

PTFI SOCIAL INVESTMENT REPORT 2019





TABLE OF CONTENTS

3	FOREWORD
4	EXECUTIVE SUMMARY
6	SOCIAL INVESTMENT PROGRAM GOVERNANCE
8	HEALTH
10	EDUCATION
12	ECONOMY
16	INFRASTRUCTURE
18	RELATIONS WITH COMMUNITIES AND LOCAL INSTITUTIONS
23	SUPPORT FOR LOCAL INSTITUTIONS
24	CULTURE
25	HUMAN RIGHTS
26	APPENDICES

We present the 2019 PTFI Social Investment Report as an initiative to provide transparent and accountable information about our programs for the community. Our principles of accountability to stakeholders are fundamental in our operations and business strategy. PTFI hopes that this report can help stakeholders monitor the performance of the company’s social investment over time.

PTFI’s social investment has become the company’s commitment to provide social benefits for the community and to participate in development. Amidst challenging transition from open pit to underground mining, we are continuing to fulfill our commitment for community development. In 2019, we took measures to improve the alignment of the company’s social investment program with regional development plans. This alignment is a form of our support in regional development plans and efforts towards the sustainability of social investment programs. The Master Plan for the Community Development and Empowerment Program is one of the measures for the alignment. The plan refers to applicable government regulations and regional development plans. We also continue to identify opportunities that we can take to support the achievement of the Sustainable Development Goals through our social investment programs.

Maintaining good relations with institutions representing indigenous peoples around the company’s operational areas is one of our ways to make social investments. The transformation of the Amungme and Kamoro Community Development Institutions (LPMK), as the managing institutions of the PTFI Partnership Fund, reflects our commitment in developing the capacity of our partners in social investment programs. LPMK is now transforming into the Amungme and Kamoro Community Empowerment Foundation (YPMK). This change is not only limited to changes in legal entities but also new organizational structure and ways of operational. We continue to encourage engagement and partnerships with all stakeholders in seeking opportunities that we can take to create a long-term impact on society.

We would like to thank all stakeholders for their collaboration and support to the company in any situation. We believe that strong collaboration between all stakeholders will encourage the achievement of the sustainability of the company’s social investment programs for the community and regions.

Warmest regards

Horst-Dieter Garz

*Executive Vice President
Corporate Planning and Business Strategy*



EXECUTIVE SUMMARY

PT Freeport Indonesia's social investment program continues to provide the best benefits from the company's presence. The company is committed to participate in community development around the company's area through various programs in health, education, economy, culture, infrastructure, community relations, and human rights. In 2019, PTFI invested IDR 62.8 million in community development and empowerment programs. We continue our efforts to initiate partnerships with government and various stakeholders as part of steps to achieve sustainability. In managing social investment programs, we also continue alignment with national regulations in community development and empowerment programs and regional development plans.

Health Programs. PTFI provides health services for the community through clinics that we have built in several locations in the Mimika Regency. The clinics provided 33,000 patient visits in 2019. Mitra Masyarakat Hospital (RSMM) also continues to provide health services for more than 152,400 patient visits. Communities obtain various health services through these facilities. In 2019, RSMM also began to align hospital services with the government's health insurance program, one of which was by building new facilities required for the services.

Various health promotion and disease control programs are continuing as a form of company contribution in improving the quality of public health. The Timika Malaria Control Center is one of the company's collaboration with other stakeholders in the malaria control measures. The Center carried out various programs such as indoor residual spraying to more than 26,300 houses and health promotion about malaria for more than 33,500 people. In 2019, 1,600 people attended voluntary counseling and testing as part of the HIV/AIDS control program. PTFI also provided support to local

governments in health services for communities in remote areas with limited access.

Education Programs. The scholarship program that has been running since 1996 continues to contribute in improving the quality of young generations of Papuans. In 2019, 1,231 students awarded scholarships from LPMK (46 percent from the Amungme Tribe, 26 percent from the Kamoro Tribe, and 28 percent from other tribes in Papua). Received scholarships through the Partnership Fund managed by LPMK. They were educated at the level junior high school to higher educations in various educational institutions in Papua, Java, Sulawesi and abroad.

The schools and dormitories built by LPMK and managed by partner institutions continued their educational services to 1,051 students. We also managed Tomawin Dormitory for 60 students of the Amungme Tribe in the highlands. We continued to build partnerships with the government through assignment of teachers to schools in the highlands. We educated young Papuans as skilled workers in the mining sector through the Nemangkawi Mining Institute. Since its inception, more than 4,000 students have participated in this program in which around 2,700 students have been recruited as employees in PTFI and contractor companies.

Economic Programs. The development of economic potential around the mine area provides opportunities for the community to improve their welfare. The animal husbandry program creates employment for 437 people of which 89 percent are indigenous Papuans. This animal husbandry facility has also become animal husbandry training center for vocational school students, breeders, and government institutions in Mimika and other districts in Papua. The cocoa cultivation program involved 325 local farmers of which 55 percent are indigenous Papuans. In 2019, our Micro, Small and Medium Enterprises development program

provided business assistance to 182 Papuan assisted entrepreneurs, of which 70 percent are entrepreneurs from the indigenous Seven Tribes of Papuan. The entrepreneurship program created employment for around 1,400 people and generated incomes of more than IDR 256 billion. Since its inception in 2004, the total revolving fund that have been disbursed to the assisted entrepreneurs has reached IDR 61 billion.

Community Infrastructure Programs. In 2019, we invested around USD 2.2 million to complete commitments in the 3 Villages Project in the highlands, including: construction of a bridge in Banti, clean water installations, and maintenance of a 176 kilo watt microhydro facility in Banti. The microhydro facility provides electricity to around 500 families in the area. Some of the infrastructure programs in the highlands that we planned for in 2019 could not run as there was no security permits following the security disturbance in the previous years. In the lowlands, we have also invested USD 7.9 million in the construction of potable water facilities and its distribution for the Timika City.

Community and Institutional Relations Programs. The community around PTFI is an integral part of the company's activities. We implemented various community engagement activities in our social investment programs. We also continued to control artisanal mining activities and other related activities to reduce social risks from mining activities. In 2019, we managed 60 grievances from the community of which 59 were successfully resolved according to established procedures. We continued partnerships with local institutions including the Institute for the Amungme and Kamoro Community Development (LPMK) which manages the Partnership Fund. In 2019, PTFI contributed the Partnership Fund of USD 27.7 million to LPMK. Since the inception in 1996, we have contributed USD 825.7 million to the Partnership Fund for the development of the Papuan community. Year

2019 marked an important year in the management of the Partnership Fund where LPMK transformed into the Foundation for the Amungme and Kamoro Community Empowerment (YPMK). This transformation is an effort to improve accountability, transparency and efficiency in managing the Partnership Fund as well as part of efforts towards the future self-reliance of the institution.

Culture Programs. We continued to collaborate with the Maramowe Weaiku Kamorowe Foundation to develop, preserve, and promote the arts and cultures of the Kamoro Tribe. The foundation provided assistance to the carvers as well as marketing the carvings and weaving arts. We also continued to assist the group of women who are members of the Kanguru Jaya Cooperative in making "noken" (a Papuan traditional bag) crafts that have been designated as one of the world heritages.

