



Gold Wage Negotiations

Know the facts | Thola ulwazi | E ba le tsebo



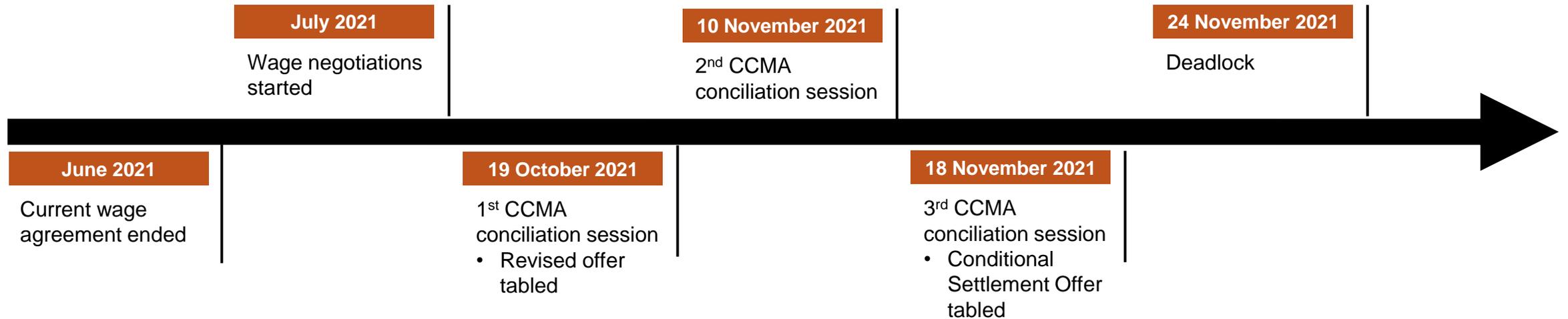
UPDATE GOLD WAGE NEGOTIATIONS

10 December 2021



COMMITMENT ACCOUNTABILITY RESPECT ENABLING SAFETY

PROCESS



Offer

- Revised our offer 5 times
- Sincere attempt to reach an agreement that is fair, will benefit employees and considers the sustainability of our gold operations

Demands

- No significant moves by unions from initial demands
- R2.5 billion increase to wage bill
- Well above inflation and not sustainable

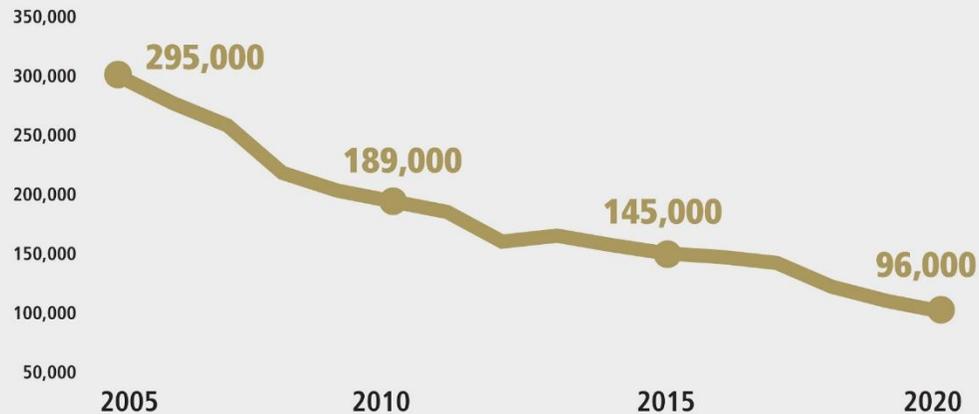
On 24 November, the CCMA conciliation process was extended until 21 December 2021 to enable the parties to make submissions regarding the establishment of picketing rules, for the CCMA to consider these submissions, and to conduct inspections of the proposed picketing sites, if they need to.

