

Statement issued on behalf of:

AngloGold Ashanti | Harmony  
Sibanye | Evander Gold Mines

## WAGE NEGOTIATIONS FOR THE GOLD INDUSTRY 2015

collectively representing the gold producers who are represented in wage negotiations by the **CHAMBER OF MINES**

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### GOLD PRODUCERS TABLE FINAL THREE-YEAR WAGE OFFER

*Sustainability of the industry a critical feature of offers, including joint commitment  
to future co-operation*

**Johannesburg, 30 July 2015:** Gold producers AngloGold Ashanti, Evander Gold Mines, Harmony and Sibanye Gold tabled their final offers in respect of wages and benefits to representative unions, the Association of Mining and Construction Union (AMCU), the National Union of Mineworkers (NUM), Solidarity and UASA for the period 1 July 2015 to 30 June 2018.

Says Dr Elize Strydom, on behalf of the gold producers: “We believe this is a generous offer which is above inflation and at the limit of what this industry can bear whilst remaining sustainable. It is our final offer, and we hope our employees will accept it so we can move forward together to confront the challenges the industry faces.”

Through this final offer, each of the companies has ensured that the guaranteed pay\* of entry level employees will reach between R12,800 and R13,200 per month in the third year of the agreement.

In extending this final offer the companies have continued to highlight the difficulties experienced by the gold mining sector. The producers ask the unions to commit to the shared goal of maintaining a sustainable industry capable of securing employment and delivering returns to all stakeholders for the longest time possible. The offer has been made on the basis that it be accepted by all unions.

The producers ask all parties to commit to building a culture of sustainable mining and developing measures to improve performance and efficiencies at our operations. Given their commitment to the sustainability of the sector, and transparency in their relationship with employees, the producers have pledged to continue sharing their financial models to facilitate constructive dialogue.

\* *guaranteed pay includes basic pay and allowances, as well as medical retirement contributions*

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## **Wage offers and benefits**

In line with the companies' differing economic circumstances, offers in respect of wages are differentiated as follows:

**AngloGold Ashanti and Sibanye** (which together employ around 70% of employees), have made the following offers:

- To Category 4 to 8 employees and B-lower officials, an amount of R1,000 per month in years 1, 2 and 3, as well as a R100 per month increase in living-out allowance in year 1. (This payment does not attract the normal company contributions to benefits as the focus of the unions has been on improving disposable income).
- To Miners, Artisans and Officials, a 6% increase on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

**Evander Gold Mines** has made the following offers:

- To Category 4 to 8 employees and B-lower officials, an additional payment of R750 per month in years 1, 2 and 3, as well as a R100 per month increase in living-out allowance in year 1. (This payment does not attract the normal company contributions to benefits as the focus of the unions has been on improving disposable income).
- To Miners, Artisans and officials, a 6% increase on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

**Harmony** has made the following offers:

- To Category 4 to 8 employees and B-lower officials, an additional payment of R500 per month in years 1, 2 and 3, as well as an increase in living-out allowance of R100 per month in year 1.
- To Miners, Artisans and officials, a 4.6% increase on standard rate of pay in year 1, and 4.6% or CPI (whichever is the greater) in years 2 and 3.
- Furthermore, Harmony has offered a gain share of 5% from the first rand of profit on a quarterly basis. (Profit will be defined as revenue in South Africa minus all South African costs, excluding dividends).

In addition, the companies have made a number of non-wage concessions in response to union demands, including

- An increase in medical incapacity benefit from R40,000 to R55,000 over three years.
- Extension of the 2011-2013 concession of the medical aid contribution rates to 60% for employers and 40% for Cat 4-8 employees for three years from the date of the wage agreement.
- Increase in the current guaranteed minimum severance pay of R20,000 to R30,000 over three years.
- Extension of retirement age for surface workers to 63 years as from 1 July 2015, subject to meeting company medical examinations and fitness-to-work assessments as required.
- Employees who wish to retire at 63 or before 63 shall be entitled to do so.

The companies propose that a task team be established to investigate the extension of the retirement age for underground employees to 63 years of age. The task team must complete a written report on its findings and recommendations within six months.

***Commitment to meaningful engagement***

The companies propose that all parties agree to engage meaningfully during the course of the 2015 to 2018 wage agreement, on all of the issues affecting the viability of operations. Specifically, the parties will seek to:

- enhance operational efficiency, including where appropriate, the alteration of work arrangements and co-design of shift arrangements to optimise efficiency in the use of mining assets;
- measures to promote home ownership and the provision of adequate housing and living conditions in the proximity of the mines;
- further measures to address employee debt;
- measures to enable employees to retire with dignity; and
- the optimal use of funds which have been committed to skills development.

In such engagements the parties will jointly develop strategies and interventions aimed at reducing the further decline of the gold sector and to promote employment retention through sustainable mining. It is proposed that the parties meet at industry level within one month of concluding this agreement, to formulate terms of reference. It is also proposed that the parties establish an Industry Sustainability Committee of Principals (ISCOP) which will meet every six months.

**Should you have any queries, please contact:**

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