Human Rights Programs. In 2019, PTFI received 20 reports of alleged human rights violations. About 560 PTFI employees, 5,000 contractor employees, 2,000 local communities, partner organizations, students and students received human rights training. PTFI's Human Rights Office provides training on human rights and Voluntary Principles for 1,072 police and military officers. PTFI also requires all new employees to attend human rights awareness training.

Partnership is one of our ways in implementing the company's social investment programs. We want to fulfill our commitment to community development while improving partnerships with the government and other stakeholders. This partnership is important so that the programs that we have carried out can continue to be sustainable and encourage self-reliance of the community. We will continue to take strategic measures to amplify positive benefits from our presence for the community now and in the future.

SOCIAL INVESTMENT PROGRAM GOVERNANCE

PT Freeport Indonesia's (PTFI) social investment programs are managed by several divisions in the company. The governance of this program refers to the standard operating procedures of social investment from our affiliate company. These divisions include Community Affairs, Special Projects, Corporate Communications and the Nemangkawi Mining Institute. In addition, the social investment program is also run by the Amungme and Kamoro Community Development Institution (LPMMAK) which manages the Partnership Fund from PTFI. All units implement various programs that have been planned and approved for community development.

In 2019, PTFI was entering the transition phase from the Grasberg open pit operation to an underground mine. During this transition, the company took steps to efficiently manage costs of the company. However, we continue to maintain our commitment in implementing social investment programs. In 2019, we invested USD



PTFI was awarded the best mining companies with community development programs for six out of the eight categories in the 2019 Indonesia Mining Awards.

62.8 million in programs for communities. In the midst of changes in mining operations that have an impact on the company's financial condition, we put the best efforts to realize our commitment in providing the best benefit from our presence for the surrounding community.

The Community Affairs (CA) Division is part of the company to ensure PTFI's social commitments for the community be fulfilled. Social investment programs are planned and coordinated with all units in the CA Division and with other departments at PTFI. We continue to improve our risk-based assessment framework to manage key business risks, identify and prioritize social risks and opportunities that have an impact on the sustainability of the company's operations and reduce social risks of the company to surrounding communities. We also committed to make our programs comply with the national and international standards and best practices in implementing social investment programs.

In exercising social investment commitments, we follow and comply with regulations from the Government of the Republic of Indonesia (GOI) as a part of our contribution in the national development plan. In 2018, the Government of Indonesia issued a



Community Affairs Employees 2019



Occupational Health and Safety (OHS)



number of regulations relating to the implementation of community development and empowerment (PPM) programs by mining companies. We collaborate with third parties to conduct social mapping and assessment of community needs around the mining area. The results of social mapping and community needs assessment are then used to prepare the PPM master plan as mandated in Minister of Energy and Mineral Resources (ESDM) Regulation number 25 of 2018 and Minister of Energy and Mineral Resources Decree number 1824 of 2018. Social mapping and community needs assessment involved communities around the mine, local government and other stakeholders. We had completed the preparation of the PPM program master plan in 2019. In line with that, we were also actively involved in a series of discussions held by the Provincial Government of Papua in the preparation of the blueprint for the PPM program as mandated in these regulations. All of these alignment efforts are carried out so that our social investment programs comply with regulations and at the same time in line with national and regional development programs.

We also achieved compliance with safety standards set by the company and national and international

safety standards in carrying out our social investment activities. In 2018, we achieved a Safety Performance Accountability level of 99 percent which exceeded the company's target of 95 percent. To ensure every employee complies with safety standards, CA Division employees attend various occupational safety training such as fire fighting, incident investigations, personal protective equipment, and fatality prevention.



Public consultation in drafting a master plan of community development and empowerment programs involved regional administration including the head of districts in the Mimika Regency.



HEALTH

PT Freeport Indonesia’s (PTFI) social investment in the health sector is one of the company’s important contributions to the community and local government. We continue to enhance partnerships with local governments and other stakeholders to ensure sustainability of the social investment in the health sector so that our investment can provide greater benefits for the community.

Partnership in Health Facilities Services

PTFI built and operates several health facilities including health clinics in Kampung Wangirja (SP 9), Utikini Baru (SP 12), Pomako, Nayaro and special clinics for Tuberculosis (TB) and Sexually Transmitted Infections (STI). Mitra Masyarakat Hospital, which is the first hospital in Mimika, was also built and operated through a Partnership Fund from PTFI. The health facilities continue to provide benefits to local communities, especially from the Seven Tribes of indigenous Papuans around the company’s area of operation.

Along with the changes in government and community, PTFI continues to encourage partnerships with local governments in implementing health programs. Partnership is one of the key priorities and strategies for achieving an improved and sustainable

health services for the community. One form of the partnership is to initiate the management of a health clinic in Pomako to be integrated with government-owned health facilities. We had successfully initiated a similar partnership for a health clinic in Nayaro and a tuberculosis clinic and sexually transmitted infections clinics that are integrated with Timika Community Health Center (*Puskesmas*) which is managed by the local government.

Mitra Masyarakat Hospital (*Rumah Sakit Mitra Masyarakat - RSMM*) in the lowlands area of Mimika Regency also continues to improve the quality of its services. In 2019, RSMM worked in the development of a number of hospital facilities and infrastructure including a “*pratama clinic*”. The “*pratama clinic*” will be the first level health facility in the Government’s health insurance program (BPJS). Mitra Masyarakat Hospital has committed to participate in this program since 2017. Some strategic steps have been carried out collaboratively with the government in synchronizing this program, including the development of infrastructure and establish a customer-friendly administration for the community. PTFI together with the Amungme and Kamoro Community Development Institutions (LPMMAK) continued to work closely with the government so that the community obtains the best benefits from the BPJS program through Mitra Masyarakat Hospital.

Partnership in Malaria Control

PTFI continues its commitment in contributing to malaria control in Mimika Regency. PTFI has taken various partnership measures to achieve the best outcomes from this malaria control program. PTFI and its stakeholders implemented various malaria control programs through the Timika Malaria Control Center. This facility runs various activities which include malaria counseling, residual spraying, distribution of anti-mosquito nets, environmental sanitation, detection of



Coordination and discussion with stakeholders are important steps for alignment and partnership in health programs for communities.

Health Program - 2019



Health Facilities

152,490 Patient visits in Mitra Masyarakat Hospital (RSMM)

33,093 Patient visits in PTFI-managed clinics



HIV/AIDS Control

4,944 Patient visits in Sexually Transmitted Illness clinics

23 New HIV cases detected in 2019

1,662 People participating in *Voluntary Counseling and Testing (VCT)*

14,322 People attending health promotion on HIV/AIDS



Tuberculosis Control

6,306 Patient visits in tuberculosis clinic

4,820 People attending health promotion on tuberculosis



Malaria Control

26,377 Houses sprayed (Indoor Residual Spraying)

15,887 Anti-mosquito bed nets distributed to communities

17,723 Slides examined for malaria detection

33,591 People attending health promotion on malaria

malaria cases and health promotion on anti-malaria. In 2019, there was an increase in malaria incidents in the community that were detected in the Timika Community Health Center and in PTFI-managed clinics. The Malaria Control Center also continues its efforts for malaria prevention, one of which is by increasing the number of anti-mosquito bed nets distribution. In 2019, PTFI is also actively involved in regional coordination for malaria control as a part of the preparation for the XX National Sports Week (*Pekan Olahraga Nasional - PON*) which is planned to be held in 2020 in Papua.

