

**COMMENTS ON PROPOSED CHANGES  
SASB METALS & MINING AND COAL OPERATIONS STANDARDS  
March 17, 2021**

Freeport-McMoRan Inc. (“Freeport”) appreciates the opportunity to comment on the Sustainability Accounting Standards Board Exposure Draft, *Proposed Changes to the SASB Metals & Mining and Coal Operations Standards* (December 17, 2020) (the “Exposure Draft”). Freeport is a leading international mining company that holds assets with significant proven and probable reserves of copper, gold and molybdenum on several continents.

In general, Freeport supports the overall approach embodied by the Exposure Draft, which appears intended to be in alignment with the recently developed Global Industry Standard for Tailings Management (“GISTM”). However, Freeport’s principal concern and reason for comment is that, as drafted, the Exposure Draft creates ambiguities regarding the extent of the SASB disclosure obligations and, especially, the relationship between those obligations and the reporting requirements of the new GISTM.

As currently written, the Exposure Draft adopts apparently similar disclosure requirements but uses different language and terminology that are only partially aligned with the GISTM. By using different language, SASB could be seen as establishing new requirements that could leave companies that choose to conform with the GISTM subject to criticism on the grounds that SASB must have intended to impose requirements that *differ* in some way from the GISTM. Freeport recommends that SASB expressly provide that the GISTM disclosures are adequate for a number of important issues.

By creating a potentially competing disclosure framework, SASB would, at minimum, be subjecting companies to the administratively burdensome task of managing two separate-but-substantially-overlapping sets of disclosure obligations. The Exposure Draft’s current approach could also create potential legal issues for companies that believe and publicly state that they are following SASB requirements only to have the language of the Exposure Draft interpreted differently at a later point in time. The precision of the GISTM’s disclosure requirements avoids this problem. And, at worst, potentially conflicting obligations of this nature could deter some companies from adopting the GISTM and/or SASB, ultimately undermining tailings facility management standards in both cases.

Freeport, as a founding member of the International Council on Mining & Metals, has a mandatory obligation to support the implementation of the GISTM by its operating subsidiaries, including third-party assessment of conformance and subsequent disclosure of those assessments and the elements of GISTM Requirement 15.1. Freeport has also committed to reporting in alignment with SASB’s metrics and disclosure framework. Freeport’s position is that voluntary reporting requirements should be streamlined to be made consistent, and to eliminate situations where there are duplicative or similar, yet slightly different, reporting requirements or definitions. It is in that context that we offer the following comments.

**Question 2 – Do you support the expanded approach on tailings storage facilities management, including the creation of its own disclosure topic?**

Freeport supports SASB’s proposal to expand disclosure requirements related to tailings management and agrees that this issue is important enough to merit its own disclosure topic. That said, the specifics of SASB’s proposal should be revised to conform to the GISTM disclosure requirements, as discussed in more detail below.

**Question 3: Do you agree with the Board’s conclusion that presenting tailings storage facilities inventory in a table format would be more useful than disclosure that is aggregated at the company level? Do you agree that company disclosure preparation costs for the table would not be significantly greater than the alternative?**

While Freeport believes that disclosures are often appropriately made at the facility-specific level, as is called for in the GISTM, it questions the value of the tabular disclosure set forth in the Exposure Draft, which calls for “yes/no” answers on several topics. Tabular disclosures alone risk oversimplification of complex issues in a way that could easily give investors a false sense of security. Freeport believes that the GISTM allows mine operators to better inform investors by contextualizing their behavior and decision-making with qualitative and quantitative information. Such context cannot be achieved in a table format alone.

**GISTM Alignment**

The Exposure Draft expressly provides that it “seek[s] alignment among all efforts,” with specific reference to the GISTM. Exposure Draft at ¶ 15. In its discussion of tailings-specific disclosure requirements, the Exposure Draft declares its intention to be “aligned with the GISTM to enhance standardization, cost-effectiveness, and alignment of disclosure.” *Id.* at ¶ 60. Freeport strongly agrees with the importance of this consideration and wholeheartedly supports such alignment.

Unfortunately, despite these intentions, the actual text of the Exposure Draft may create confusion and uncertainty regarding this important principle. While the Exposure Draft expressly provides for alignment with a few of the definitions, requirements, and Principles from the GISTM, on many other topics it does *not* expressly provide for such alignment. In some cases, the Exposure Draft provides for alignment only on particular definitions but *omits* any reference to alignment with GISTM reporting requirements more generally. This is true even when the Exposure Draft uses the exact language that is in the GISTM. *Compare* GISTM 10.3 *with* Exposure Draft EM-MM-540a.2.2.3.

An important example of this is EM-MM-540a.2(1)’s requirement for “description of tailings management systems.” As written, this requirement is only partially aligned with the GISTM: it expressly references only two of the GISTM’s definitions (“tailings management system” and “tailings facilities”) and five of the GISTM principles

(Principles 7-11) in discussing alignment for purposes of disclosure. Further, it makes *no* reference to the GISTM’s own disclosure requirement, Requirement 15.1 (although such reference is made elsewhere in the document). Similarly, in the discussion of the tailings storage facilities inventory table, EM-MM-540a.1, the Exposure Draft references the GISTM disclosure requirements on only a limited subset of topics—consequence classification, timing of performance reviews, and mitigation measures—but does not incorporate similar language in the broader disclosure requirements applicable to the description of the tailings management system and governance structure. *See, e.g., id.* at EM-MM-540a.1.2.9. The Exposure Draft provides no stated basis or justification for choosing among GISTM requirements in this manner, providing for alignment with some but not others.

Freeport believes SASB should not mandate different or more expansive disclosure requirements than the GISTM on topics where the Exposure Draft does not expressly provide for alignment. The tailings-specific disclosure requirements set forth in Requirement 15.1 of the GISTM were co-operatively developed by the Global Tailings Review Independent Chair and Expert Panel, who used a thorough drafting and review process informed by subject matter experts as well as the views of co-convenors representing investors, the mining industry, and United Nations organizations. These disclosure requirements were intended to provide investors and other affected stakeholders with the information they need to make informed decisions and to meaningfully engage on tailings management issues, while being precise enough for operators to implement with the necessary level of certainty and auditability and without undue administrative burden. The consensus of these stakeholders should not be set aside lightly.

In Freeport’s view, the best resolution of these issues would be to expressly provide that Requirement 15.1 of the GISTM is the equivalent of the standards set in the Exposure Draft and disclosures may be made consistently with that framework for operators that have adopted the GISTM. Alternatively, the SASB disclosure requirements should be formulated using the same language that is used in the GISTM. This will create a more streamlined and more fulsome disclosure requirement for companies in the metals and mining industry while giving GISTM-compliant companies far greater certainty regarding their obligations.