FREEPORT-MCMORAN

June 17, 2022

Via Email: rule-comments@sec.gov

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors, File No. S7-10-22

Dear Ms. Countryman:

Freeport-McMoRan Inc. (Freeport) appreciates the opportunity to comment on the proposed rules issued by the U.S. Securities and Exchange Commission (the Commission) on climate-related disclosures (the Proposal).[1]

Freeport is one of the world's largest publicly traded copper producers, with a portfolio of assets that includes the Grasberg minerals district in Indonesia, one of the world's largest copper and gold deposits, and significant mining operations in North America and South America, including the large-scale Morenci minerals district in Arizona and the Cerro Verde operation in Peru. The copper industry is critical to the energy transition given its role in electrification and renewable energy technologies. Freeport embraces responsible production as central to our strategy of being foremost in the global copper industry and supports the enhancement of climate-related disclosure, transparency, accountability, and comparability.

Freeport is committed to providing voluntary climate-related disclosures and supports the Commission's efforts to address climate-related disclosures. However, there are certain key aspects of the Proposal that we believe are particularly concerning and we urge the Commission to implement the following recommendations, which are summarized below with more detailed descriptions of each recommendation following the Executive Summary.

Executive Summary

- The effective date of any final rule should be extended beyond the proposed initial compliance phase-in periods so that registrants have sufficient time to provide climate-related disclosures that are reliable, consistent, comparable, and decision-useful for investors.

- Registrants should not be required to disclose Scope 1 or Scope 2 emissions data in their Form 10-K, but rather be allowed to report such data later in the year when most companies' data will be available.

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[1] The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21, 334 (Apr. 11, 2022).

- The proposed amendments to Regulation S-X that would require registrants to analyze the impact of climate-related risks, weather events, and transition activities on each of the line items in their consolidated financial statements should be removed from any final rule.

- Any final rule should employ a principles-based approach with respect to physical climate-related risks.

- The disclosure of internal climate scenario analyses (if used by the registrant) should not be required in 1934 Act filings, but rather be voluntary.

- Scope 3 emissions disclosures should not be required in 1934 Act filings; instead, any final rule should allow registrants to provide such disclosures in voluntary reports available on the registrant's website.

- The requirement to identify board directors with expertise in climate-related risks and disclose whether and how the board sets climate-related targets or goals should be removed from any final rule.

I. The effective date of any final rule should be extended beyond the proposed initial compliance phase-in periods so that registrants have sufficient time to provide climate-related disclosures that are reliable, consistent, comparable, and decision-useful for investors.

The Proposal poses several challenges with respect to the timing of required disclosures, in relation to both the initial compliance phase-in periods as well as on an ongoing basis. Given the scope and scale of the Proposal, registrants will need time to develop complex infrastructure, including hiring personnel with relevant skills, developing systems, processes, and policies, and designing and implementing internal control mechanisms. Even companies such as ours, which publish voluntary climate disclosure and greenhouse gas (GHG) emissions data, will need to further develop and build out our practices, processes, policies, controls and systems to account for more expansive and significantly more prescriptive disclosure requirements. We expect that these additional efforts imposed by the Proposal are likely to cost several million dollars initially and hundreds of thousands of dollars annually thereafter (on top of the costs and efforts we have already expended to develop our GHG emissions data system). In addition, this work will take time and we expect a process to further develop and build out existing practices and systems to take at least two years or even longer. Accordingly, we request that the Commission extend the proposed initial compliance phase-in periods in any final rule so that registrants have sufficient time to provide climate-related disclosures that are reliable, consistent, comparable and decision-useful for investors.

II. Registrants should not be required to disclose Scope 1 or Scope 2 emissions data in their Form 10-K, but rather be allowed to report such data later in the year when most companies' data will be available.

We believe there are timing challenges with respect to complying with the Proposal on an ongoing basis. For example, data for GHG emissions sources are often available only on a time lag and not all relevant data is available by the filing deadline for the Form 10-K. Accordingly, registrants should be allowed to disclose Scope 1 or Scope 2 emissions data later in the year when the

data is available, and should not be required to disclose the data in their Form 10-K. This would obviate the need for registrants to have to estimate GHG emissions data simply to meet their Form 10-K filing deadline or for registrants to have to update those estimates if they subsequently find material differences between the estimate used and the actual, determined GHG emissions data. By providing additional time, registrants would be able to provide investors with more reliable, comparable, and decision-useful information.

