

CBA ANALYSIS PT. FEEPORT INDONESIA

EDITION OF XXII : 2022-2024

Special Notes from the Preamble

- **Page 5, Paragraph 5:**

"...Employers and Workers' Unions/Trade Unions also agree that during the validity period of this CBA, neither party shall submit any request to amend this CBA that would exceed or diminish the meaning of the provisions already agreed upon."

Comment:

This section can potentially weaken and simultaneously strengthen positions because if crucial issues arise during the CBA period, the opportunity to negotiate them becomes difficult or nonexistent, leaving such matters to wait until the CBA expires (no opportunity for addendums).

- **Paragraph 6 (Page 5) on Human Rights Circular:**

In implementing the provisions contained in this CBA, the Employer ensures that all operations are conducted respecting human rights, applicable laws and regulations, and the culture of the local indigenous population in the areas where the Company operates, as stated in the Company's Circular on the Policy on Human Rights and its Implementation, effective June 1, 1999.

Terms in Point No. 72 (Page 10) on Retirement Savings Plan:

A worker/employee savings program designed to enhance retirement benefits through the involvement of an organizing company, matching employee contributions with equivalent contributions from the employer.

Comment:

This is a great point because the savings value can double due to the employer matching each saved amount. However, similar opportunities are articulated in other sections:

1. **Article 3:3: "Policies related to working conditions, rights, and obligations of Workers/Employees that currently cannot be included in this CBA are stipulated in Company Policies (Policy & Procedure) on the Company's website and may be proposed for amendment by Workers' Unions/Trade Unions for discussion with the Employer."**
2. **Article 3:4: "Changes to Company Policies may be made as long as they do not contradict the CBA and are formally discussed with Workers' Unions/Trade Unions to reach mutually beneficial outcomes."**

I. BEST PRACTICES ON FREEDOM OF ASSOCIATION

Article 44:5 - Home Ownership Assistance Program for Workers/Employees:

- a. Employers and Workers' Unions/Trade Unions have agreed to establish a Home Ownership Assistance Program for Workers/Employees (HOPE) to help them acquire homes.
- b. In implementing this program, the Employer facilitates collaboration between the Workers' Union/Trade Union (as representatives of Workers/Employees) and relevant parties (banks, housing developers, etc.) to provide housing units at affordable prices and payment schemes.

Note:

This article is part of social security elements and also evidence of support for union presence in the company.

Article 56: Membership Fees for Workers' Unions/Trade Unions

1. Following the Ministry of Manpower Decision No. KEP-187/MEN/IX/2004, upon written request from the Workers' Union/Trade Union, the Employer may assist in collecting union dues through payroll deductions.
2. To conduct dues collection through deductions, the Workers' Union/Trade Union must meet the requirements outlined in the Ministry of Manpower Decision No. KEP-187/MEN/IX/2004.
3. The Employer shall transfer the deducted dues to the account designated by the Workers' Union/Trade Union.
4. Workers/Employees may submit written notification to revoke authorization at any time to the Employer via the HR Department, with a copy to the Workers' Union/Trade Union.
5. Deductions for membership dues will be made in the same month if complete documentation is received before the 10th; otherwise, deductions will be made in the following month.
6. The Employer may request updated membership data from the Workers' Union/Trade Union at any time.
7. The Workers' Union/Trade Union is required to provide the requested data for membership updates.

Note:

Automatic deduction (Check-Off System/COS) is an excellent practice in companies because, despite being regulated by law, its implementation is still minimal.

II. BEST PRACTICES ON WAGES

Article 20:

5. The initial placement of new Workers in the wage system is based on:
 - a. available vacancies,
 - b. job requirements for the position,
 - c. worker competence, and
 - d. educational level.

