentation describes the organization and structure of the System. The System is broken down into a series of elements related to four key steps: **Planning, Doing, Assessing, and Improving**

## Level B

Level B documentation contains **FM O&G** guidelines, practices, processes and procedures supporting the Level A System requirements, including training and assessment elements. These elements furnish the guidance and minimum requirements necessary to **plan, do, assess, and improve** EH&S efforts.

## Level C

Level C documentation contains **region** or **location** specific policies, plans, processes, procedures and/or detailed work instructions.

## Definitions

For purposes of the System, the following definitions apply

Executive Management – Freeport McMoRan President/CEO and his FMO&G direct reports

Senior Management - All FMO&G VPs not included in Executive Management.

Regions - FM O&G areas of operation (California Offshore, LA Basin, etc.)

Local - Specific locations within a region (gas plant, platform, etc.)

Partner - Any operating partner that has a contractual agreement with FM O&G or its affiliates



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# DOCUMENTATION OVERVIEW

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## Level A Documentation

**Planning** is the first key step in helping the organization realize its vision as stated in the Company's policy statement and goals. Planning helps to

- Identify the issues affecting Regional and Local operations
- Develop a comprehensive plan that, when deployed, ensures the issues affecting Regional and Local operations are addressed and managed in a fashion consistent with corporate targets, goals and policies
- Identify an organizational structure with group and individual responsibilities

The four management system elements employed to complete planning are

- Management Commitment | EH&S Policy Statement (Element 1)
- Identification of Business, Partner and Regulatory Requirements (Element 2)
- Identification of Hazards, Risks and Environmental Exposures (Element 3)
- Development of Goals and Targets (Element 4)



**Doing** is the key step in developing an infrastructure and methodology for the organization to deploy the System. Key issues addressed in this process include

- Providing employees with the necessary training to properly perform their assigned EH&S tasks and duties
- Providing employees with the necessary guidance, practices and procedures to ensure that assigned tasks are completed

The Doing process is comprised of five elements

- Structure and Responsibility (Element 5)
- Training (Element 6)
- Practices and Procedures (Element 7)
- Operations, Maintenance and Management of Change (Element 8)
- Emergency Response (Element 9)



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**Assessing** is a key step for ensuring that the infrastructure and methodology developed in the Doing step are effectively implemented. The following System elements comprise the Assessing step:

- Checking and Corrective Action (Element 10)
- Trending and Performance Measurement (Element 11)

**Improving** is the final key step to ensure continuous improvement in performance. This step promotes continuous improvement by instituting initiatives identified during the Assessing step.

- Improvement Initiatives (Element 12)

## Level B Documentation

Level B contains general guidance and the minimum FM O&G Practices and Procedures necessary to implement the System. The Practices and Procedures are arranged in six main categories:

- Administration
- Environmental
- Health
- Safety
- Hazard Control
- EH&S Training

## Level C Documentation

Level C documentation is written and implemented, as required, at the Regional and Local level, drawing upon the guidance, procedures and practices contained in Levels A and B. These Regional and Local procedures and practices incorporate the requirements of Regional and Local business, partner and regulatory conditions.



# Level A

## **Plan, Do, Assess, and Improve**

### **Element 1 – Management Commitment/Safety and Health and Environmental Policy Statements**

#### **Purpose**

The Freeport-McMoRan Safety and Health and Environmental Policy Statements (the “Policy Statements”) are the cornerstone of the System and establishes the organization's overall vision. The Policy Statements are set forth and approved by the Board of Directors and summarizes management’s expectations and commitment to EH&S performance.

#### **Revision Procedures**

The policy is reviewed and revised as necessary by FM O&G EH&S and submitted to Executive Management for review and approval.

#### **Safety and Health Policy**

The safety and health of all Freeport-McMoRan Inc. (“FCX”) employees is of the highest priority and a core value of the company. Our objective is zero workplace injuries and occupational illnesses. Production and costs are critical to the well-being of the company, but these considerations must never take precedence over safety, employee health or protection of the environment.

