

Brief from Martin and Benford

25 October 2018

Latest update on proposed restructuring at South Deep



Dear Colleagues

We have reached a critical stage in our restructuring at South Deep, which as you know is aimed at ensuring the sustainability of the mine and endeavouring to secure 3,500 jobs for the long-term. Since we announced the start of the Section 189 consultations on 14 August 2018 we have been engaging the two trade unions about alternatives to the retrenchments that we believe are necessary to put South Deep on a sustainable growth path.

Over the past few weeks, we have provided both unions with details of how the selection process will work and to determine which people are likely to be affected by the retrenchment process. Where we have received input, we have taken this into account. We have finalised the selection criteria and are in the process of finalizing a preliminary list of individuals that may be affected.

Selection criteria

South Deep have applied a combination of selection criteria based on what the operation needs to succeed in the months and years to come. To do this we have considered different criteria at different employment levels consisting of a combination of LIFO, skills, knowledge and experience related to the inherent requirements of the job, work performance and work attendance, as may be applicable.

Following the application of the selection criteria a provisional list of selected employees will be shared with the unions, starting later today. This list will also be available with the relevant line managers, who have been encouraged to talk to all affected employees. It should be noted that the lists that will be circulated are *provisional* lists, and at this stage will not be final. The unions will have three days to submit written responses regarding the application of the selection criteria, before we finalise the list of impacted employees. The provisional placement process should be completed this week - we know that people are anxious to get clarity on where they stand.

Voluntary Separation

During the last two days we have had feedback from employees indicating that if they are to be impacted they would prefer for their exits and the payment of their packages to be concluded as quickly as possible. Based on these enquiries, we have taken a decision to open invitations for voluntary separation packages (VSP), to those employees who have provisionally been selected for possible retrenchment. The VSP for these employees will open on 25 October and end on 29 October 2018.

VSP Principles

As this is a voluntary retrenchment exercise, the following principles are applicable to the application and approval process:



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- VSP applications will be restricted to the list of individuals provisionally selected for possible retrenchments. ***No applications outside this list will be considered.***
- Applications will be accepted on a voluntary basis, and must be submitted in writing.
- Employees who apply for VSP will be categorised as “retrenchees” for the purpose of taxation and related benefits.
- No application for VSP may be withdrawn after the close of business on 29 October 2018.
- The month of November will serve as notice months and packages will be calculated up to 30 November 2018.
- The termination date will be dependent on operational requirements and not individual preference.

VSP Benefits

Employees on the provisional selection list who apply for voluntary separation will receive the following severance benefits:

- 2 Weeks pay for every continuous year worked at 100% of basic pay and 65% of GRP pay (being the deemed basic amount for GRP Officials)
- The minimum severance package shall not be less than R30 000
- ***An additional ex-gratia gratuity payment equivalent to two week's basic wage or 65% of GRP (being the deemed basic amount for GRP Officials), as an incentive for voluntary separation.***
- Benefits due from the respective Retirement Funds in terms of the separation rules of each Fund
- Accumulated leave payout where applicable as per the leave policy

VSP Office and process

The VSP office will be situated at the Engagement Centre and will be opened after 15h00 on Thursday 25 October to Monday 29 October 2018. With the exception of Thursday, the office will be open from 07h00 to 19h00, including Saturday and Sunday. Employees who want to apply for a VSP will undergo the following process:

- The employee will apply for the calculations of severance benefits at the VSP office.
- The remuneration team will verify that the employee has provisionally been selected for retrenchment and are therefore eligible to apply for VSP.
- The employees record of service will be verified and signed off.
- Calculations will be generated and provided to the employee.
- The employee must independently decide whether he/she wishes to apply for VSP, and must submit his/her application form before the closure date.
- The processing of applications for VSP will take place as soon as possible after the applications have been received, and will be completed within 3 days of receipt of the application.
- If an employee's application is approved, the employee will be taken through the exit process.

This VSP offer is extended in consideration of the unique circumstances present in this matter and does not in any way whatsoever constitute a precedence for the future, nor does it place an obligation on the Company to deal with any future matters of a similar nature in the same way or to apply this offer to employees who may chose not to apply for VSP.



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We know that this is a very difficult time for all of us and we will endeavour to manage the remaining process as quickly and sensitively as we can.

Thank you for your patience and understanding and please ensure we all remain focused on our and our colleagues well-being.



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