Partnership in Mobile Health Services

Communities in the coastal areas of Mimika Regency have a limited access to health services. Mobile clinic services have become a contribution to the community so that they obtain a decent and regular health services. The program, which is run by LPMK together with local governments and other partners, provides general and specialist health services, vaccinations and immunizations, mothers and child health as well as health education. In 2019, the mobile clinic provided health services to more

than 3,600 people in coastal areas in four districts of Mimika Regency. PTFI also continues to support local governments in health services in the highlands. PTFI provides air transportation for referral patients from the community health centers in the highlands to Timika in the lowlands. We also provide transportation support for the assignment of health workers and logistics distribution for health facilities in the highlands.



Regular spraying in community houses has been an effective program for malaria control in Timika City.



EDUCATION

The availability of quality human resources is one of the top priority for development in Papua. The Government of Papua places education as one of the strategic issues in the Papua region with a focus on equitable distribution of educational facilities, teaching staff, and increasing access to education for the community. PT Freeport Indonesia (PTFI) together with the Amungme and Kamoro Community Development Institutions (LPMAC) continues to invest in education for the communities around the company's area of operation.

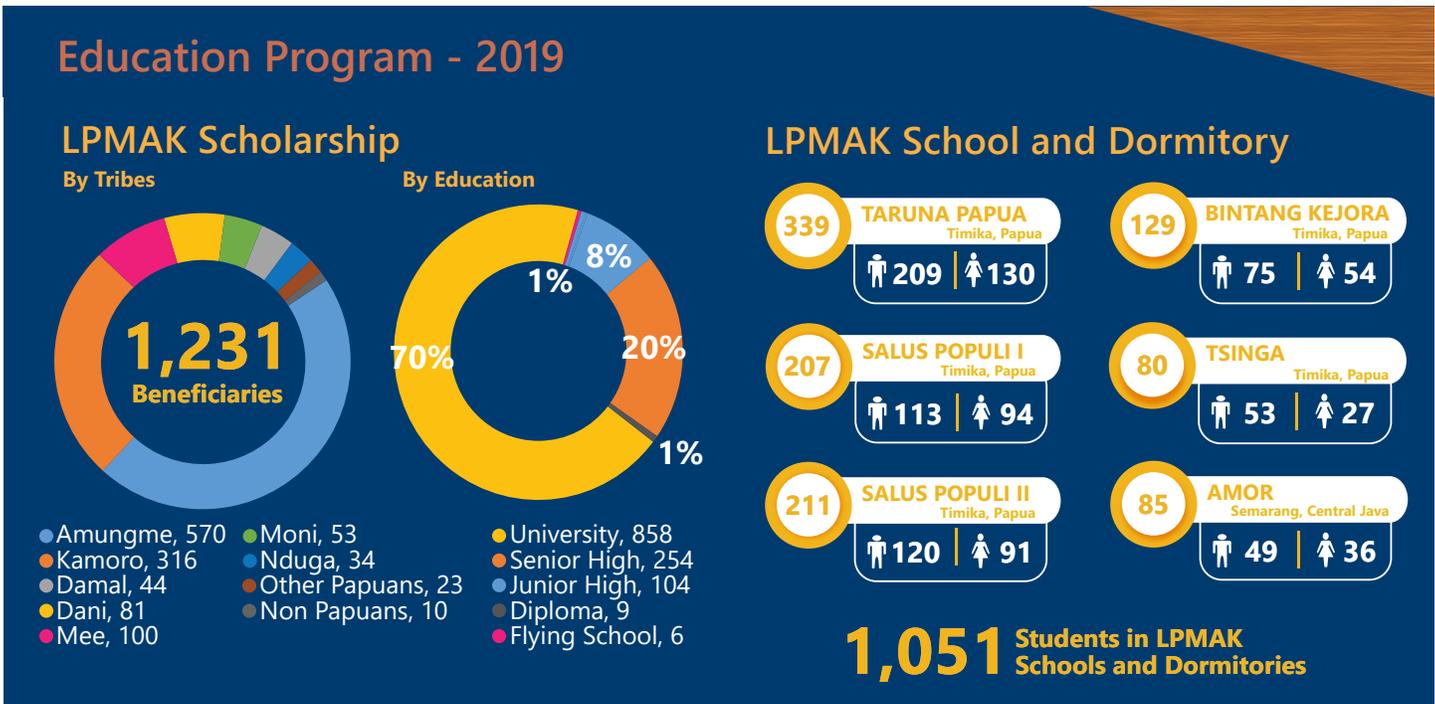
Scholarship

The Scholarship has become one of the programs that provides great benefits to indigenous Papuans around the company's area. By the end of 2019, there were 1,231 students awarded scholarships from LPMAC. They were from the Amungme Tribe (46 percent), the Kamoro Tribe (26 percent), and other tribes in Papua (28 percent). The students pursue education from junior high school to college/university level in Papua, Java,

Sulawesi and abroad. Scholarships for college/university level are prioritized for Papuan students who major in the science, technology, engineering, and mathematics. LPMAC and its partners conducted regular monitoring and evaluation to ensure that the students get the best benefits from the scholarship program.

Schools and Dormitories

Limited access to education is one of the challenges for developing the quality of human resources in Papua. From the eighteen districts in the Mimika Regency, a total of nine districts have schools where the highest number of schools is in the Mimika Baru District where the Timika City resides. The school and dormitory program run by LPMAC through the Partnership Fund from PTFI has become a flagship program to increase access to education, especially for students from remote areas in the Mimika Regency. Four dormitories operate in the Mimika Regency area and one dormitory is in Semarang, Central Java. The five dormitories benefited 1,051 students by the end of 2019. The dormitories





Taruna Papua School and Dormitory accommodates 1,000 students and is credited to be one of the biggest education facility in the Mimika Regency. LPMMAK and its partner continues their efforts to increase more Papuan youths attending this school and dormitory.

provide students with all necessary facilities to support their study as well as were equip them with character development, arts and culture program, and other softskills. Management of these dormitories continues to be improved in order to increasingly provide the best benefits for the community. Educational campaigns and promotion also continue to increase the participation of Papuan youths in this long-term human resource development program.

Nemangkawi Mining Institute

The Nemangkawi Mining Institute (NMI) is an educational institution established by PTFI to prepare Papuan youths for workforce, especially in the mining sector. Since its inception in 2003, NMI has trained more than 4,000 students in the Apprentice and Business Administration Diploma program. By the end of 2019, 2,786 students have been accepted as PTFI workers and contractor companies. NMI also organizes the Papuan Bridge Program (PBP). This program equips young Papuans who have completed their college/university degree to be ready to enter the workforce. By the end of 2019, PBP has trained 203 Papuan youths (67 percent women) with various training, knowledge and skills

needed in the workforce. NMI cooperates with local governments, privatization companies and contractors, other mining companies in Papua and educational institutions in developing this program so that the PBP program will meet the workforce needed by the regions and industries in Papua.



Scholarship program for Papuan youths has created opportunities and hope for them to a better future.

