

BRIEF TO THE PEOPLE OF SOUTH DEEP

15 May 2020



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LET'S TALK

Important agreement reached with NUM and UASA to benefit employees



Colleagues

Our people have been understandably concerned about the effect of the extended lock-down on their personal situations as well as on the mine.

On 14 April 2020, we reached an agreement with NUM and UASA that South Deep would continue to pay employees who were not required to work or who were not permitted to return to work due to border restrictions, their basic wages and fixed allowances from 26 March 2020 to 1 May 2020. It was agreed that, in exchange, employees would work over the Christmas period, treating all days as normal shifts, with the exception of two public holidays.

From 20 April 2020, having prepared the workplace in accordance with government requirements, we were permitted to allow no more than 50% of our workforce back on site.

But, the lock-down was extended beyond 1 May. Under the Level 4 lock-down restrictions currently in force, we are still not allowed to have more than 50% of our workforce at work. Nobody can predict how the disease will evolve, and restriction levels may change for the positive or the negative.

We are concerned about what this means for our people, and about what this means for the company. Over the past two weeks we have been working with NUM and UASA to find a solution that is fair and balances the interest of our employees with that of the business. The following important factors were especially important:

- We want to maintain our strong relationships with our employees even under these COVID-19 restrictions
- We want as many employees as possible to work within the 50% restriction or any other restriction that may apply, to help them remain connected with the business and maintain their skills
- With production at approximately 50% and our high fixed cost base, the company is operating at a loss at present

- We want to prepare now to allow us to respond rapidly to further lockdown changes, either more restrictions or fewer restrictions.

After several days of intense and constructive debate to find a solution, I am very pleased to advise that we have come to an agreement with the NUM and UASA that is in the best interests of our employees and the company, securing jobs and affording employees the opportunity to continue to earn an income.

Details of the agreement

Arrangement for May 2020

For the May 2020 statistical month, **all employees will be paid their basic pay and fixed allowances**. Only those employees who were asked to resume their duties in May will receive contingent allowances such as Fulco, pro-rated to the actual shifts they worked during the month.

Rotational short-time working arrangement from June 2020

Our aim was to find a solution that would see many of our employees returning to work under the capacity restrictions, and for employees to receive as high a percentage of their earnings as is feasible. To do this, we are putting in place a rotational short-time working arrangement for all employees who are not restricted from returning to work (because they are currently outside of South Africa or because they are medically vulnerable). These eligible employees will work at 50%, 75% or 100% capacity on a rotational basis according to the mine's operational requirements and to ensure adherence to the basic conditions of employment. At no stage will the Mine exceed the capacity restrictions in place set by government.



safety



integrity



respect



responsibility



innovation



delivery



GOLD FIELDS

To be able to achieve this, the entire mine, including senior management, will take a 20% cut in earnings while the 50% capacity (Level 4) restrictions apply. When restrictions allow us to work at 75% capacity, earnings will be reduced by 10%. This cut in earnings is essential if we want to ensure that each employee, regardless of circumstances, has the opportunity to earn an income that is as close as possible to their normal earnings, while not placing an undue burden on the company.

Employees may also receive some or all of the 20% or 10% shortfall through the Temporary Employee/Employer Relief Scheme (TERS) established by the government or, in the case of A, B and C Band employees, a monthly top-up plan (explained below), or a combination of the two.

Employees who are in lock-down outside of South Africa and who cannot return to work will be paid 50% of their basic wages, and housing allowances where applicable. No variable or contingent allowances, such as Fulco, will be payable. They will also not be eligible for the top-up plan.

Employees who are medically vulnerable and not permitted to work under the lock-down regulations will be paid basic wages, as well as accommodation allowances. No variable or contingent allowances, such as Fulco, will be payable.

How will the top-up work?

- The top-up will apply to employees in the A, B and C bands only who are part of the rotational short-time working arrangement.
- While employees may make up the full amount of their normal earnings, employees will not be able to earn more than their full earnings through the addition of the top-up or payouts by TERS,
- The top-up will come into effect once the Mine has exceeded a minimum gold-produced target. Any gold produced in excess of this target will be split between the Company (70%) and eligible employees (30%), until the earnings deficit has been made up.

We have started our preparations to return employees on a short-time rotational basis and will issue communications on this soon.

But, for now, **we re-emphasise that employees that are currently at home should not return to work, unless contacted by the Company and issued with a travel permit.**

Bonus system

For the period, bonuses will be suspended and will only be payable once the mine is back at full capacity and producing sustainably above the set levels.

Working together we can overcome the impact of the Coronavirus

These are unprecedented and changing times for our country and our company. At South Deep, working jointly with organised labour, we are doing everything we can to minimise the impact of this uncertainty on our employees. Through our supervisors and communications channels, we will be communicating in more depth on this matter so that each individual understands the implication on their earnings and working arrangements. We hope that all our employees will understand that the small sacrifices we may ask individuals to make, is to the greater good of all our employees and the long-term sustainability of our Mine.

Above all, we need to keep in mind that the best way that we can protect ourselves and the people we care about, is to stay safe, and to follow the rules at home and at work. Together, we can beat the Coronavirus, and come out in months to come as the strongest and most successful team in the gold mining industry.



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