

Sibanye Gold Limited
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("Sibanye-Stillwater", "the Company" and/or "the Group")



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Published open letter to Joseph Mathunjwa, AMCU president

Dear Mr Mathunjwa

It is with great concern and anguish that we have observed the tragic and unnecessary sequence of events, which have unfolded since our employees who are your members embarked on a strike at our gold operations on Wednesday, 21 November 2018.

The right to peaceful protest or strike action is enshrined in our labour laws and Constitution. In addition the right to life and dignity is enshrined in our Bill of Rights. As we have clearly stated, Sibanye-Stillwater acknowledges and respects the right of our employees to strike, but at the same time, we expect our stakeholders, including members of your union, to respect the rights of other employees to make different choices, including the right not to strike, without fear of threat or intimidation.

Unfortunately, the strike called by Association of Mineworkers and Construction Union has been characterised by intimidation and violence, which has resulted in the needless loss of three lives, several employees being assaulted and has recently resulted in a female police officer being severely assaulted and stripped of her weapon and equipment. This is unacceptable and we urge AMCU to sign the peace pact that was discussed with all stakeholders and further request your members to refrain from impeding our attempts to secure peace and stability at our operations.

In my role at Sibanye-Stillwater, I was intimately involved in the wage negotiations between Sibanye-Stillwater and the representative unions, including AMCU, which took place over an extended period from June 2018. In your recent release on the AMCU website (dated 29 November 2018 available at <http://amcu.co.za/2018/11/29/protected-industrial-action-at-sibanye-stillwater/>) you state that a deadlock in negotiations was reached after we had reached a fair and reasonable wage agreement with all of the other unions, following which AMCU obtained a strike certificate from the CCMA. This is not true. AMCU declared a dispute and received a strike certificate on 26 September 2018, which was well before the agreement with the other unions was reached, or the AMCU strike declared. In actual fact, following this early declaration of a dispute by AMCU, we continued to engage extensively in bilaterals, with your representatives and those of the other unions, in an attempt to reach a mutually acceptable outcome.

Previous public correspondence and utterances by AMCU, proudly claim that the agreement finally signed by the NUM and other unions was actually an AMCU construct (<http://amcu.co.za/2018/11/21/amcu-condemns-shooting-incident-and-num-violence-against-its-members/>), which suggests (correctly) that AMCU continued to play a significant part in negotiating the terms of the final offer agreed with the other unions. What you fail to mention, is that after jointly negotiating what appeared to be an offer which was acceptable to all the unions (including AMCU representatives), AMCU leadership surprisingly refused to sign the agreement with the other unions and instead added additional demands.

The average basic wages for category 4-8 employees at Sibanye-Stillwater, have increased by more than 65% since the company was unbundled from Gold Fields in 2013. This is significantly above inflation and represents a very real improvement in the standard of living of our employees. The current wage agreement reached with NUM, Solidarity and UASA is again well in excess of inflation, but takes the longer term sustainability of the gold operations into consideration.

The offer which has been accepted by the other unions, is final and fair. In terms of this offer an entry level employee will earn a guaranteed income of over R12,800 per month in the first year of the agreement, increasing to over R 14,900 per month, in year three. If we include variable pay, such as bonuses and other benefits, an entry level employee will on average earn more than R14,400 per month in total, in year one and over R16,500 per month in year three. This is significantly higher than entry level wages in many critical sectors, such as nursing and teaching for instance.

The three other unions, the NUM, UASA and Solidarity, currently represent 49% of our employees at our gold operations, compared with AMCU's 43% representation, and Sibanye-Stillwater management continues to believe that the rights of those employees to agree on, and receive the higher wages offered, should not be compromised by the obstructive actions of a single union. As such, the agreement was signed in good faith with the other unions and in keeping with the bona-fide spirit that prevailed during negotiations, as well as our company values, we will honour these agreements.

AMCU's actions since then have been vexatious. The union and its members have been uncooperative from the start and have refused to adhere to accepted practices during a protected strike, such as establishing picketing rules during the strike notice period, which are necessary to protect the rights of the striking employees to protest, but also ensure that the safety of non-striking employees are observed and no unlawful behaviour takes place.

Mr Mathunjwa, you claim in your press release, that AMCU attempted to interdict Sibanye-Stillwater to ensure that no violence would take place during the strike and that your members would be protected. You also falsely claim, that one of your members was shot dead by Sibanye-Stillwater security personnel. This is blatantly fallacious and disingenuous.

You mention that your interdict against Sibanye-Stillwater to prevent violence, was dismissed, but fail to mention that Sibanye-Stillwater's interdict against AMCU's violent behaviour was upheld and made an order of the court, which your members have failed to respect to date. Your suggestion that the judiciary in SA favours business, is a red herring and an attempt to distract from the fact that AMCU called the strike, and that the lawless and violent actions during the course of the last week, are primarily those of your members, and hence the responsibility of AMCU leadership. To suggest otherwise is disingenuous and dishonest. Your members and official representatives have disregarded the picketing rules directed by the CCMA and have now

declared a dispute regarding the picketing rules, adding further to the volatile and inflammatory environment at the operations.

We are aware of the socio-economic challenges facing our employees. Sibanye-Stillwater currently employs over 65,000 people, and now with the Lonmin transaction having received South African Competition Tribunal approval, employment should now increase to over 95,000 people. Factoring the indirect (multiplier) impact we have on the South African economy, implies that our mining has a direct influence on approximately one million South Africans. In addition, mining contributes significantly to the fiscus through taxes and royalties and plays a critical role in sustaining local economies and communities. From prior experience, this strike will not only affect the company, but all other stakeholders, with our employees and their families being worst affected.

We engaged intensively with AMCU in order to negotiate a fair agreement, which also takes the current challenges facing our gold operations and their sustainability into account. As previously mentioned though, despite developing an offer with all the unions including AMCU representatives, which was then supported by all the other unions, AMCU national leadership has rejected the offer.

The safety and wellbeing of our employees is our first priority and we will continue with our efforts to resolve the strike peacefully. That said, in line with our vision of creating superior value for all of our stakeholders, we cannot allow the interests of a specific stakeholder to unfairly undermine other stakeholders. As you are aware, striking employees will receive no wages if they do not report for work and an extended strike just before the December holidays will result in many of our employees, experiencing significant hardship especially during the upcoming back to school period at the beginning of the year. As we all know there are no absolute winners in any strike action. Instead, this two-week long strike already has negative repercussions for the local communities, regional economies as well as the mining towns, which are already in distress.

We urge AMCU leadership to consider the wellbeing of all stakeholders and the wellbeing of the industry which has been shedding jobs over the last couple of years and to engage in good faith in the interest of a sustainable solution for the gold sector.

From: Themba Nkosi, Executive Head of Human Resources at Sibanye-Stillwater

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