ECONOMY

PT Freeport Indonesia (PTFI) has been one of the economic drivers in region around its area of operations. PTFI presence has encouraged the emergence of various economic activities in the Mimika Regency. Through the company's social investment program in the economic field, we continue to identify opportunities and develop economic activities based on local wisdom and potential. The development of local economic potential is also aligned with regional development plans in accordance with the potential of indigenous territories. Some of the economic potential that we have developed in the social investment program include animal husbandry, fisheries, agriculture, and micro small and medium enterprises development.

Animal Husbandry

The animal husbandry program has supplied chicken meat and egg demands in the city of Timika and its surrounding areas. The local government's policy that limits chicken and egg products from outside Papua has been a contributing factor for the products from our animal husbandry program entirely absorbed by

the local market. Together with the Jayasakti Mandiri Foundation (YJM) as a partner in this program, we coordinate regularly with the Mimika Office of Animal Husbandry and the Poultry Farmers Association of Mimika to ensure that the chicken and egg demands in the Mimika Regency are met and the market prices for those products will be maintained.

The animal husbandry program creates employment for 437 local people as farmers and employees, of which 89 percent are indigenous Papuans. Local farmers are equipped with knowledge and skills in animal husbandry field. PTFI realizes great potential for developing chicken farms in the Mimika Regency. Therefore, the farm that is located in Wangirja and Utikini Baru Villages in the lowlands is also dedicated as a center for animal husbandry training for vocational school students, communities, and government officials in the Mimika Regency and other districts in Papua. With the availability of skilled human resources in animal husbandry field, the program is expected to grow and be sustainable. PTFI also continues to search for partners in animal husbandry programs so that this program can be more



Through a partnership with local stakeholders, our animal husbandry program has encouraged more communities to engage in animal husbandry business in the Mimika Regency so that the regency can supply the demand of eggs.

Economic Program - 2019

Animal Husbandry

437 **People**
as breeders and employees; 89% indigenous Papuans

41.5 **Billion Rupiah**
income from the program; an increase of 4.3% from the previous year

Cocoa Farming

325 **Local Farmers**
55 % indigenous Papuans

219 **Hectares of Land**
in several locations in lowlands

41 **Training**
attended by 315 cocoa farmers

Coffee Farming

158 **Local Farmers**
all indigenous Papuans

35 **Hectares of Land**
in several locations in four villages in highlands

921 **Million Rupiah**
sales of coffee products

self-sufficient and reduce dependence on the company. Coordination and partnership with the Mimika Office of Animal Husbandry is one of the keys in achieving self-reliance of this animal husbandry program.

LPMak also involves in animal husbandry program through its program for assisting business groups who engage in layer chicken farming. The products of this animal husbandry program also supply the local demand in Timika. LPMak continues cattle farming in Agimuga by empowering communities in the area. The local community breeds cattle through mentoring by Papua State University and Mimika Office of Animal Husbandry. Partnerships and better knowledge transfer are expected to encourage the achievement of community independence in economic activity.

Agriculture

The Mimika Regency's topography, which stretches from the highlands to the lowlands, has encouraged PTFI to identify agricultural potential in each geographical area. In the highlands, PTFI is assisting the community in developing the potential for coffee and vegetable farming. This coffee farming is developed in several areas in the Tembagapura and Hoesa

Districts in the highlands around the company's area of operation. This program involved 158 indigenous Papuan farmers who cultivated 35 hectares of land in 2019. The arabica coffee from this farming is marketed as a product known as the Amungme Gold Coffee. As an effort to pioneer the sustainability of this coffee farming program, PTFI facilitated the establishment of the Amungme Gold Cooperative in 2013. Until now,



Cocoa farm development has been a pioneering program to create an alternative economic opportunity for communities.

various efforts to increase the capacity of members and management of cooperatives continue. This aims at increasing the farming skills of local people as well as the management skills of the cooperative members of which mostly are indigenous Papuans.

In the lowlands, we support cocoa farming in more than fifteen target villages. In 2019, PTFI partnered with a local cooperative, Buah Dewa Cooperative, to distribute cocoa seeds and provide training to cocoa farmers. As of December 2019, 325 farmers (55 percent indigenous Papuans) were involved in this cocoa farming program and cultivated 219 hectares of land across various locations in the Mimika Regency.

Fishery

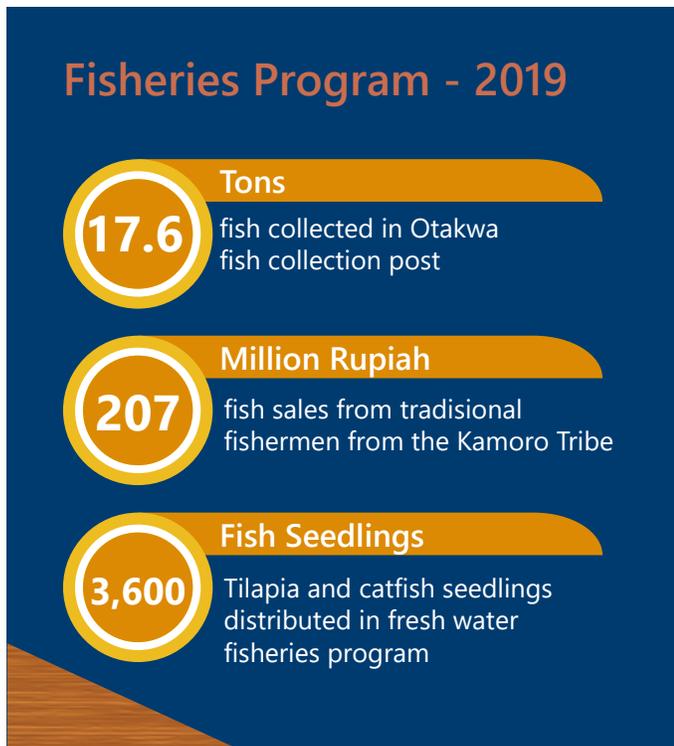
PTFI, in collaboration with the Maria Bintang Laut Cooperative (KMBL) of the Timika Diocese, conducts community assistance in the development of capture fisheries and freshwater aquaculture. In this capture fisheries program, fishermen get help for selling the fishes through four fish collection posts in the coastal area. The traditional fishermen also continue to develop their abilities through various trainings such as repairing outboard motors, repairing fishing nets,

and making fiber boats. In 2019, as many as 17.6 tons of fish caught by Kamoro tribe fishermen were sold through a fish collection post in Otakwa, in the eastern coastal region of the Mimika Regency.

Micro, Small, Medium Enterprises and Revolving Funds

The micro, small, and medium business (MSME) program encourages the growth and sustainability of local entrepreneurs in the supply of goods and services, increases the competitiveness of the entrepreneurs, and increases the use of local goods and services for our operations. This program provides assistance to potential Papuan entrepreneurs. In 2019, the MSME program provided assistance to 182 indigenous Papuan entrepreneurs, of which 70 percent were indigenous Papuans from the Seven Tribes. This program creates employment for 1,477 people in the city of Timika where 62 percent are indigenous Papuans. The total income of these entrepreneurs reached Rp. 256.4 billion in 2019.

We also initiated a partnership with the Bank Rakyat Indonesia (BRI) for the development of local entrepreneurs. One form of the partnership



PTFI provided seedlings, equipment, facilities, and intensive mentoring for communities in fresh water fisheries program.