ECONOMIC CONTEXT

Gold Sector

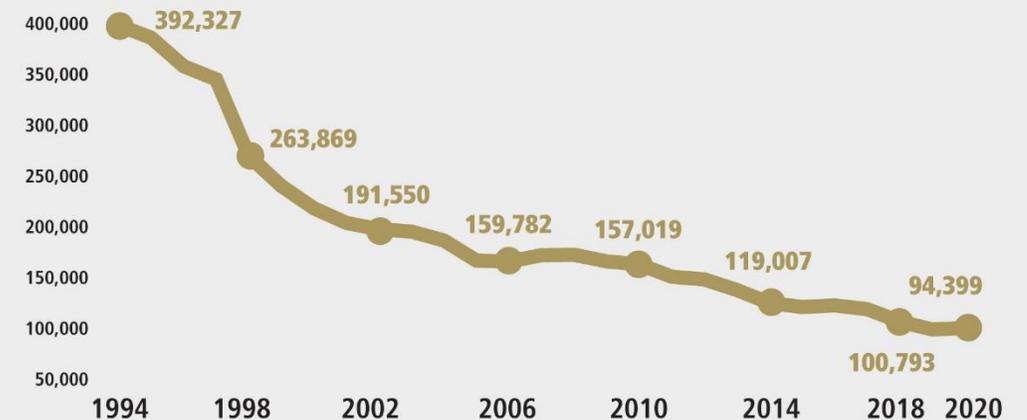
The challenges faced by the South African gold sector are well known

Gold production (kg) (2005 – 2020)



Source: Department of Mineral Resources and Energy

Number of employees employed in the gold sector (1994 - 2020)



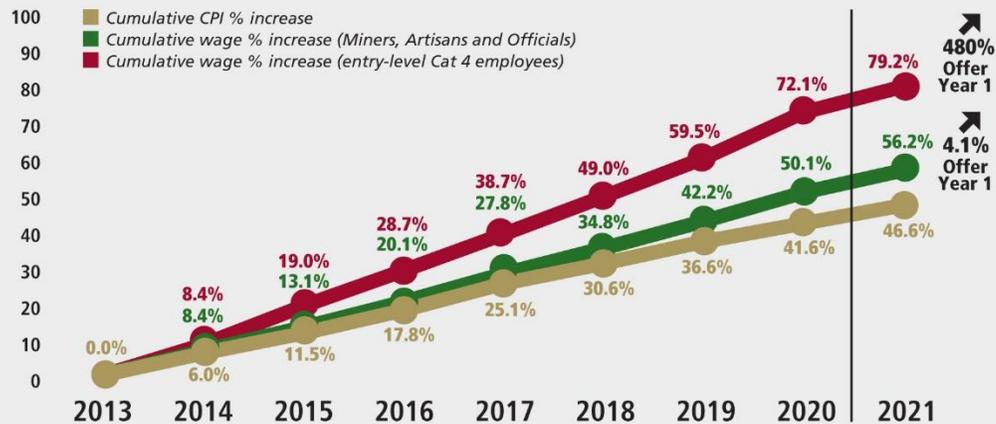
Source: Department of Mineral Resources and Energy

ECONOMIC CONTEXT

Our perspective

We have to manage significant cost pressures with wages and the cost of electricity being the largest components of costs

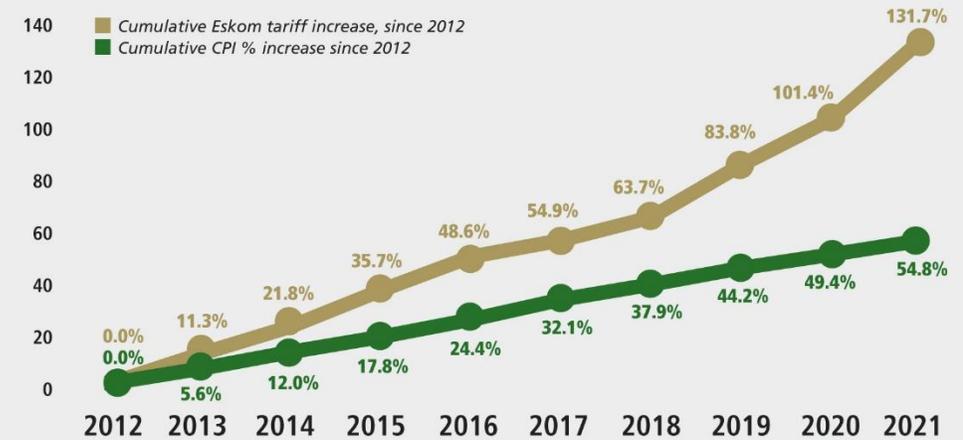
Cumulative gold wage increase (CAT 4 entry-level employees + Miners, Artisans and Officials) vs CPI increase (%)



