

CBA ANALYSIS

PT Airfast Aviation Facilities (PT. AVCO)

Year of Edition 2024-2026

I. BEST PRACTICES ON FREEDOM OF ASSOCIATION

Article 6: "Joint Obligations of Employers and Trade Unions/Labor Unions"

1. Employers and Trade Unions/Labor Unions are obligated to socialize the Collective Labor Agreement (PKB) to Workers/Laborers.
2. This is done to maintain and improve cooperation and legal relationships.
3. Employers and Trade Unions/Labor Unions will consistently work together to enhance workplace and business stability, foster partnerships and a positive corporate culture, and uphold harmonious industrial relations.

Note: This article reflects respect for the existence of trade unions.

Article 56: "Union Member Contributions"

1. In accordance with the Minister of Manpower Decree No. KEP-187/MEN/IX/2004, upon written request from a Trade Union/Labor Union, the Employer may assist in collecting membership dues by deducting wages of employees who are members of the union.
2. The Trade Union/Labor Union must fulfill the requirements set forth in the Minister of Manpower Decree No. KEP-187/MEN/IX/2004 to enable the deduction of dues.
3. The Employer will deposit the deducted dues into the bank account designated in writing by the Trade Union/Labor Union.

Article 57: "Facilities for Trade Unions/Labor Unions"

1. The Employer provides office space and equipment, including desks, chairs, telephones, filing cabinets, and office supplies, for use by the Trade Union/Labor Union at Tembagapura and the Light Industrial Park (LIP) in Kuala Kencana.
2. The Employer provides notice boards and website access for the use of the Trade Union/Labor Union.
3. To support union activities, the Employer provides a monthly financial aid of Rp. 5,000,000 to the Trade Union/Labor Union.

Article 58: "Recognition of Union Representatives"

1. The Employer will not exert pressure or discriminatory treatment, directly or indirectly, on employees who serve as Union Leaders or are appointed as Union Representatives.
2. The Employer guarantees that participation in union membership or leadership will not affect the employees' careers or performance evaluations.

Article 59: "Leave for Union Activities"

1. The Employer permits Union Leaders, as specified in the union's Articles of Association and Bylaws (AD/ART), to leave work while receiving full wages, subject to

approval from the Industrial Relations Department upon the union's monthly leave request. Leave may be granted for the following purposes:

- Attending periodic conferences or meetings.
 - Attending seminars or union training sessions domestically or internationally.
 - Responding to summons from government institutions.
 - Other purposes related to union activities.
 - Leave days for these purposes are in addition to days allocated for collective bargaining agreement (CBA) negotiations.
2. For leave exceeding the above allocations, the Union may submit a request to the Employer for approval, depending on the urgency of the activities.

Note: Articles 56, 57, 58, and 59 fully support the existence of unions within the company and embody the ideal of freedom of association.

II. BEST PRACTICES ON OCCUPATIONAL HEALTH AND SAFETY (OHS)

Article 9

2. The Employer is committed to preventing workplace accidents and maintaining employee health by organizing training and lectures on OHS and providing necessary safety equipment.
6. If employees face tasks deemed unsafe or non-compliant with OHS requirements, they must discuss the work with their direct Supervisor as soon as possible to conduct a risk assessment and determine whether the work should continue or be postponed.

Note: Article 9 emphasizes the critical importance of OHS in mining environments, with added elements of Occupational Safety and Health and Environmental Protection (KPLLP).

Article 23:8 "Radiation Allowance and Dust Control Program"

- a. The Employer provides a Radiation Allowance of up to Rp. 950,000 per month (net) to certified Radiation Safety Officers appointed to perform radiation protection duties.
- b. The Employer implements a dust control program in high-exposure areas.

Note: This article reflects the Employer's commitment to worker health and safety.

Article 32

5. Periodic Health Examinations

- The Employer conducts regular health examinations for employees at the Employer's expense.

6. Specialist Doctors

- The Employer will periodically bring in specialists such as dentists, ophthalmologists, or other medical professionals to the work area for the benefit of employees and their families.