Micro, Small and Medium Enterprises Program - 2019



182 Entrepreneurs

70% are from the indigenous Seven Tribes of Papua



1,477 Employees

Absorbed through MSME program, 45% are indigenous Papuans



IDR 2 Billion

Revolving Fund disbursed for nine (9) assisted entrepreneurs



IDR 256.4 Billion

Revenue of the assisted entrepreneurs; An increase of 28% from 2018 revenue

By Tribes



- Amungme, 57
- Kamoro, 29
- Dani, 14
- Moni, 10

- Mee, 9
- Damal, 7
- Nduga, 1
- Other Papuans, 55

was revolving funds disbursement for Papuan entrepreneurs. Through this partnership, the assisted entrepreneurs are mentored to increase their feasibility in obtaining business capital loan from financial institutions. BRI has been a distributor of revolving funds for the entrepreneurs with guarantees from PTFI. This collaboration provides another an alternative for the entrepreneurs in addition to getting business capital loan from the Bina Utama Mandiri Foundation (YBUM) and increasing the professionalism of the assisted entrepreneurs for business capital management. In 2019, a total revolving funds that was disbursed amounted IDR 2 billion for nine (9) assisted entrepreneurs. Since the program inception in 2004, the total revolving funds that have been disbursed to the entrepreneurs reached IDR 61 billion. We continue to encourage the entrepreneurs to gain more partners and consumers from outside PTFI to achieve self-reliance and sustainability of their businesses.

The LPMK revolving fund program also provided business development facilities for 429 micro scale entrepreneurs from the Seven Papuan Tribes. The target entrepreneurs did business in kiosks/retail, various home industries, and services business.

This program has created employment and income for the community. Training for entrepreneurs and identification of new businesses continues to be done in order to open more sustainable business opportunities and provide economic benefits for the community.



Through MSME development program, PTFI partnered with the government to develop Papuan-owned retail businesses in the Mimika Regency.

INFRASTRUCTURE

PTFI has carried out several community infrastructure projects as the company's contribution to development in the Mimika Regency. The community infrastructure projects aims to improve the quality of life of the communities around the company. We work together with various partners in infrastructure development to support economic, health and education activities for the communities around our area of operation.

Highland Infrastructure Projects

The *Tiga Desa* (Three Villages) Project is an infrastructure program for communities in Banti, Tsinga and Aroanop in the highlands. Since the program inception in 2000, we have invested more than USD 93 million. Through this project, we have provided funding, equipment, materials, transportation and labor

to build an infrastructure network that includes more than 300 houses, 400 septic tanks, 3 school buildings, 10 teacher's houses, 3 health clinics, 3 markets, 13 churches, 20 bridges, 225 kilo-watt generators, and 2 airstrips. Investment in community infrastructure has benefited about 1,000 Papuans living in this remote highland area.

In 2019, we invested around USD 2.2 million to complete commitments in the *Tiga Desa* Projects including: construction of a bridge in Banti, clean water installation, and maintenance of a 176 kilo-watt micro hydro facility in Banti. Some of the highland infrastructure programs that we had planned in 2019 could not run as targeted because there are no security permits to work in some areas in the highlands. Security disturbances that occurred from 2017 to mid-2018 resulted in access restrictions in several locations in the highlands including in infrastructure project locations



The Minister of Energy and Mineral Resources of Indonesia (Ignasius Jonan) inaugurated community infrastructure facilities built through PTFI social investment



Clean water facilities in the highlands and coastal areas have been essential facilities for communities.

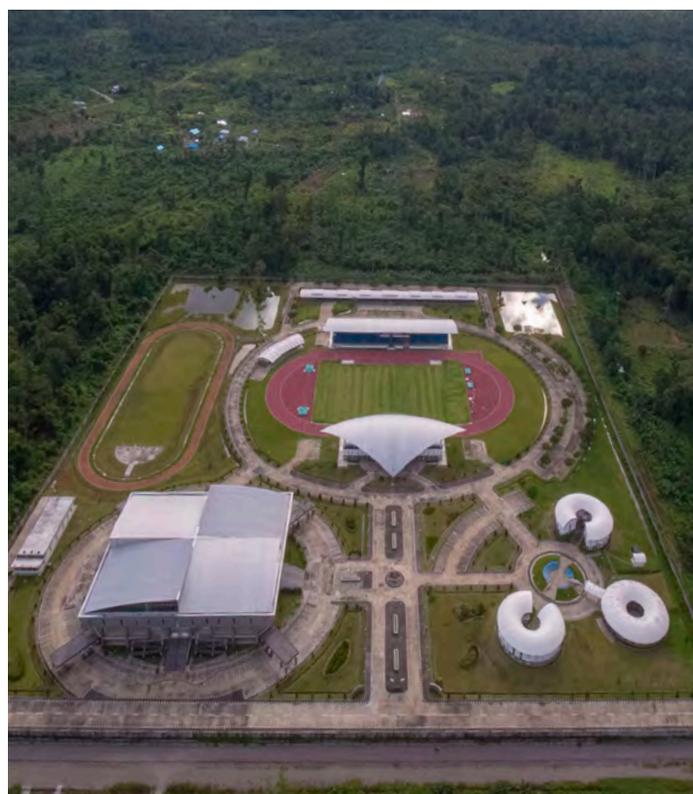
for the community. In 2019, we continued to work together with local governments and community leaders to conduct surveys on the future of the infrastructure project in the highlands and develop plans for the handover and maintenance of assets that have been concluded.

Lowland Infrastructure Projects

PTFI signed an agreement with the local government in 2013 to build a world-class sports facilities to particularly support the Papua province hosting the 2020 National Sports Week (*Pekan Olahraga Nasional*). The USD 33 million project was completed in 2017. Several facilities in this complex include an outdoor stadium with a capacity of 3,500 seats; an indoor stadium for badminton, volleyball and basketball with a capacity of 5,500 seats; athletic field, two athlete dormitories and other supporting facilities. PTFI subcontracted construction work to local contractors that provided employment for around 300 people, of which more than 100 are indigenous Papuans. Although the project has been completed, PTFI continues to manage this facility for one year while working with the local government to appoint a professional third party to manage the sports facility.

In 2013, PTFI partnered with the Mimika Regency Government to improve the distribution of potable water to the City of Timika, a growing urban area close to our area of operation. We sponsored a feasibility study and an environmental impact study to determine the best design of water treatment facilities to meet increasing need in Timika. As a result of the study, we have donated USD 6.4 million in investment and technical expertise (of a total USD 10 million commitment) to build the facility. The local government will hold responsibilities for gradually increasing and expanding the pipeline networks to connect the Timika community to potable water from this facility.

PTFI has also increased access to clean water for the Kamoro Tribes in the Five Kamoro Villages in the lowlands. The clean water installation that had been built since early 2000 is continuously maintained, added and improved its quality. Local people are also involved in the construction and maintenance of clean water networks as part of achieving the sustainability of the clean water program.



Mimika Sport Complex built by PTFI becomes pride for Mimika and Papua communities. This facility is to support Papua Province Government in hosting the Twentieth National Sports Week (PON XX).