6. The wage system is divided into 3 categories:
 - a. Pratama (Group F to A),
 - b. Muda (Level 1 to 3),
 - c. Madya (Level 4 to 5).
7. The wage system for Pratama Workers is divided into 3 wage categories:
 - a. Group F1 to C4 – "Basic Competency Development,"
 - b. Group B1 to B5 – "Specialization,"
 - c. Group A1 to A5 – "Master" (Master Tradesperson, Master Operator, Assistant Instructor, Lead Hand).
8. The lowest wage for Pratama Workers is Group F1, and the highest is Group A5. Each wage group consists of several levels, as detailed in Appendices I and II of this CBA.
9. The review for basic wage increases for Pratama Workers considers:
 - a. increases or adjustments in the cost of living,
 - b. inflation rate,
 - c. the company's financial capability,
 - d. productivity, and
 - e. wage competition levels in Indonesia.

Note: Articles 20:5, 7, 8, and 9 contain specific arrangements.

Article 21: basic wages for pratama workers

1. The figures in the basic wage scale for Pratama Workers are paid monthly, according to the group and level within the group.
2. Transfers and/or promotions must be based on the Pratama Workers' ability to meet the competency and performance standards set by the employer.
3. Job performance is determined using the Performance Evaluation process.
4. Job competence for Pratama Workers is determined using the competency system for Pratama Workers.
5. Performance evaluations for Pratama Workers are conducted twice a year, and the results are communicated to them per Company Policy HR.CB.24.
6. Basic Wage Increases for Pratama Workers are as follows:
 - a. On April 1, 2022, the basic wage increased by 4%, as detailed in Appendix I.
 - b. On April 1, 2023, the basic wage increased by 3%, as detailed in Appendix II.
7. The wage mechanism based on competency is regulated under Company Policy HR.CB.24.
8. Basic Wage increases for Workers at Levels 1–3 are decided and determined by the employer.

Note: Implementation of a structured and specific wage scale above statutory standards.

Article 22:3c

"Pratama underground miners will receive an additional Overtime Premium (UG Overtime Premium) equal to 35% of the nominal overtime wage for the current month."

Note: Special calculations for specific positions.

Article 23:

1c. "Workers are entitled to a Religious Holiday Allowance equivalent to 2 months' basic salary."

Note: *Higher value than statutory standards (2x).*

2. Temporary Supervisor Assignment

"Pratama Workers temporarily assigned as supervisors to replace their superiors who are on leave outside the work area or on business trips will receive a bonus equivalent to 20% of the highest basic wage in the top group (A5) during their assignment. To qualify for this bonus, the temporary assignment must be formally notified in writing to the HR Department with the approval of the Department Head."

Note: *Additional income compensation.*

3. Shift Work Allowance

The employer provides shift work allowances as follows:

- a. Pratama Workers in open-pit or underground mines receive a shift work allowance of IDR 44,000.
- b. Pratama Workers not in open-pit or underground mines receive a shift work allowance of IDR 22,000.
- c. Pratama Workers in non-shift roles at open-pit mines, underground mines, processing plants (mill), and dewatering plants receive a shift work allowance of IDR 22,000.
- d. Shift work allowances are paid monthly based on the number of shift workdays at their workplace.

4. Leave Allowance

- a. As of February 1 each year, Pratama Workers assigned to work areas are entitled to a leave allowance equivalent to 1 month's basic salary.

5. Transportation Assistance

Comment: Transportation assistance is provided based on the distance between the worker's residence and the work location, ranging from IDR 500,000 to IDR 750,000 per month, subject to income tax, except for Pratama Workers provided accommodation at Mile 38.

Article 25:6. Leave Location

- a. Considering transportation conditions in Papua, Maluku, NTT, and NTB, which consist of islands, the employer provides travel facilities in the form of economy-class air tickets according to the route determined by the employer to the provincial/county capital in the aforementioned areas where the worker's parents/spouse resides, as per documentation held by the employer.