We believe that all injuries and occupational illnesses are preventable. We further believe that safety and health considerations are integral to, and compatible with, all other management functions in the organization and that proper safety and health management will enhance rather than adversely affect production or costs.

A fundamental tenet of our policy is that there will be compliance with applicable internal and external safety and health standards. Safety and health is a line management responsibility and all safety and health policies and practices must be adhered to and actively supported by all levels of management. Each employee must take individual responsibility for his/her safety and that of their co-workers. It is the job of each employee to create a work environment that eliminates occupational health and safety hazards whenever possible. If a hazard cannot be eliminated, then employees must work together to ensure that it is effectively reduced or controlled. Assigning responsibility and determining accountability measures for safety and health performance are established at all levels of management. The Board of Directors will monitor and receive regular reports on outcomes and results.

We will measure progress to attaining our objectives against regularly established benchmarks. We will provide the training and resources necessary to achieve our safety and health benchmarks, and everyone will be held accountable for the results.

We will ensure that employees and contractors are properly trained and held accountable for following all prescribed safety procedures and practices. Safety and health issues will not be compromised. Each employee and contractor is responsible for their personal safety, the safety of others and the environment in which they work. No job will be considered so important, and no schedule so urgent, that time cannot be taken to perform work in a safe manner. Working safely is a condition of employment.

As a matter of philosophy and practice, we will hold all contractors operating at our facilities accountable for the same level of safety that we expect of ourselves. All contracts will include specific safety provisions designed to achieve this result. Regular audits of our contractor’s safety compliance will be performed to ensure adherence with our policies and core values.

We will conduct comprehensive safety audits and industrial health audits on a regular basis at our operations to evaluate the status of compliance with our safety and health programs and will communicate that information to all levels of management.

The safety professionals working in our operating units are charged with assisting those units in achieving their safety and health objectives. They will assist management in developing and implementing effective safety programs, and will design the methods to effectively measure safety performance. They will also analyze compliance results and trends in order to make recommendations to improve performance.

We are committed to providing a safe and healthy workplace and to providing adequate resources through training programs, safety incentive programs, and occupational health programs to attain recognized leadership in matters of safety and health. We consider safety and health programs, both on and off the job, to be an investment in our most valuable resource - our employees.

As amended by the Board of Directors through February 3, 2015

## Environmental Policy

Freeport-McMoRan Inc. ("FCX") minimizes the impact of its operations on the environment using risk management strategies based on valid data and sound science and, where practicable, protects and enhances the quality of the environment in areas where it operates.

We are committed not only to compliance with applicable environmental statutes and regulations, but also to continuous improvement of our environmental performance. We also work with governmental agencies, local communities, and nongovernmental organizations on environmental enhancement opportunities.

We achieve this by:

- Complying in all material respects with applicable environmental laws and regulations and, in jurisdictions where these are absent or inadequate, applying management practices to advance environmental protection and minimize environmental risks;
- Making environmental management a core value through the integration of environmental policies, programs and practices as an essential element of management;
- Maintaining environmental management systems that are certified or equivalent to the ISO 14001 standard covering all operations;
- Communicating to all employees and suppliers of goods and services the importance of environmental protection, and provide them with the resources, staff and training necessary to fulfill their environmental responsibilities;
- Conducting appropriate training for third-party contractors on site-specific environmental conditions and regulatory requirements;
- Reviewing and considering the environmental effects of each activity, whether exploration, resource production or processing; and planning and executing the design, development, operation, and closure of projects, including pollution control systems, in a manner that optimizes the economic use of resources while minimizing adverse environmental effects;
- Promoting opportunities for energy efficiency and recycling;
- Conducting regular environmental reviews, assessments and audits of our environmental compliance activities, management systems and operational practices, and acting on the results as a means to achieve continuous improvement;
- Acknowledging that certain areas may have particular ecological, biodiversity, or cultural values as well as resource development potential and, in such instances, considering these values along with the economic, social and other benefits resulting from development;
- Supporting research to expand scientific knowledge, developing improved technologies to protect the environment, promoting the transfer of technologies that mitigate adverse environmental effects, and using technologies and practices that take into account and respect local cultures, customs and values as well as economic and environmental needs;
- Recognizing local communities as stakeholders and engaging them in a process of consultation concerning environmental management issues and impacts, as well as other social considerations;
- Supporting biodiversity programs where practicable opportunities exist; and
- Remediating historical sites for which we are responsible.