RELATIONS WITH COMMUNITIES AND LOCAL INSTITUTIONS

PT Freeport Indonesia acknowledges the importance of maintaining harmonious relations with the communities around our area of operation. This is essential not only to get social license for our operations but also to enable us providing the best benefit from our presence for the community. We are committed to continuing to maximize positive benefits for the community. At the same time, we also continue to work to reduce the adverse impacts and risks of our operations on the surrounding community.

Tailings Impact Mitigation

In accordance with permits and regulatory guarantees, tailings produced from PTFI mining are channeled through a tailing riverine system called



The Kamoro youth joined training in repairing generator sets as part of the community electricity supply program in the coastal area.



Bus services accomodate communities from Five Kamoro Villages in doing their social and economy activities.

the Modified Ajkwa Deposition Area (ModADA). We ensure that the tailings are managed in the deposition area in accordance with the Environmental Impact Assessment (AMDAL) document. The deposition of the tailings has an impact on the traditional transportation routes of the local community around the Minajerwi River. The tailings management also impacts the economic activities of the communities living in the vicinity of the tailings deposition area. Recognizing the impact that has occurred, we have consulted with the community and the government to take measures to reduce adverse impacts on the community.

In 2019, we conducted a second phase of tailings and sedimentation impact mitigation program. These mitigation measures are integrated and coordinated through a PTFI cross-department taskforce. To reduce the impact on traditional community transportation routes, we work with local governments to provide waterways transportation. In this transportation program, PTFI provides boats for communities in coastal villages. Boat services are provided for people in Manasari and Otakwa on the east coast of the Mimika Regency to Pomako port. This port is one of the public access to the City of Timika as a center of economic activity. In addition to waterways

transportation, we compensate the accessibility of the affected communities in the Five Kamoro Villages by providing buses. This service helps the community in their economic activities such as selling their gardening produces and fisheries to the City of Timika.

We also deliver economic strengthening programs for the Kamoro Tribe communities as a part of tailings and sedimentation impact mitigation programs. In 2019, we continued the village-based economic programs that are in line with the Kamoro Tribe livelihood pillars, namely: sago, rivers and canoes. Together with village officials and local government, we pioneered measures to revitalize the Kamoro villages to become the economic center of the community through the development of village kiosks, superior sago cultivation and other opportunities identified. The fisheries program also continues to be developed by operating fish collection posts in coastal areas and mini ice factory facilities. This facility helps fishermen market their fishes. In 2019, we continued to collaborate with the Integrated Maritime and Fisheries Center (*Sentra Kelautan dan Perikanan Terpadu - SKPT*) from the Ministry of Maritime and Fisheries Affairs (*Kementerian Kelautan dan Perikanan - KKP*) in developing Otakwa, one of the coastal villages, to become an economic center in the eastern part of Mimika Regency. This step is expected to reduce community dependence on the City of Timika. Coordination with KKP and Mimika Regency Government continues in order to immediately start the Otakwa economic hub.

In 2019, we also organized various capacity building activities to strengthen community resilience around the impacted area. We provide training on outboard motors repair, construction and maintenance of traditional fiber boats, as well as assembling and repairing fishing nets. We conducted training to support the fisheries program for communities in the coastal area of Mimika Regency. We also provides training to utilize house yard for planting and training for communities in freshwater aquaculture. The training was attended by around 300

people, mostly Kamoro youths. We are committed to continuing collaboration with local governments, local communities and other stakeholders in reducing the adverse impacts of tailings from our mining activities. At the same time, we continuously identify potential economic opportunities for communities around the tailings deposition area.

Mitigation of Artisanal Mining

PTFI utilize the approved deposition areas in the to manage tailings channeled through tailings riverine system. This tailings riverine system has become an area used by a number of people for artisanal mining activities. This artisanal mining bear social and environmental impact as well as health and safety risks of the panners themselves. We realize that there has not been an instant solution to resolve various emerging from artisanal mining. However, we believe that several approaches such as security risk management, cooperation with the government, stakeholder involvement and socio-economic development for alternative livelihoods can reduce the risk of artisanal mining.



Improving the understanding of panners about health and safety risks is an important aspect in controlling artisanal mining activities in the company's area of operation.

Security incidents that occurred in 2017 to mid-2018 have reduced the number of artisanal miners within the company's area, especially in the highlands. Miners in the highlands have stopped their panning activities and returned to the City of Timika in the lowlands. With uncertain security conditions and threat of armed criminal groups, artisanal mining activity in the highlands has continued to be restricted. As a result, there is an increase of artisanal mining in the lowlands.

We took some measures to mitigate risks of artisanal mining activity in 2019. Monitoring of panners and safety and security campaigns have become regular activities to reduce the risk for panners and employees working around artisanal mining locations. We also empowered 30 former panners to work as security guards on mining roads around the tailings river. They are responsible for providing information to panners about safety and security related to artisanal mining activities. As the artisanal miners often build shelter and illegal settlements around tailings rivers, this coordination with security guards also helps overcome potential conflicts related to the illegal settlement of artisanal miners around the tailings river.

We were also involved in a seminar on artisanal mining which was initiated by the Ministry of Energy and Mineral Resources. The seminar aimed

to gather inputs from mining companies regarding the challenges of controlling traditional and artisanal mining. We also attended a focus group discussion led by Mimika Police to discuss options to reduce crime related to panning and other relevant options. The discussion involved panners, gold shop owners, local government officials and security forces. Although there has not been an effective solution related to the management of artisanal mining, we continue to coordinate with stakeholders to find the best solution for the company and all parties.

Community Grievances Management

PTFI receives and handles community grievances through the Community Grievance Management System. In 2019, PTFI managed 60 grievances from the community of which 59 were successfully resolved according to established procedures. The grievances received are related to claims for compensation for customary rights, the environment and service compensation. Of the total grievances, fifteen were grievances related to customary rights. We continue to coordinate with the Mimika Regency National Land Agency (*Badan Pertanahan Nasional - BPN*) to investigate claims related to customary land rights and work with all parties to reach solutions according to the applicable legal framework. We also continue to disseminate information for the community regarding legal references on communal rights and positive law related to customary rights. We worked with BPN of the Mimika Regency to provide the community with proper understanding of customary land rights. The customary land rights task force, which includes several departments at PTFI, was established as part of the mitigation of customary rights issues. This task force coordinates with the government and other stakeholders in managing customary land rights claims. Through these efforts, all claims for customary rights can be settled in accordance with applicable procedures. PTFI is committed to managing grievances from the community in accordance with procedures in



Dialogue with the community is an important step in building good relationships in implementing company's social investment programs.



The change of the Amungme and Kamoro Community Development Institution (LPMak) into a Foundation was carried out through a series of consultations with all stakeholders so that this change went well while continuing the programs for communities.

order to produce the best solutions for the company and the community.

Assistance and Capacity Building for Local Institutions

Local institutions that represent the indigenous community around PTFI are the company's partners in carrying out their social commitments to be in line with local values. Some of the major local institutions that we collaborate with are the Amungme and Kamoro Community Development Institution (LPMak), the Amungme Tribal Council (Lemasa), the Kamoro Tribal Council (Lemasko), the Human Rights and Anti Violence Foundation (Yahamak). PTFI is one of the parties in a tripartite communication forum between the company and representatives of the Amungme and Kamoro tribes called the MoU Forum.

