

Statement issued on behalf of:

AngloGold Ashanti | Harmony
Evander Gold Mines | Sibanye

WAGE NEGOTIATIONS FOR THE GOLD INDUSTRY 2015

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

ANGLOGOLD ASHANTI AND HARMONY REACH THREE-YEAR WAGE AGREEMENT, SIBANYE WILL CONTINUE TO ENGAGE

- ***NUM, Solidarity and UASA sign three-year wage agreement with AngloGold Ashanti and Harmony. Companies will extend agreement to all employees at their operations given agreement with majority of employees***
- ***AMCU has rejected offers and has been granted certificates of non-resolution by CCMA***
- ***Sibanye will continue to engage with AMCU in an effort to reach an agreement with all unions***
- ***Evander continues to engage with the NUM in bilateral talks***

Johannesburg, 2 October 2015: The Chamber of Mines acting on behalf of gold producers, AngloGold Ashanti, Evander Gold Mines, Harmony and Sibanye Gold, is pleased to advise positive progress in respect of wage negotiations.

The National Union of Mineworkers (NUM), Solidarity and UASA have signed a three-year agreement with AngloGold Ashanti and Harmony under the auspices of the Chamber of Mines in respect of wages and conditions of service for the period 1 July 2015 to 30 June 2018. The NUM, UASA and Solidarity collectively represent the majority of employees at AngloGold Ashanti and Harmony, and around 62% of employees in the gold companies represented by the Chamber of Mines. A further 7% of employees are not unionised. As a consequence, and in terms of the Labour Relations Act, AngloGold Ashanti and Harmony will extend the agreement to all employees within the bargaining units, irrespective of their union affiliation.

In terms of the 'peace clause' contained in the agreement, there can be no industrial action concerning terms and conditions of employment during the existence of the agreement, as the issue of conditions of employment has been settled for the duration of the agreement, and no demands may be made during the course of the agreement. Accordingly, any industrial action concerning terms and conditions of employment during the existence of the agreement will be in contravention of the 'peace clause' and thus unprotected. AngloGold Ashanti and Harmony will engage with all unions, including AMCU, on the implementation of the wage agreement.

Queries:

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The Association of Mineworkers and Construction Union (AMCU) has rejected the companies' offers. Following the declaration of disputes with AngloGold Ashanti, Harmony and Sibanye, AMCU has been granted certificates of non-resolution by the CCMA.

Speaking on behalf of the Chamber of Mines, Dr Elize Strydom said: "After months of tough, yet respectful negotiations, we are pleased to have reached an agreement that will make a significant difference to the lives of employees and will ensure the sustainability of the industry as far as possible. The wage settlements reached between the relevant companies and unions are substantial – between 10% and 13% increase in basic wage for entry-level employees in each of the three years of the agreement. Put differently, for entry-level employees this is an increase of between R25,000 and R30,000 per employee over the three-year period.

Offers made and agreement reached

In terms of the offers made by the companies, guaranteed wages for entry-level employees excluding bonuses and overtime, will rise to between R97,000 and R106,000 per annum in the third year of the agreement. In addition, incentive-based pay in the gold industry, in the form bonuses and overtime, comprises a significant portion of the total wage bill and can materially increase employees' take-home pay.

Dr Strydom reiterated that the agreements reached today between the two companies and the NUM, Solidarity and UASA are final. "This is the only deal that will be agreed," she said. "We cannot and will not negotiate different deals with different parties."

Dr Strydom urged AMCU to recommend to its members that they accept the offer which will enable all unions to conclude an agreement with Sibanye. Given the acceptance by employees representing around 49% of Sibanye's workforce, Sibanye has required that all unions should be party to their agreement. "The gold industry is in a perilous state, with more than 50% of operations currently marginal or not making a profit. More than 30,000 jobs have been lost in our industry over the last decade, with many more jobs currently under threat. The offers on the table are substantial and are the most our industry can afford."

The offers

The separate offers made by the companies are effective from 1 July 2015 to 30 June 2018. The agreements will differ marginally as a result of the companies' particular circumstances:

At **AngloGold Ashanti**, parties agreed on the following:

- Category 4-8 employees and B-lower officials, an increase of R750 per month in year 1, R775 per month in year 2 and R800 per month in year 3, as well as a R100 per month increase in living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

At **Harmony** the parties agreed on the following:

- Category 4-8 employees and B-lower officials, an increase of R600 per month in year 1, R625 per month in year 2 and R650 per month in year 3, as well as a R100 per month increase in living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in years 1, 2 and 3.
- The Rock Drill Operators' allowance of R400 per month and the Operators' allowance of R250 per month will now be incorporated into the standard rate of pay.

The offer made by **Sibanye Gold** remains as follows:

- Category 4-8 employees and B-lower officials, an increase of R675 per month in year 1, R700 per month in year 2 and R725 per month in year 3, as well as a R100 per month increase in living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

Evander continues to engage with the NUM and remains committed to the agreement; bilateral talks between Evander and the NUM continue.

Non-wage items agreed

The following additional non-wage points have been agreed by all companies:

- Increase in medical incapacity benefit from R40,000 to R55,000 over three years.
- Medical aid contribution rates to remain at 60% for employers and 40% for Cat 4-8 employees for three years from the date of agreement.
- Increase in current guaranteed minimum severance pay from R20,000 to R30,000 over three years.
- Extension of retirement age for surface workers to 63 years, subject to meeting company medical examinations and fitness-to-work assessments as required, provided that employees who wish to retire at 63 or before 63 shall be entitled to do so.
- A task team will be established to investigate the extension of retirement age for underground employees from 60 to 63 years. The task team must complete a written report on its findings and recommendations within six months.
- Increases in the funeral cover for certain employment categories.
- An agreement that the parties will engage over a three year period on the issue of securing the sustainability of the sector and operational efficiency.

Should you have any queries please contact:

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