This policy applies to all FCX projects and operations, from exploration to project closure. We expect suppliers of goods and services to operate in accordance with this policy. The company will routinely evaluate implementation of this policy, through internal and external independent assessments, and publicly report on our performance.

As amended by the Board of Directors through February 3, 2015



## Element 2 – Identification of Business, Partner and Regulatory Requirements

### Purpose

This element ensures that business, partner and regulatory requirements are addressed at all levels of the organization, and acts as an aid in identifying and determining Goals and Targets for EH&S activities.

### Business Requirements

A list of business requirements, which include both company and industry requirements, is identified and maintained within the EH&S Regional Action Item List and Training List provided for in each Region's documentation. Examples of business requirements are: profit sharing contracts (PSC's), overall vision, mission, goals and objectives of the Corporation or Region, general industry standards and practices or accreditation programs promoted by agencies such as ISO, API, etc.

### Partner Requirements (as applicable)

The procedures and programs that an operating partner may require as a condition of permitting the Company to conduct business activities. Examples of partner requirements are: Effective implementation of an EH&S MS, development of Safety Cases, development and implementation of a Contractor Performance Management process, etc.

### Regulatory Requirements

Regulatory assessment and ongoing review are the methods used to identify and revise the list of regulatory requirements affecting operations and activities. These requirements include health, safety and environmental laws and regulations which apply to the Company's facilities and operations at the local, regional, state and national levels. Examples: occupational safety, fire codes, environmental regulations, transportation and shipping requirements, waste management, spill contingency planning, etc.





## Element 3 – Identification of Hazards, Risks and Environmental Exposures

### Purpose

This element ensures that EH&S hazards, risks and exposures are identified and properly controlled.

### Site-Specific Action Items

The following methods are deployed to identify and revise the list of tasks that may result in significant health and safety risk or environmental exposure if not properly managed.

#### Assessments

At the facility, area or project level, processes and worker activities that may result in incidents are identified. Of particular importance is the identification of workplace conditions and worker behaviors that may result in injury or environmental exposure.

#### Continuous Review

Actual or proposed changes in processes or worker activities are reviewed for hazards, risks and environmental exposures. These reviews are recorded in accordance with each Region's documentation process.



## Element 4 – Goals and Targets

### Purpose

This element provides the structure and methodology for identifying and recognizing goals and targets.

### Identification of FM O&G Goals

Executive Management and EH&S Support Teams develop, review and revise annual corporate goals, measures and targets based upon the following:

- Input from Regional Senior Management Teams
- The principles found in the Policy Statements
- Review of chronic problems and issues
- Review of past EH&S performance/trending data
- Business, partner and regulatory requirements
- Identified EH&S hazards, risks and exposures

FM O&G goals, measures and targets are deployed throughout the organization with continuous monitoring by both Executive Management and the Regional EH&S Team.

### Performance Recognition

Individual locations, committees, teams and employees are recognized for achieving or exceeding identified goals and targets. For more information regarding performance and recognition programs, refer to the **Communications Plan** in the Level B documentation.



## Element 5 – Structure and Responsibility

### Purpose

This element outlines the organizational responsibilities and accountabilities of employees to support the System.

### Responsibilities/Accountabilities

To fulfill the organization's commitment to providing and maintaining a safe environment and preventing environmental damage resulting from our operations, employees at all levels in the organization have EH&S responsibilities and accountabilities as part of their job functions. Organizational responsibilities are summarized below with responsibilities expanded upon in Level B documentation.

#### Executive Management

Executive Management provides the vision and expectations via the Policy Statements.