Since 2013:

Cost of living	↗ 46.6%
Wages for Cat 4 entry-level employees	↗ 79.2%
Wages for Miners, Artisans and Officials	↗ 56.2%

Cumulative Eskom tariff increase vs CPI increase (%)



Since 2013:

Electricity tariffs	↗ around 130%	Electricity ↗ 80% higher than inflation.
Inflation	↗ around 50%	

ECONOMIC CONTEXT

Our perspective

Our gold operations employ about **31,000** people.

Taking into account that every mining employee supports **between 5 – 10 dependants**, and for every direct mining job created, a further **2 direct jobs** are created in downstream and support industries, **roughly 1 million people** are dependent on our gold operations



ECONOMIC CONTEXT

Our perspective



OUR OFFER

On 18 November we tabled the Conditional Settlement Offer on the basis that it is accepted by all four unions (AMCU, the NUM, Solidarity and UASA). This offer would have meant that:

Category 4 – 8 employees would have received an increase of:

Year 1	Year 2	Year 3
R530 +R40 LoA =R570 5.2% on the basic wage for CAT4 entry level underground employees 4.5% on the basic wage for the average CAT 4-8 employee	R600 +R40 LoA =R640 5.5% on the basic wage for CAT 4 entry level underground employees 4.9% on the basic wage for the average CAT 4-8 employee	R630 +R40 LoA =R670 5.5% on the basic wage for CAT4 entry level underground employees 4.9% on the basic wage for the average CAT 4-8 employee

Miners, Artisans and Officials would have received an increase of:

Year 1	Year 2	Year 3
4.5%	4.9%	4.9%

- We also made proposals on other non-wage and process issues
- **This excludes employee earnings through performance bonuses that make up a significant proportion of employee remuneration.**

OUR OFFER

Because the Conditional Settlement Offer was not accepted, we reverted back to the offer we made on 19 October. Our current offer would mean that:

Category 4 – 8 employees would have received an increase of:

Year 1	Year 2	Year 3
R480 +R40 LoA =R520	R570 +R40 LoA =R610	R600 +R40 LoA =R640
4.7% on the basic wage for CAT4 entry level underground employees 4.1% on the basic wage for the average CAT 4-8 employee	5.3% on the basic wage for CAT4 entry level underground employees 4.7% on the basic wage for the average CAT 4-8 employee	5.3% on the basic wage for CAT4 entry level underground employees 4.7% on the basic wage for the average CAT 4-8 employee

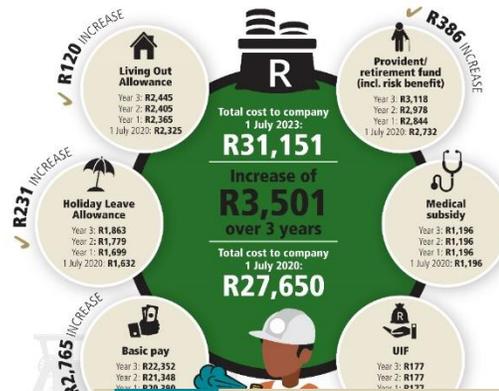
Miners, Artisans and Officials would have received an increase of:

Year 1	Year 2	Year 3
4.1%	4.7%	4.7%

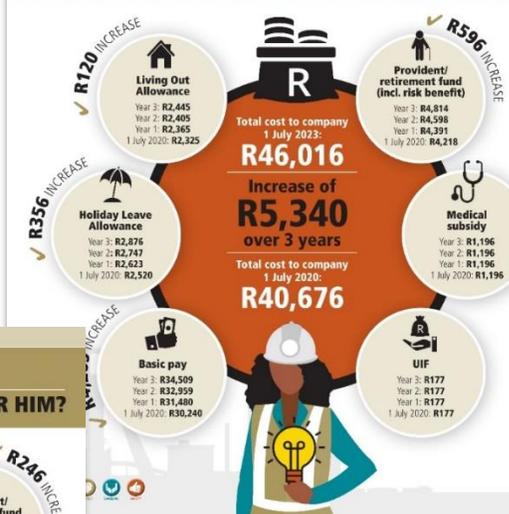
- We also made proposals on other non-wage and process issues
- **This excludes employee earnings through performance bonuses that make up a significant proportion of employee remuneration.**