Article 26: Allowances and travel assistance for workers**1. Travel Allowances for Pratama Workers**

- a. Once a year, the Employer provides travel allowances in the form of economy-class airline tickets for two round trips to and from the leave location as stipulated in Article 25, Paragraph 6 of the CBA for Single Workers or Single Status Workers assigned to the Work Area with less than 10 years of service.
- b. Once a year, the Employer provides travel facilities in the form of economy-class airline tickets

for three round trips to and from the leave location as stipulated in Article 25, Paragraph 6 of the CBA for Single Workers or Single Status Workers assigned to the Work Area with 10 years or more of service.

c. Once a year, the Employer provides travel facilities in the form of one round-trip economy-class airline ticket to and from the leave location as stipulated in Article 25, Paragraph 6 of the CBA for Family Status Workers and their Direct Dependents assigned to the Work Area.

d. For new Workers assigned to the Work Area:

d.1. Those hired before July 1 of the current year will receive travel facilities in the form of one round-trip economy-class airline ticket to and from the place of their assignment during that year.

d.2. Those hired on or after July 1 of the current year will receive travel facilities in the form of one round-trip economy-class airline ticket to and from the place of their assignment in the following year.

e. The Employer provides Pratama Workers' families assigned to the Work Area and Jakarta with a travel allowance equivalent to one month's basic salary per year, paid every November 1.

f. Travel ticket rights may be carried over to the following year without loss of entitlement.

Article 27:3 Travel rewards for indigenous papuan workers

a. The Employer provides economy-class airline tickets for the route Timika–Jakarta–Timika (Papuan Rewards) to indigenous Papuan Workers who have completed 3 consecutive years of service and multiples thereof and are eligible for leave with travel rights within Papua as follows:

a.1. A round-trip ticket for the Worker, and

a.2. A round-trip ticket for the spouse and up to 3 children who are Direct Dependents and registered with the Company.

b. Indigenous Papuan Workers may modify their travel route to include the city where their spouse resides, traveling together, with the Worker covering any additional ticket costs.

d. Travel rewards for Pratama Workers and their spouses can be monetized at 100% from the first reward.

e. Additional Travel Rewards for up to 3 children of Pratama Workers can be monetized at 50% each.

f. As a form of recognition for Papuan Workers with no disciplinary records (Written Warning 1 or higher) within 2 years of earning the travel reward, the Employer:

f.1. Reduces the eligibility period for travel tickets from 3 years to 2 years, and

f.2. Provides accommodation and transportation assistance worth IDR 10,000,000, non-monetizable.

Article 28:4

In addition to airfare, Workers are entitled to 2 days of per diem as follows:

a. Worker: IDR 500,000 per day.

b. Spouse: IDR 500,000 per day.

c. Child: IDR 250,000 per day per child.

Article 30:6: Performing mandatory religious duties

a. The Employer allows Workers to leave work with pay to perform mandatory religious duties (outside the 30-day leave provision) based on the time required, as per the schedule chosen by the Worker and confirmed by the HR Department.

b. The duration of leave for mandatory religious duties is adjusted to the travel schedule selected by the Worker.

c. The Employer provides a per diem for 4 days at IDR 500,000 per day to Workers performing mandatory religious duties.

Note:

Leave for religious activities is not regulated under Indonesian Labor Law. Freeport provides extended leave with additional per diem for 2 days, showcasing a highly accommodating policy.

III. BEST PRACTICE ON SOCIAL SECURITY

Article 31: GENERAL

1. The children of Workers/Laborers, who are recognized by the Employer as Direct Dependents entitled to social security and welfare, must meet the following requirements:
 - a. Under 21 years old,
 - b. Unmarried,
 - c. Unemployed, except for children who are still in school or enrolled in a diploma or undergraduate (bachelor's) program, and
 - d. Registered with the Company.
2. Children of Workers/Laborers who are unmarried and unemployed or children of Workers/Laborers who suffer from mental/physical disabilities and are therefore unable to attend school or work will be recognized as Dependents by the Employer until the age of 23.
3. For the purposes of this Agreement, the Direct Dependents recognized by the Employer are one (1) spouse and three (3) biological children, stepchildren, and/or adopted children.