#### Regional Senior Management Team

The Regional Senior Management Team has the responsibility and accountability for Regional and Local EH&S planning, ensuring compliance with policies and objectives, and for communicating EH&S matters to employees.

#### Line Supervision

Line Supervision has the responsibility and accountability to ensure employees work according to the guidelines of the System and that the workplace is maintained in a healthy, safe and environmentally sound condition.

#### Employees

Employees are responsible and accountable for working in a safe and environmentally sound manner and in accordance with the System.

#### Regional EH&S Team

The EH&S Team is responsible and accountable for enabling, supporting and assisting all functional groups and levels in implementing and maintaining the System throughout FM O&G.



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## Element 6 – Training

### Purpose

This element of the System ensures individuals identified in Element 5. Structure and Responsibility, possess the necessary knowledge and skills to safely fulfill their responsibilities. The following training initiatives are employed to accomplish the requirements outlined in this element

- New employee orientation
- Performance-based training and/or Information Transfer

### New Employee Orientation

Each individual within the organization is provided an EH&S orientation. The training addresses general EH&S guidelines adopted by FM O&G.

### EH&S Performance-based training and/or Information Transfer

The organization provides training that enables employees to learn their jobs properly and reinforce policies and procedures. EH&S training also provides an opportunity to communicate principles and commitment of management to ensure a safe, healthy and environmentally sound workplace. Based on the complexity of the task and applicable business, partner or regulatory requirements, the specific training required for each employee is determined as described in the Level B - FM O&G Practices and Procedures. These requirements are reviewed and revised on a continuous basis in accordance with business, partner, regulatory and job-function changes

Training may be provided through any or all of the following:

- In-house classroom training
- On-the-job training
- Out-sourced/specialized training
- Computer-based training

Refer to the Level B- FM O&G Practices and Procedures for a detailed listing of these courses.



## Element 7 – Practices and Procedures

### Purpose

This element of the System addresses the need for practices and procedures to ensure the proper and consistent management of EH&S issues affecting the organization.

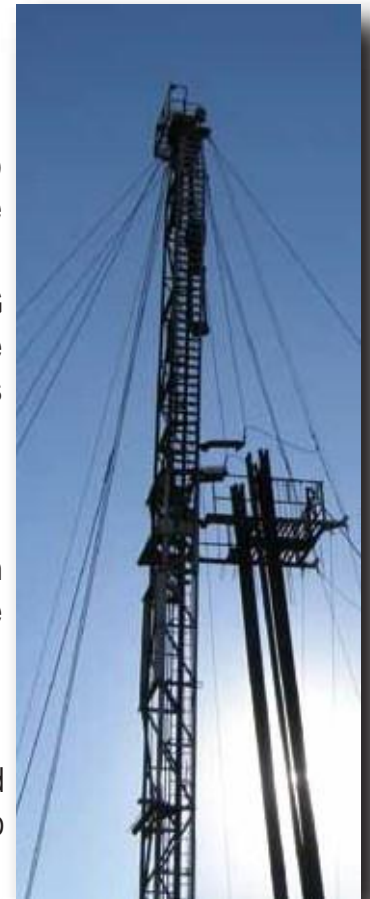
Practices and Procedures are divided into two levels: Level B contains the FM O&G health, safety & environmental practices and procedures and Level C contains the related Regional and Local supporting documents with additional elements as required by facility, project, partner or local requirements.

### FM O&G Practices and Procedures

The Level B documentation contains Corporate Practices and Procedures, which apply to all employees and facilities within FM O&G. These sections represent the minimum standards by which we will operate.

### Regional and Local Practices and Procedures

Level C contains Regional and Local policies, processes, or procedures necessitated by business, partner and/or regulatory requirements. Level C documentation may also contain detailed work instructions originating at the corporate level.



## Element 8 – Operations, Maintenance, and Management of Change

### Purpose

This element addresses the safe operation and maintenance of critical equipment. It provides for the development of formal procedures when deemed necessary for the safe operation and maintenance of the facility. These procedures should provide guidance for the safe operation and maintenance of the facility.