WHAT OUR OFFER MEANS

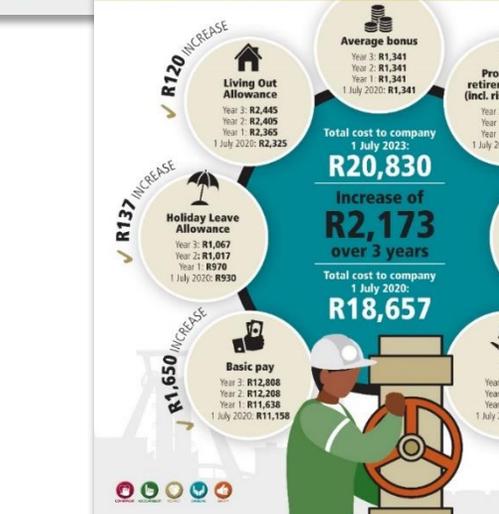
Joe is a CAT 9 MINER STOPPER
WHAT DOES THE CCMA OFFER MEAN FOR HIM?



Ndoni is a CAT 9 UNDERGROUND ELECTRICIAN
WHAT DOES THE CCMA OFFER MEAN FOR HER?



Thabo is a CAT 5 PUMP OPERATOR
WHAT DOES THE CCMA OFFER MEAN FOR HIM?



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GOLD WAGE NEGOTIATIONS 2021

What the offer tabled under the auspices of the CCMA on 19 October means for Category 4 production underground employees

1 July 2020 – 30 June 2021	R10 237	R853	R2 325	R13 415	R1 530	R1 091	R16 036	R1 341	R134	R17 511
Year 1										
Monthly increase:	R480									
Living out allowance:	R40									
	R520	R10 717	R893	R2 365	R13 975	R1 602	R1 091	R16 668	R1 341	R140
								↑ by R632		↑ by R637
Year 2										
Monthly increase:	R570									
Living out allowance:	R40									
	R610	R11 287	R941	R2 405	R14 633	R1 687	R1 091	R17 411	R1 341	R146
								↑ by R743		↑ by R749
Year 3										
Monthly increase:	R600									
Living out allowance:	R40									
	R640	R11 887	R991	R2 445	R15 323	R1 777	R1 091	R18 191	R1 341	R153
								↑ by R780		↑ by R772



OUR OFFER vs DEMANDS

Our current offer	VS	Union demands
<p>Our current offer will increase our wage bill at our gold operations by R1.2 billion by 1 July 2023</p> <p>Adds ~R43,000/kg to AISC Current AISC: R820,000/kg Average gold price: R838,000/kg</p>		<p>The wage demand of R1,000 per month remains unaffordable and would amount to an additional R2.5 billion on the wage bill by 1 July 2023</p> <p>This demand would add an additional ~R90,000/kg to AISC Eroding margin, threat to sustainability</p>

Excluding all other non-wage demands which have significant further implications

WAY FORWARD



**CCMA
conciliation process
extended until
21 December 2021**

Parties to reconvene
under the auspices of
the CCMA on
13 December 2021

In the process of
finalising
picketing rules

Purpose of picketing rules:

to ensure that picketing or any form of industrial action (should this occur) is done in a lawful, peaceful and orderly manner, and is aimed at preventing acts of lawlessness, violence, intimidation and damage to property as far as possible

We remain hopeful that we will reach a
constructive outcome

**URGENT
APPEAL**

We appeal to unions and employees:

Let's continue to engage, consider our offer, and - in the interest of employees and their families who depend on them - don't embark on a strike and let's work together to sustain these operations for decades to come...



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THANK YOU

10 December 2021

For more information visit our website at
<https://www.sibanyestillwater.com/features/gold-wage-negotiations-2021/>



COMMITMENT ACCOUNTABILITY RESPECT ENABLING SAFETY