III. BEST PRACTICE ON WAGES

Article 20: Sections 6 and 7

(6) The wage system is divided into three categories:

- a. **Pratama** (grades F to A)
- b. **Muda** (levels 1 to 3)
- c. **Madya** (levels 4 to 5)

(7) The wage system for **Pratama Workers/Laborers** is divided into three pay groups:

1. Grades F1 to C4 – "**Basic Competency Development**"
2. Grades B1 to B5 – "**Specialization**"
3. Grades A1 to A5 – "**Master**" (Master Tradesperson, Master Operator, Assistant Instructor, Lead Hand).

Note: The wage structure is based on a graded pay scale, incorporating multiple levels that indicate career progression and varied salaries, as further detailed in Article 21:2 and outlined in the HR.CB.24 Company Policy Appendix.

Article 21: Section 5

"The performance evaluation of Pratama Workers/Laborers is conducted twice a year, and the results are communicated to them in accordance with Company Policy HR.CB.24."

Note: Periodic performance evaluations serve as a reference for regular and higher wage increments.

Article 22: Section 3c

"Pratama Workers/Laborers in underground mining are entitled to an Additional Overtime Premium (UG Overtime Premium) of 35% of the total overtime pay for the current month."

Note: The calculation of overtime wages includes additional and higher rates specifically for workers in specialized areas (underground).

Article 23: Section 1c

"Workers/Laborers are entitled to a Religious Holiday Allowance equivalent to two months of basic salary."

Note: The holiday allowance exceeds the standard twofold provision under labor regulations.

Article 23: Section 2

"Pratama Workers/Laborers temporarily assigned as Supervisors, replacing their superiors on leave outside the Work Area or on business trips, will receive a bonus of 20% of the highest basic salary in the top grade (A5) during their tenure in that role."

Note: The 20% salary addition for replacing a superior on leave is a positive rule, as there is no labor regulation mandating such provisions.

Article 23:3: Shift Allowances

- a. Pratama Workers/Laborers working shifts in open-pit or underground mines receive a shift allowance of **Rp. 55,000**, while those working shifts outside these areas receive **Rp. 30,000**.
- b. Pratama Workers/Laborers working night shifts are given a bonus of **Rp. 25,000 per night** for attendance.
- c. Pratama Workers/Laborers in non-shift roles at open-pit or underground mines, processing plants, or dewatering plants receive a shift allowance of **Rp. 25,000**.

Note: Shift allowances are not specifically regulated in labor laws no 13/2003, except for female workers (Minister of Manpower Regulation No. 224/2003). This is purely based on the negotiation

Article 23: Section 4: Leave Allowance

- a. As of February 1 each year, Pratama Workers/Laborers stationed in the Work Area are entitled to a leave allowance equivalent to **one month's basic salary**.
- b. To qualify for this allowance, the worker must have at least **90 days of service** as of February 1 of the current year.

Note: This is not regulated in labor laws.

Article 23: Section 5: Transportation Assistance

Due to the lack of transportation facilities, the employer provides transportation assistance for Pratama Workers/Laborers in the Lowlands who use public transport to commute to and from work.

- The transportation allowance is **Rp. 28,000 per day per attendance**.
- Workers residing in company accommodations are not eligible for this allowance.
- Land transportation assistance for Pratama Workers/Laborers in Jakarta is **Rp. 500,000 per month** (subject to income tax deductions).

Note: Transportation assistance is not regulated by labor laws, and therefore not mandatory for companies.

Article 23: Section 6: Lunch Assistance

- a. Due to the operational nature of airport services during working hours, the company, through its cooperative, provides lunch to workers/laborers in the form of meals, not monetary compensation.
- b. The meal allowance is valued at **Rp. 47,000 per day per attendance**.

Note: This article pertains to the specific sector (airports) and is not covered by labor regulations.

Article 23: Section 7: Productivity Bonuses

Note: This article implements a system for rewarding worker productivity, with specific formulas, timelines, and calculation bases as defined by the parent company, PT Freeport.