Article 32: Medical treatment and healthcare

1. **General:** Workers/Laborers are responsible for maintaining the health of themselves and their Dependents. If Workers/Laborers or their Dependents become ill or have an accident, the Employer shall provide assistance in the form of medical treatment facilities or reimbursement of medical expenses, provided the costs incurred are deemed reasonable, appropriate, and accountable by the Company's Doctor, as outlined below.
2. **Eyeglasses and Lenses**
 - a. Reimbursement for the purchase of one lens and eyeglasses (including frames and lenses) based on a doctor's prescription is up to a maximum of IDR 1,200,000 per year.
 - b. Replacement of eyeglass frames and lenses can be done once per year.
 - c. Reimbursement for the purchase of eyeglass lenses based on a doctor's prescription is up to a maximum of IDR 500,000 per year.
 - d. Reimbursement for the purchase of eyeglass frames and/or lenses that are damaged or broken while the Worker/Laborer is on duty is subject to the limits stated in points (a) and (c) above.
 - e. Reimbursement requests must be accompanied by proof of purchase and a statement from the Supervisor.
3. **Dental Treatment**
 - a. Reimbursement for dental treatment costs for Workers/Laborers and their Dependents as

recorded in Article 31 of this Agreement.

b. Workers/Laborers are responsible for cosmetic dental care costs.

c. Reimbursement for damaged teeth replacement due to work-related accidents using dentures.

4. Hearing Aids

a. The Employer will assist with the purchase of hearing aids for Workers/Laborers experiencing hearing impairments based on recommendations from the Company's Doctor.

b. The Employer will replace hearing aids damaged due to work-related activities as recommended by the doctor.

5. Periodic Health Checkups

a. The Employer shall conduct periodic health checkups for Workers/Laborers at the Employer's expense.

b. Workers/Laborers are required to attend scheduled periodic health checkups.

c. The Employer will enforce disciplinary action against Workers/Laborers who fail to attend scheduled periodic health checkups without acceptable reasons as stipulated in Article 27 of the PHI Book.

d. The schedule for periodic health checkups is governed by Company Policy HR.CB.05.

6. Specialist Doctors

The Employer will periodically bring in specialists (e.g., dentists, ophthalmologists, or other specialists) to the Work Area for Workers/Laborers and their families.

Article 33: Medical treatment outside the work area

The Employer provides medical treatment facilities for Workers/Laborers stationed in the Work Area and/or their Direct Dependents living in the Work Area. Medical treatment outside the Work Area is regulated as follows:

1. Medical Evacuation (Medivac)

a. The Company's Doctor has the authority to decide whether a Worker/Laborer or their Direct Dependent in the Work Area needs medivac (further examination and/or treatment outside the Work Area), and the Employer will act accordingly.

b. The Employer will cover costs, including economy-class air transportation, accommodation expenses, and other examination/treatment costs at the designated hospital.

c. If the Worker/Laborer or their Direct Dependent is not hospitalized, the Employer will provide a medivac per diem allowance for expenses such as meals, laundry, and local transportation.

d. Medivac per diem rates are:

- o Adults: IDR 500,000 per day

- o Children: IDR 250,000 per day

e. If a companion is deemed necessary by the Company's Doctor, the medivac per diem allowance also applies to the companion.

f. The Company's Doctor determines the duration for which a companion is required.

2. Medical Treatment During Leave (Medileave)

a. The Company's Doctor may recommend consultation with a specialist during the Worker/Laborer's leave period.

b. The Employer will only reimburse expenses if the Worker/Laborer complies with all requirements set by the Company's Doctor.

c. Procedures for medical treatment during leave and medileave assistance for Workers/Laborers stationed in Papua and/or Eastern Indonesia are governed by Company Policy HR.CB.05.

3. Medical Treatment for Workers/Laborers in Jakarta

Medical treatment policies for Workers/Laborers stationed in Jakarta are governed by Company Policy HR.CB.05.

Article 34: Medical treatment for direct dependents

1. The Employer reimburses medical and/or treatment costs for Direct Dependents, provided the expenses are reasonable, appropriate, and accountable.
2. Outpatient reimbursement for Direct Dependents of Workers/Laborers stationed in the Work Area is 100% of the costs incurred.
3. Inpatient reimbursement for Direct Dependents of Workers/Laborers stationed in Jakarta is governed by Company Policy HR.CB.05.
4. If a Direct Dependent in the Work Area requires inpatient care, the Employer reimburses 100% of costs for treatment, including room, procedures, meals, doctor fees, ambulance services, and necessary medication at a first-class level.