We also believe that it will take a considerable amount of time for firms to develop the capabilities and expertise to provide the assurances required by the Proposal. Freeport appreciates that the Proposal would allow for a "broad spectrum" of "GHG emissions attestation providers" for Scope 1 and Scope 2 emissions disclosures; however, we believe the independence and expertise standards imposed by the Proposal are overly prescriptive, which could result in a shortage of qualified GHG attestation providers. Limiting the attestation requirement to only PCAOB-registered accounting firms would likely result in significantly higher costs and exacerbate the timing challenges. In our experience, there are many smaller, dedicated firms with expertise in this area. For our most recent GHG data that was included in our 2021 Annual Report on Sustainability published on April 21, 2022 (over seven weeks after the Form 10-K filing deadline), we relied on a non-PCAOB-registered accounting firm to provide independent verification of Scope 1, Scope 2, and Scope 3 GHG emissions, and we found that the firm was able to provide assurance in a timely and accurate manner.

III. The proposed amendments to Regulation S-X that would require registrants to analyze the impact of climate-related risks, weather events, and transition activities on each of the line items in their consolidated financial statements should be removed from any final rule.

We disagree with the Commission's one percent disclosure threshold for reporting of climate-related metrics in a registrant's consolidated financial statements, as this threshold deviates significantly from the traditional notion of materiality under federal securities laws and would result in both substantial costs to registrants and reporting of immaterial information.

Moreover, many of the categories of information required by the Proposal's amendment to Regulation S-X are inherently uncertain and not defined with sufficient specificity. For instance, "severe weather event" is not defined and therefore it is unclear whether the Commission is asking for disclosure regarding the full impact of a weather event or the portion attributable to climate change. Additionally, for the financial impact of "transition activities," it is unclear what registrants are required to track, as the Commission is effectively asking registrants to disaggregate climate transition risk from any financial statement line item. There is also a lack of clarity as to how to identify "transition activities" and how a company would consider intent and separate activities that improve efficiency but are not necessarily intended to do so. Further, there is a lack of clarity as to how to identify the financial impact of "transition activities," because it is not clear how to disaggregate that impact from other variables. For instance, following our subsidiary's transition from open pit to underground mining, overall energy requirements are expected to increase due to ventilation needs and ore body characteristics that require more intensive processing. To support the additional energy requirements, we identified an opportunity to integrate a lower carbon power source with the development of a new dual fuel power plant at our port facility. This project supports our business strategy to achieve the ramp-up of the underground mines while simultaneously contributing positively to our GHG intensity reduction goal; however, it is unclear how the financial impact of this project would be categorized under the Proposal.

While we believe these concepts should be omitted from any final rule, if retained, we believe these items instead can be addressed through qualitative disclosure in the Management's Discussion and Analyses of Financial Condition and Results of Operations section, which under the current rules, is rooted in materiality.

Moreover, the Private Securities Litigation Reform Act (the PSLRA) does not apply to forecasting information in financial statements, and the Proposal does not include a safe harbor for these disclosures. Given the significant judgment and assumptions needed to calculate the financial impacts of severe weather events and other natural conditions and related transition activities, if climate related disclosures are required in the consolidated financial statements, the final rule must include a broad safe harbor for any such disclosures.

IV. Any final rule should employ a principles-based approach with respect to physical climate-related risks.

We believe the Proposal's prescriptive disclosure requirements of physical climate-related risks should be removed and replaced with a principles-based approach. As contemplated, the Proposal would require excessively granular disclosure regarding physical risks and the location of business operations, properties, or processes subject to identified material physical risks. First, the Proposal's requirement to determine physical risks and their location for operations, properties, or processes would require highly subjective assumptions and judgments, circumventing the Commission's comparability objective across companies. Second, the granularity of the disclosure required by the Proposal in regard to physical risks would be particularly challenging for larger companies, like ours, that have locations and operations all over the world, many of which span geographies. The financial implications of physical risks are difficult, if not impossible to quantify for any specific location and are likely to be highly speculative.

For example, for companies with water-related acute physical risks, the Proposal would require an additional disclosure that includes the percentage of buildings, plants, or properties that are located in flood hazard areas. As the Proposal does not define "high water stressed region" or "extremely high water stressed region," companies would need to define these terms on their own, which would again circumvent the Commission's comparability objective across companies. If disclosure of physical risks is retained in the final rule, we believe that the Commission should rely on a less prescriptive, principles-based approach that does not mandate ZIP code (or similar postal code) disclosure.

V. Disclosure of internal climate scenario analyses (if used by the registrant) should not be required in 1934 Act filings, but rather be voluntary.

Although the Proposal does not mandate registrants to conduct scenario analysis, it does require prescriptive disclosure of the results if a registrant uses such analysis. Prescriptive disclosure of climate scenario analysis assumptions and outputs presupposes a level of data and scenario maturity and objectivity that does not yet exist. Further, requiring companies to disclose the details of scenario analyses would not yield consistent or comparable disclosures as registrants across the same industry often use different scenarios in their analyses, and these analyses are often preliminary, evolving, and imprecise, based on assumptions with wide ranges of reasonability, all of which could lead to disclosure that may not be reliable or comparable.