IV. BEST PRACTICES REGARDING SOCIAL SECURITY AND WELFARE

Article 26: Section 1 – "Travel Allowance for Pratama Workers/Laborers"

- a. Once a year, the employer provides a travel allowance in the form of two round-trip economy-class flight tickets to and from the leave location as stipulated in Article 25, Paragraph 6 of the Collective Labor Agreement (PKB), for single workers/laborers or single-status workers/laborers assigned to the Work Area with less than 10 years of service.
- b. Once a year, the employer provides a travel allowance in the form of three round-trip economy-class flight tickets to and from the leave location as stipulated in Article 25, Paragraph 6 of the PKB, for single workers/laborers or single-status workers/laborers assigned to the Work Area with 10 or more years of service.

c. Once a year, the employer provides a travel allowance in the form of one round-trip economy-class flight ticket to and from the leave location as stipulated in Article 25, Paragraph 6 of the PKB, for workers/laborers with family status and their direct dependents, assigned to the Work Area.

e. The employer provides a travel allowance equivalent to one month's basic salary per year, paid annually on November 1, to the families of Pratama Workers/Laborers stationed in the Work Area and Jakarta.

Note: Travel allowances for leave are not regulated in labor laws.

Article 27: Section 3 – Travel Rewards for Native Papuan Workers/Laborers

a. The employer provides a travel reward in the form of economy-class flight tickets for a route not exceeding Timika-Jakarta-Timika to native Papuan workers/laborers (Papuan Rewards) who have completed three consecutive years of service and multiples thereof. The entitlement includes:

- a.1. Round-trip tickets for the worker/laborer.
- a.2. Round-trip tickets for the spouse and up to three children who are the worker/laborer's direct dependents and registered with the company.

b. Native Papuan workers/laborers traveling with their spouse and/or children may modify the travel route to include the city where their spouse resides, provided the worker/laborer bears any additional ticket costs incurred.

c. Unused travel rewards will expire once the next reward period begins.

d. Travel tickets for Pratama Workers/Laborers and their spouses may be converted into cash at 100% of their value starting from the first travel reward.

e. Travel rewards for up to three children of Pratama Workers/Laborers may be converted into cash at 50% of their value each.

f. As a form of appreciation for native Papuan workers/laborers with no record of written disciplinary actions (Level 1 or higher) within two years prior to the entitlement date of their travel reward, the employer:

- f.1. Reduces the travel reward eligibility period from every three years to every two years.
- f.2. Provides additional accommodation and transportation assistance worth **Rp. 10,000,000**, which cannot be converted into cash.

Note: This article serves as a special recognition for local workers, providing benefits equivalent to travel allowances given to non-Papuan workers.

Article 28: "Emergency Leave"

1. The employer grants seven days of paid leave to workers/laborers stationed in the Work Area whose spouse, child, or parent (registered with the HR Department) passes away outside the Work Area.

2. Flight costs for attending the funeral are arranged as follows:

a. If the worker/laborer's spouse and/or child passes away, the employer covers the round-trip flight costs for the worker/laborer, their spouse, and/or children residing in the Work Area to the funeral location.

b. If the biological or adoptive parent of the worker/laborer passes away, the employer covers the round-trip flight costs for the worker/laborer to the funeral location.

c. If the biological or adoptive parent of the worker/laborer's spouse passes away, the employer covers the round-trip flight costs for the worker/laborer's spouse residing in

the Work Area to the funeral location.

d. If the in-laws of a single-status worker/laborer or a family-status worker/laborer pass away, the employer covers the round-trip flight costs for the worker/laborer and their spouse residing in the Work Area to the funeral location.

3. In addition to the flight costs mentioned above, workers/laborers are also entitled to a two-day per diem as follows:
 - a. Worker/Laborer: **Rp. 500,000** per day.
 - b. Spouse: **Rp. 500,000** per day.
 - c. Child: **Rp. 250,000** per day (per child).
4. If additional time is needed, workers/laborers may take up to seven days of leave from their annual entitlement, subject to direct supervisor approval.

Note: This facility is highly beneficial and not regulated in labor laws.

Article 30: Section 6c – Per Diem for Religious Obligations

The employer provides a per diem of **Rp. 500,000 per day for four days** to workers/laborers performing mandatory religious rituals.

Note: Labor Law No. 13/2003, Article 93, and Government Regulation No. 78/2015 state only that wages must be paid in full during religious leave.

V. BEST PRACTICE ON GENDER

Article 30: "Maternity Leave"

- a. A pregnant worker/laborer is entitled to maternity leave for **1.5 months before the estimated delivery date** and **2 months after the delivery date**, as determined by an obstetrician or midwife, with full salary payment.
- b. Supervisors of pregnant workers/laborers must ensure that they take this leave, prioritizing the health and safety of both the mother and the unborn child.
- c. Early maternity leave (during the first three months of pregnancy) may be granted based on specific conditions.