LPMak is a partnering institution that manages the Partnership Fund from PTFI to run community development programs. We provide assistance to LPMak in managing Partnership Funds to achieve accountability and transparency in the fund and program management. In 2019, PTFI contributed a

Partnership Fund of USD 27.7 million to LPMak. Since the inception of Partnership Fund program in 1996, the total Partnership Fund from PTFI contributed through LPMak has reached USD 825.7 million. LPMak is managed collaboratively by representatives of the Amungme and Kamoro Tribes, the Mimika Regency Government, the Church, and PTFI who sit in the Board of Commissioners (*Badan Musyawarah - BM*) and the Board of Directors (*Badan Pengurus - BP*). The funds are used to for community development in health, education, economic, and infrastructure programs as well as religious, customary and cultural activities in Mimika Regency.

In 2019, PTFI and LPMak agreed to work together to change the status of LPMak from an Institution to a Foundation. Various steps in communication and consultation with all stakeholders were successfully carried out so that this change process went well. In this transformation process, programs that have been planned for the community continued to run. With these changes, LPMak has now legally transformed into the Amungme and Kamoro Community Empowerment Foundation (*Yayasan Pemberdayaan Masyarakat Amungme dan Kamoro - YPMak*), effective

from the end of 2019. This change is one important step to increase accountability, transparency and efficiency in managing the Partnership Fund and achieving the sustainability of the institution in the future.

PTFI also continues funding contribution and capacity building activities for customary institutions (Lemasa and Lemasko) and local foundations (Yahamak). PTFI assists these institutions in the program planning and budget management so that the institutions will benefit their indigenous community. Various trainings are also organized to encourage these institutions to better perform their functions in the community.

In 2019, we assisted Lemasko in organizing customary deliberations meeting which were attended by representatives of the Kamoro community from fourteen districts in the coastal area of the Mimika Regency. In this meeting, Lemasko conveyed the institution's accountability report to the community and conducted the election of the chairman of the institution for the 2019-2024 period. In addition, PTFI held a workshop with the

Yuamako Foundation as a trust fund manager for the Kamoro Tribe community to align the management of the Trust Fund with applicable regulations. We also assisted Yahamak in foundation changes, restructuring and preparing the foundation's charter and by-laws. This year, Yahamak was transformed into the Anti Violence Humanitarian Foundation (*Yayasan Kemanusiaan Anti Kekerasan - Yamak*). We also continued to encourage Lemasa to immediately resolve the issue of institutional leadership so that the institution's programs can run well and benefit the community.

We put our efforts to build openness towards local institutions so that there will be trust between the community and the company. These institutions are expected to be partners for the company and contribute to community development. We believe that the trust and cooperation of the community and local institutions is one of the keys to the success of our mining activities and social investment programs in the Mimika Regency.

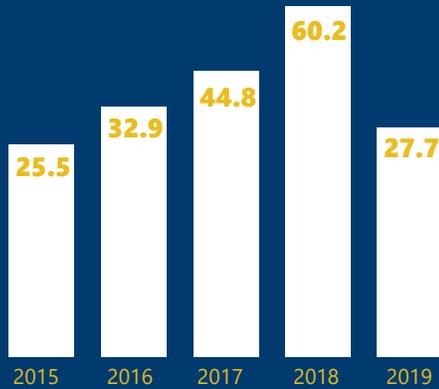


PTFI assisted Yuamako Foundation in organizing a workshop for the board and members of the foundation as a part of capacity building for Trust Fund management.

Support for Local Institutions

Amungme and Kamoro Community Development Institute

PTFI Partnership Fund

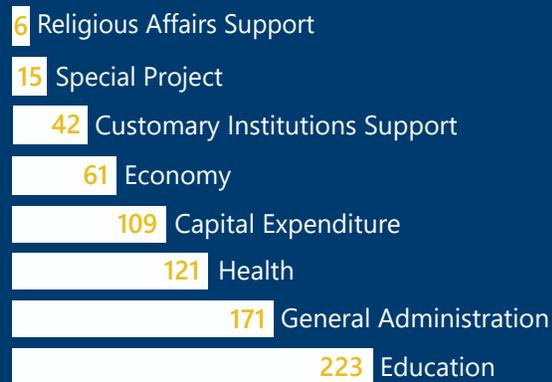


(Accrual basis, in Million USD)

Total Fund (1996-2019)

USD 825.7 Million (IDR 8.3 Trillion)

LPMAK Program - 2019



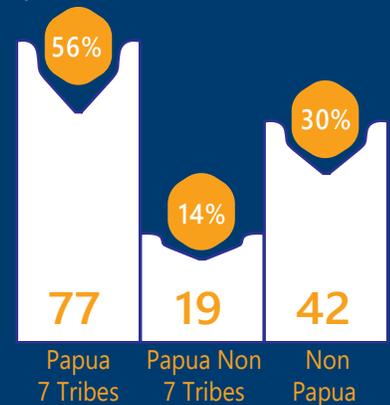
(in Billion IDR)

Total Budget (2019)

USD 55.2 Million (IDR 778.6 Billion)

LPMAK Employees - 2019

(By Tribes)



LPMAK Employees

138 People

Amungme Tribal Council - Lembaga Musyawarah Adat Suku Amungme (Lemasa)

2019
USD 1 Million
(IDR 14.5 Billion)

2000-2019
USD 18.1 Million
(IDR 181 Billion)

Kamoro Tribal Council - Lembaga Musyawarah Adat Suku Kamoro (Lemasko)

2019
USD 2.7 Million
(IDR 38.7 Billion)

2000-2019
USD 17.7 Million
(IDR 177 Billion)

Forum MoU 2000

2019
USD 146 Thousand
(IDR 2.1 Billion)

2005-2019
USD 2.2 Million
(IDR 22 Billion)

Waartsing Foundation (The Amungme Trust Fund)

2019
USD 500 Thousand
(IDR 7 Billion)

2001-2019
USD 29.5 Million
(IDR 295 Billion)

Yuamako Foundation (The Kamoro Trust Fund)

2019
USD 500 Thousand
(IDR 7 Billion)

2001-2019
USD 28.4 Million
(IDR 284 Billion)

Foundation for Humanity and Anti Violence - Yamak

2019
USD 177.7 Thousand
(IDR 2.5 Billion)

2001-2019
USD 6.7 Million
(IDR 67 Billion)

● PTFI Contribution ● LPMAK Contribution

*Financial data in this fact sheet apply conversion rate of IDR 10,000 for multi-year contribution and IDR 14,100 for 2019 contribution.

CULTURE

Culture program has been one of PT Freeport Indonesia's social investment programs that specifically pays attention to the preservation and promotion of the original Amungme and Kamoro culture. We recognize the importance of culture as a social identity that needs to be maintained in the midst of the current development and change of society. Various cultural promotion activities are carried out so that local people can continue to preserve their culture while being exposed to cultures from outside their region.

In 2019, we continued our commitment in preserving the culture of the Kamoro Tribe. We carried out this promotion in collaboration with the Maramowe Weaiku Kamorowe Foundation. This foundation is engaged in the promotion of Kamoro culture. The foundation accompanies around 300 Kamoro craftsmen who produce quality art products and markets them through exhibitions and galleries.