We experienced these challenges when we conducted our first global scenario analysis in 2021, which we disclosed voluntarily in our 2020 Climate Report notwithstanding the preliminary nature of such information. Specifically, in order to account for the fact that climate projections vary from model to model, we relied on ten global climate models across three future scenarios when conducting our voluntary scenario analysis. Further, we found that global climate models provide only an initial indication of risk regarding what future climate conditions may be in each location where we conduct business.

For the reasons cited above, if a registrant conducts climate scenario analysis, we believe that disclosure of such analysis should be voluntary. We view scenario analysis to be only one of several analytical tools, and certainly not the dispositive one, to identify, assess and communicate potential climate-related risks and opportunities to investors and other stakeholders. Moreover, registrants would potentially be exposed to unnecessary liability if required to disclose scenario analyses in 1934 Act filings. It is for this reason that registrants who have voluntarily published scenario analyses to date have done so outside of 1934 Act filings. We believe principles-based qualitative descriptions of a registrant's climate-related risk strategy are sufficient for investors to evaluate any such strategy.

VI. Scope 3 emissions disclosures should not be required in 1934 Act filings; instead, any final rule should allow registrants to provide such disclosures in voluntary reports available on the registrant's website.

Scope 3 emissions data, which by definition is third party, and not our own, data, either simply does not exist in fact or the third-party Scope 3 emissions data that does exist often is not of high enough quality for registrants to reliably include them as their own in 1934 Act filings. Inaccuracies in the data can lead to inaccurate reporting. In our case, we have voluntarily disclosed some of our Scope 3 emissions estimates, and we are continuing to review our estimates across each of the relevant Scope 3 categories as defined by the WRI/WBCSD Greenhouse Gas Protocol. In our experience, we have found that complete and reliable Scope 3 emissions data does not yet exist. Moreover, our investors have not indicated that they want or need these disclosures in our 1934 Act filings; in other words, they appear satisfied with the disclosures of this inherently unreliable third-party data in voluntary reports. For these reasons, the Commission should not require Scope 3 emissions disclosures in 1934 Act filings, but rather allow registrants to continue to provide Scope 3 emissions data in voluntary reports.

Notwithstanding our request above, if Scope 3 emissions data is required to be disclosed, disaggregation of Scope 3 emissions by constituent gases should not be required. Disaggregated data by individual constituent gas for Scope 3 would require a level of precision and data collection that is not yet available. As additional information becomes available and data quality and collection practices improve over time, providing high-quality disclosure of disaggregated Scope 3 GHG emissions may become feasible. In our experience, we report Scope 3 emissions in the aggregate as we and the third parties that assist us in these calculations find disaggregated data to be unavailable for the majority of sources. In addition, given only a small proportion of U.S. companies are currently reporting Scope 1 and 2 emissions publicly—let alone developing economies where some suppliers may be located—such disaggregated data is impractical and many times not currently available. Accordingly, disaggregation of Scope 3 emissions by constituent gases should not be required.

VII. The requirement to identify board directors with expertise in climate-related risks and disclose whether and how the board sets climate-related targets or goals should be removed from any final rule.

We believe the Proposal relating to governance of climate risk is overly prescriptive. The Proposal would require identification of any board director with expertise in climate-related risks and the nature of such expertise. While we currently have directors with expertise in sustainability matters, including climate, Freeport does not look for one quality in its directors, and instead looks for candidates with well-rounded, diverse perspectives.

As directors are already subject to fiduciary obligations to oversee material risks, the proposed requirement is unnecessary for effective oversight of climate-related considerations. As climate risk is but one of many risks that boards of directors are responsible for overseeing, the requirement to identify only climate risk expertise does not add to the total mix of information available to shareholders. Further, in Freeport's experience, although some investors have inquired about our directors' climate oversight experience, none have expressed any desire for additional climate expertise on our board.

We also note that the Proposal appears to be based in part on the TCFD's governance recommended disclosures, and. the TCFD framework does not specifically recommend identifying any individual board members with climate expertise.

Finally, the Proposal's requirement to disclose "whether and how the board sets climate-related targets or goals" should be deleted. As is well-established by all registrants, including Freeport, it is management, and not the board of directors, that is responsible for executing business strategy, while the board of directors serves an oversight role. Accordingly, this proposed requirement may inadvertently conflate oversight and managerial roles.

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Thank you for the opportunity to provide these comments and recommendations.

Sincerely,

Douglas N. Currault II