Note:

- Law No. 13/2003, Article 82:1, stipulates maternity leave as 1.5 months before delivery and 1.5 months after delivery. This article offers a longer leave period, totaling **3.5 months**.
- The new Maternal and Child Health Law (UU KIA) provides a minimum of **3 months before delivery** and up to **3 months after delivery** under special conditions, which must be supported by a medical certificate.

VI. BEST PRACTICE ON SOCIAL SECURITY AND WELFARE

Article 33: "HEALTH TREATMENT/CARE OUTSIDE THE WORK AREA"

1. Medical Evacuation (Medivac):
 - a. The Company Doctor is authorized to decide that the Worker/Employee or their Dependents living in the Work Area need to undergo medivac (examination and/or further treatment at another location/outside the designated Work Area), and the Employer will follow up on this decision.
 - b. The Employer will bear the costs, including transportation by economy class air,

accommodation costs, and other examination/treatment costs at the designated hospital. c. If the Worker/Employee or their Dependents are not hospitalized, while staying at the location for examination and/or treatment, the Employer will provide a medivac per diem allowance to the Worker/Employee or their Dependents for expenses such as food, laundry, and local transportation. d. The medivac per diem allowance is as follows: Adult Rp. 500,000 per day, Child Rp. 250,000 per day. e. If the Company Doctor determines that the patient requires an escort, the medivac per diem allowance mentioned in point (d) also applies to the escort.

Note: *There are no regulations specifically governing Medivac, nor providing per diem as outlined in this article.*

Article 36: "EDUCATIONAL ASSISTANCE FOR CHILDREN OUTSIDE THE WORK AREA"

1. The Employer provides educational assistance for the children of Workers/Employees who are Dependents and still attending school outside the Work Area as follows:
 - Early Childhood Education (1 year) Rp. 2,960,000 per year
 - Kindergarten (2 years) Rp. 5,330,000 per year
 - Primary School (6 years) Rp. 10,650,000 per year
 - Junior High School (3 years) Rp. 12,420,000 per year
 - Senior High School (3 years) Rp. 14,190,000 per year
 - Special Education (12 years) Rp. 17,750,000 per year
 - University (5 years) Rp. 17,750,000 per year
2. The Employer provides educational assistance for a maximum of 3 biological children of the Worker/Employee, including one legally adopted child, per academic year.

Note: *There is no obligation for the Company to provide educational assistance for workers' children.*

Article 38: "DEATH BENEFIT"

1. The Employer will pay a death benefit equivalent to 1 year's wage to the spouse and dependents listed in the HR Department of a Single Worker/Employee or a Family Status Worker/Employee who has worked at least 90 days and dies due to illness or accident outside working hours.
2. The Employer will pay the death benefit to the heirs in accordance with Article 31 of the Collective Labor Agreement (PKB).
3. The Employer will pay a death benefit of 3 months' wages to the heirs of a Worker/Employee in the probationary period who dies due to illness or accident outside working hours, in accordance with Article 31 and Article 38, paragraph 1 of the PKB.

Article 39: "DEATH OF WORKER/EMPLOYEE OR DEPENDENT IN THE WORK AREA"

1. Funeral Assistance: The Employer will provide funeral assistance equivalent to 200% of the Worker/Employee's monthly base salary. Funeral expenses also apply to the Dependents of a Single Worker/Employee or a Worker/Employee stationed in Jakarta who dies.

Note: *According to Law No. 13, Article 166, funeral expenses are paid at Rp 2,000,000 and this is only applicable if the employee is enrolled in the PBJs TK/Jamsostek program.*

Article 40: "WORK ACCIDENT OR MINING ACCIDENT INSURANCE"

1. Workers/Employees who are unable to work due to a work accident will receive wages according to Government Regulation No. 36 of 2021 on Wages.
2. Workers/Employees whose employment ends because they are unable to work due to a work accident after 12 months will receive payment according to Government Regulation No. 35 of 2021.
3. Specifically, for Workers/Employees who die due to a Mining Accident, the Employer will also provide a benefit of US\$50,000 to the heirs listed in the HR Department.