In addition to cultural promotion, art products also provide additional income for the community as the proceeds from the sale are fully returned to the craftsmen. In 2019, the Foundation together with craftsmen, weavers, and dancers of the Kamoro Tribe also carried out cultural promotions in several schools, colleges and other institutions in the City of Timika and outside Papua. The foundation also initiated the filming of Maramowe which tells the story of Kamoro culture. This film will become one of the media to introduce the culture of Papua to the young generations of the Kamoro tribe and community in general.

PTFI also participated in efforts to preserve Noken which has been designated as one of the world's cultural heritage by UNESCO. Noken is a traditional sling bag of Papua. We continue to assist the group of women who are members of the Kanguru Jaya Cooperative in producing Noken crafts. They get training in making Noken using simple tools. Noken can also be sold and to provide income for these women.



Promotion of Kamoro culture in various events aims to introduce indigenous Papua culture to public.



Noken crafts produced by Papuan women have values in cultural preservation as well as provide household income for their families.

HUMAN RIGHTS

Freeport Indonesia (PTFI) has been operating in Papua, Indonesia since 1973 and has implemented the Voluntary Principles on Security and Human Rights (VPSHR) since 2000. We have taken various measures to receive, document and follow up on reports of alleged human rights violations and provide training and promotion of human rights enforcement to employees and the public. We respect the rights of every individual including employees, the community, partners and anyone who may be affected by our operations.

In 2019, we received 15 alleged complaints related to human rights which included domestic issues, verbal harassment, discrimination and intimidation. Two of these grievances were security-related. The incident was reported to the police, and the four police officers involved were removed from the project area. In the other case, the incident was reported to regional military leadership and was in process of handling as of the end of 2019. The human rights complaint system is communicated and informed to employees, families and everyone in the project area. All cases reported are documented, analyzed and resolved, or in the process of being followed up by the PTFI Human Rights Office.

A series of security incidents still occur in the area of company operations, especially in the highlands. This incident was claimed by an armed criminal group and resulted in injuries and death of community members and security personnel. The safety of our workforce is a priority. Therefore, we continue to work closely with the Government of Indonesia to address security issues within PTFI's operational areas and beyond. We also restrict the use of mining supply road, including obligations for armored vehicles for transportation of employees in certain areas.

We continue to engage with a number of local and national stakeholders in the implementation of the Voluntary Principles and respect for human rights. In 2019, the PTFI Human Rights Office held a

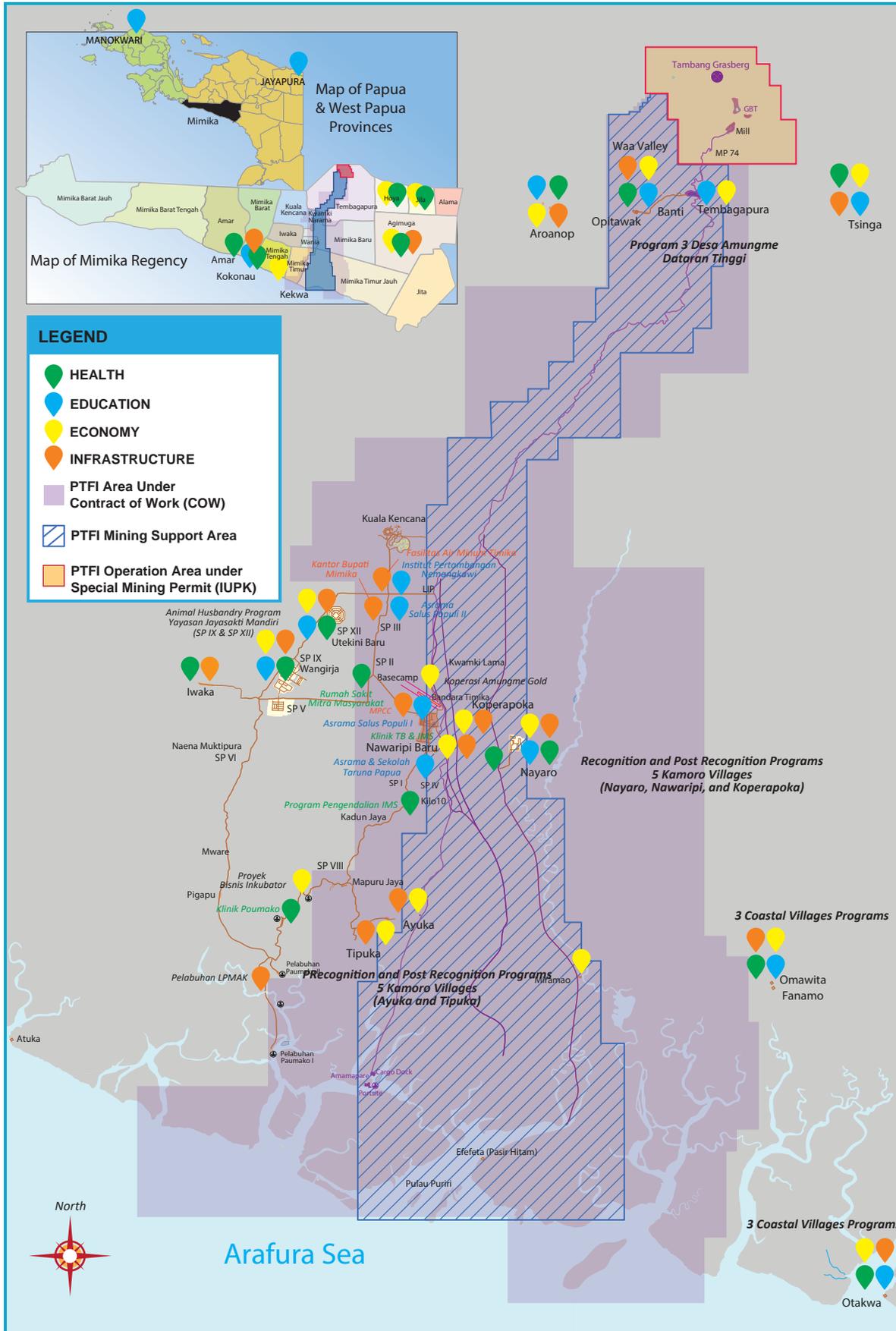


Campaign on Voluntary Principles on Security and Human Rights has been a mandatory program for employees of PTFI, contractor and privatized companies as well as government security personnel.

meeting with national-level NGOs engaged in human rights such as The Institute for Policy Research and Advocacy (ELSAM) to consult on the implementation of the UN Guiding Principles and security incidents at PTFI. We also met with the Indonesian Human Rights Commission (*Komnas HAM*) in Jakarta to discuss risks related to human rights, as well as company's policies and positions regarding current labor issues at PTFI. We also involved the community, partner organizations and local authorities by disseminating PTFI's human rights program and implementing the VPSHR

In 2019, around 1,580 PTFI's employees, 4,400 contractor companies' employees, 890 security officers of PTFI and the contractor companies, as well as 1,700 local communities, partner organizations, and students received human rights training. PTFI's Human Rights Office provides training on human rights and Voluntary Principles for 1,060 members of the police and military who are tasked with securing national vital objects. All PTFI employees are required to attend human rights training. PTFI also launched the Human Rights Ambassador program in which representatives from seven contractor companies were trained to promote human rights policies and provide human rights training to workers in their respective companies.

Appendix 1: Map of PTFI Community Development Program



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