Types of equipment that these procedures will address include:

- Vessels and tanks
- Piping systems and valves
- Relief devices and venting systems
- Emergency control, alarm and shutdown systems
- Process control devices, systems and alarms
- Rotating equipment such as pumps and compressors
- Cranes and lifting equipment

### Management of Change

The management of change process is integral to the safe operation and maintenance of any facility. The process will identify and control hazards associated with change and will maintain the accuracy of the safety and environmental information on file. Level B – FM O&G Practices and Procedures provide further details of the process.

## Element 9 – Emergency Response

### Purpose

Preparing workers to properly respond to an emergency condition is crucial to ensuring their safety in the event of serious and imminent danger to human health or to the environment.

The Region shall define the organization, the responsibilities and the requirements in preparing for, responding to and recovering from an emergency situation. Level B – FM O&G Practices and Procedures provide further details of procedure expectations.

## Element 10 – Checking and Corrective Action

### Purpose

This element addresses the need to measure performance and identify deficiencies within the System. Checking and Corrective Action includes:

- Monitoring and measurement
- Nonconformance and corrective action
- Enabling reviews and audits

### Monitoring and Measurement

Monitoring and measurement is a means of reviewing and assessing performance against established goals and targets.

### Nonconformance and Corrective Action

The nonconformance and corrective action process identifies and corrects activities that are inconsistent with the successful completion of the Implementation Plan.

### System Reviews and Audits

Reviews and audits are conducted to evaluate the effectiveness and applicability of the System.

**Reviews** are conducted as part of the Implementation Plan. All elements of the System are reviewed and both deficiencies and necessary corrective actions are documented. Action items resulting from the reviews are documented and addressed by the appropriate party. Reviews are generally less substantive than audits.

**Audits** are conducted within each Region according to its own specific procedures. Audit results are documented, communicated to the relevant personnel, and corrective action taken in a timely manner. Audit processes are generally more focused than reviews with findings substantiated through interviews, record checks and site visits.



## Element 11 – Trending and Performance Measurement

### Purpose

This element of the System addresses the reporting, compilation, trending and analysis of measures identified in Element 4, Goals and Targets.

### EH&S Reporting

All EH&S incidents shall be reported and investigated consistent with guidelines in Level B – FM O&G Practices and Procedures. These include the following:

- Incident Reporting and Investigation Procedure
- EH&S Communications Plan

### Trending and Performance Measures

Performance measurement data is compiled and communicated via the EH&S Communications Plan. Statistical information is reviewed on a monthly basis to identify performance trends against established measures. Performance measurement data is also used during the Management Review described in Element 12 – Improvement Initiatives.



## Element 12 – Improvement Initiatives

### Purpose

This element addresses the improvement initiatives identified during the review process to ensure continuous improvement.

### Management Review Process

The Regional EH&S Team, with the assistance of other employees as deemed necessary, performs an annual review of the implementation of the System at the Regional and Local level. The team assesses the following:

- Past performance
- Site specific goals and targets, ensuring that these goals and targets are sufficient to minimize worker injury and environmental exposure
- Design of the System, to determine if it is capable of achieving the requirements of the policy statement and identified goals at the Regional and Local level
- Trending and performance measurement

After the completion of Regional and Local reviews, a formal management review is conducted annually by Regional Senior Management and EH&S Team. The management review includes an assessment of the following:

- Review of Regional and Local issues
- Past performance
- Requirements of the Policy Statements, to determine if the identified requirements properly address the needs of the organization and its partners if applicable
- FM O&G, Regional and local goals and targets, to ensure these goals and targets are sufficient to address the requirement of the policy statement
- Design of the System, including procedures and processes to determine if the System is capable of achieving identified goals
- Trending and performance measurement

### Design, Goal Development and Policy Revisions

Based on the findings developed from the Management Review Process, changes in the design of the System are instituted where continuous improvement initiatives have been identified.

The EH&S Team reviews changes to the Policy Statements recommended by the Management Review teams. The EH&S Team updates the System to incorporate any approved changes to the Policy Statement or goals.