Article 38: Death benefit

1. The Employer shall pay a death benefit equivalent to 1 year's wage to the spouse and dependents recorded with the HR Department of a Single Worker or a Worker with Family Status who has worked for at least 90 days and passes away due to illness or an accident outside of working hours.
2. The Employer shall pay the death benefit to the heirs as stipulated in Article 31 of the Collective Labor Agreement (CLA).
3. The Employer shall pay a death benefit equivalent to 3 months' wages to the heirs of a Worker on probation who passes away due to illness or an accident outside working hours as stipulated in Article 31 and Article 38 Paragraph 1 of the CLA.
4. In cases where the death benefit stated in the CLA is lower than the applicable labor laws, the provisions of the labor laws shall apply.

Article 39: Worker or dependents passing away in the work area

If a Worker or a Direct Dependent passes away in the Work Area, the Employer shall cover the following costs:

1. Preparation of the Deceased

- a. Embalming and preparation of the body.
- b. Coffin and shipping case.
- c. Permits, certificates, and related documentation.

2. Transportation

- a. The Employer shall provide transportation of the body by air to the desired location, provided that it is not farther than the Worker's or spouse's place of origin as recorded in the HR Department.
- b. If the deceased is the Worker, the Employer shall also provide transportation for the spouse and dependents to the place of origin as recorded in the HR Department.
- c. If the deceased is the Worker's spouse, the Employer shall also provide round-trip transportation for the Worker and dependents residing in the Work Area to the burial site.
- d. If the deceased is the Worker's child, the Employer shall also provide round-trip transportation for the Worker, spouse, and dependents residing in the Work Area to the burial site.
- e. If the deceased is a Single Worker, the Employer shall deliver the body to the spouse/parents recorded in the company's data as stipulated in Article 28.
- f. The Employer shall assign a Worker to accompany the body of a Single Worker to the destination, granting a 7-day leave with full pay, counted as an official duty trip.
- g. The Employer shall grant 7 days of leave with full pay to Workers accompanying the body of their spouse or Direct Dependents as recognized by the Employer to the burial site, as stipulated in Article 28 of this CLA.
- h. The Employer shall send the personal belongings of the deceased Worker to the family/Dependents recorded in the company's data, in accordance with Article 28 of the CLA.

3. Burial

The Employer shall provide funeral assistance amounting to 150% of the Worker's monthly basic salary. This assistance also applies to the Direct Dependents of Single Workers and Workers assigned to Jakarta who pass away.

Article 40:

For Workers who pass away due to Mining Accidents, the Employer shall also provide compensation amounting to USD \$50,000 to the heirs recorded in the HR Department.

Article 42: Retirement savings plan

1. The Employer shall establish a retirement savings plan designed to enhance retirement benefits for Junior Workers through an operating company, with contributions matched by the Employer.
2. The Employer's fixed contribution shall match the Junior Worker's contribution as follows:
 - a. Master Competency Level (Group A): Up to Rp.1,500,000 per month
 - b. Specialist Competency Level (Group B): Up to Rp.1,250,000 per month
 - c. Basic Competency Level (Groups F – C): Up to Rp.1,000,000 per month
3. As a form of recognition for specific years of service, the Employer shall make a one-time initial investment payment based on service years 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 or more of service.

Article 43:

The pension benefit multiplier under PT Freeport Indonesia's Pension Fund regulation is set at 1.75, calculated as follows:

$1.75 \times \text{years of service} \times \text{Basic Pension Income (PhDP)}$.