Note: *This article has sector-specific provisions for mining that are not specially regulated in labor regulations.*

Article 42: "RETIREMENT SAVINGS PLAN"

1. The Employer implements a retirement savings program for Workers/Employees designed to increase post-retirement benefits for Primary Workers/Employees through the administering company, by including contributions from the Workers/Employees matched by the Employer's contribution.
2. The Employer provides a fixed contribution matching the Primary Workers/Employees' contribution as follows: a. Master Competency Level (Group A) a maximum of Rp. 1,500,000 per month b. Specialist Competency Level (Group B) a maximum of Rp. 1,250,000 per month c. Basic Competency Level (Group F – Group C) a maximum of Rp. 1,000,000 per month
3. As a form of recognition for a certain length of service, the Employer will provide a one-time initial investment payment based on the length of service as of December 2011 as follows: a. Rp. 3,000,000 for 5-9 years of service. b. Rp. 7,500,000 for 10-14 years of service. c. Rp. 10,000,000 for 15-19 years of service. d. Rp. 15,000,000 for 20 years of service or more.
4. The Company will make a one-time payment of Rp. 2,000,000 to the Retirement Savings Account of each participating employee. This is only applicable once, done in 2024.
5. Every 6 months, the Employer and the Worker's Union/Worker's Association will evaluate the retirement savings program, particularly in terms of the effectiveness of the program's administrator.

Note: *This article is a high-value implementation of employee welfare for retirement and is a good practice for other companies. This provision is not regulated in Indonesian labor regulations.*

Article 44: "HOUSING ASSISTANCE" Every year, the Employer provides housing assistance to 5 Primary Workers/Employees, either for a home purchase down payment loan or a home renovation loan under the following conditions:

1. Home Purchase Down Payment Loan: To assist Primary Workers/Employees with a station in the Work Area in purchasing a home, the Employer provides a Home Purchase Down Payment Loan of Rp. 100,000,000, as follows: a.1. Rp. 75,000,000 of the loan can be repaid through wage deductions over a maximum of 84 months, and a.2. Rp. 25,000,000 of the loan is a grant from the Employer to the Primary Worker/Employee. The grant is subject to income tax in accordance with tax regulations.

Note: *By regulation, housing and/or renovation assistance is only available through BPJS TK.*

2. Home Renovation Loan: a. The Employer provides a Home Renovation Loan to Primary Workers/Employees with a station in the Work Area of up to Rp. 100,000,000, as follows: a.1. Rp. 75,000,000 of the loan can be repaid through wage deductions over a maximum of 84 months, and a.2. Rp. 25,000,000 of the loan is a grant from the Employer to the Primary Worker/Employee. The grant is subject to income tax in accordance with tax regulations.
3. Living Expenses Allowance Outside Company Accommodation: a. The Employer provides a Living Expenses Allowance Outside Company Accommodation to Primary Workers/Employees who live outside the company's accommodation area. b. The Living Expenses Allowance Outside Company Accommodation is provided in the first week of January as follows: b.1. Single employees living outside company accommodation receive Rp. 7,000,000 per year. b.2. Married employees living within company accommodation receive Rp. 8,700,000 per year. b.3. Married employees living outside company accommodation receive Rp. 10,400,000 per year.

Note: *According to labor regulations, living expenses allowances are only required through the company's accommodation program.*

BAD PRACTICE ON SOCIAL SECURITY AND WELFARE

Article 48: Reaching Retirement Age 1. The normal retirement age is determined as follows:
o This provision under Paragraph 1 will take effect starting January 1, 2025. Date of Birth Retirement Age Before January 1, 1970 55 years On or after January 1, 1970 56 years Note: According to Government Regulation No. 45 of 2015, the retirement age for private sector employees is set at 56 years, with an increase of 1 year every 3 years. Based on this rule, the retirement age should be 59 years as of January 1, 2025. While many workers prefer early retirement, this should ideally be offered as an optional early retirement program.

OTHERS ELEMENT: This Collective Labor Agreement (PKB) includes detailed information and explanations about matters not specifically regulated in the PKB articles, such as wage scales for 2024 and 2025, work hours and overtime concepts, wage compensation (severance pay, leave, travel expenses, leave calculations, educational assistance, etc.), APD lists, job grades, and the Company's Industrial Relations Guidelines for 2024-2026 in the form of a regulatory package, as well as special facilities for Airfast.