Article 44: Housing assistance

The Employer shall provide annual housing assistance to 350 Junior Workers as follows:

1. Down Payment Loan Facility for House Purchase

a. To assist Junior Workers stationed in the Work Area in acquiring housing, the Employer shall provide a Down Payment Loan Facility for House Purchase of Rp.100,000,000, structured as follows:

- a.1. Rp.75,000,000 of the loan can be repaid via wage deductions over a maximum of 84 months.
- a.2. Rp.25,000,000 of the loan is a grant from the Employer, subject to income tax per taxation regulations.

b. Eligibility requirements for the Down Payment Loan Facility for House Purchase:

- b.1. Proof of participation in a housing mortgage program and/or Building Permit (IMB), prioritized for housing in Mimika or housing recommended by the Workers' Union.
- b.2. Minimum of 4 consecutive years of service.
- b.3. No written warning status.
- b.4. No previous participation in the Timika Indah or Kuala Kencana housing programs.
- b.5. A performance evaluation score of at least 3 for K3LLP, Attendance, and Contribution dimensions, with no score of 1 in the last evaluation period.
- b.6. Minimum grade of Group D on the wage scale.
- b.7. Maximum age of 50 years.
- b.8. If married, submission of a spouse approval letter recorded in the company's data.
- b.9. Applicants meeting requirements but not utilizing the program within 2 months of approval shall forfeit their rights to the next eligible applicant.

c. The facility is limited to 250 Junior Workers annually, selected based on the following criteria:

- c.1. Worker Score = (Years of service \times 10) + Age Score + Grade Score + Location Score
- c.2. Age Score = 10 + (age - 40)
- c.3. Grade Score: A = 100, B = 90, C = 80, D = 70
- c.4. Location Score: Mimika = 100, Papua = 80, Outside Papua = 50

d. The facility is granted only once during the employment period.

e. During the repayment period, the property ownership cannot be transferred for any reason.

2. Home Renovation Loan Facility

a. The Employer shall provide a Home Renovation Loan Facility for Junior Workers stationed in the Work Area, up to Rp.100,000,000, structured as follows:

- a.1. Rp.75,000,000 repayable via wage deductions over 84 months.
- a.2. Rp.25,000,000 is a grant, subject to income tax per taxation regulations.
- b. Eligibility requirements:
 - b.1. Prior house ownership loan fully repaid.
 - b.2. Proof of house ownership.
 - b.3. Minimum of 4 consecutive years of service.
 - b.4. No written warning status.
 - b.5. A performance score of at least 3 in the last evaluation period.
 - b.6. Minimum grade of Group D on the wage scale.
 - b.7. Maximum age of 50 years.
 - b.8. For married workers, submission of spouse approval letter recorded in the company's data.
- c. The facility is limited to 100 Junior Workers annually, from the 350 Junior Workers.

3. Cost of Living Assistance Program Outside Company Accommodation

- a. The Employer provides Cost of Living Assistance to Junior Workers living outside company accommodation.
- b. Assistance is disbursed in the first week of January, as follows:
 - b.1. Single workers living outside company accommodation: Rp.6,300,000 annually.
 - b.2. Married workers living in company accommodation: Rp.7,875,000 annually.
 - b.3. Married workers living outside company accommodation: Rp.9,450,000 annually.

IV. BEST PRACTICES ON GENDER

Article 23: Section 5e.

"Employers shall provide separate bus transportation for female workers and young workers from the pick-up point in Timika city to the Cargo Dock and vice versa."

Note : Implementation of gender aspects through protection for female workers.

Article 30: Section 1. Maternity Leave

- a. Female workers who are pregnant are entitled to maternity leave for 1.5 months before the estimated delivery date and 2 months after the delivery date, based on the calculation of an obstetrician or midwife, with wage payment.
- b. Supervisors of pregnant female workers are obligated to ensure that these workers take this leave, considering the health and safety of both the mother and the unborn child.
- c. Maternity leave in the early stages of pregnancy (up to the third month) may be granted based on the recommendation of the company doctor.

Note:

- a. The length of leave exceeds the Labor Law (3 months).*
- b. Ensuring female workers take leave for health and safety reasons demonstrates care for reproductive protection.*

V. BEST PRACTICES ON OCCUPATIONAL HEALTH AND SAFETY (K3)

Article 23: Section 8. Radiation Allowance and Dust Mitigation Program

- a. Employers shall provide a Radiation Allowance of up to IDR 950,000 per month (net) to competent Radiation Safety Officers appointed by the employer to perform tasks related to radiation protection.
- b. Employers shall implement dust mitigation programs in areas with high dust exposure.