

Letitia Field

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**Subject:** FW: Rquest for postponement Everaz Highveld Business Rescue Meeting

**From:** piers m <[pmarsden@matusonassociates.co.za](mailto:pmarsden@matusonassociates.co.za)>

**Date:** Friday 25 September 2015 at 4:18 PM

**To:** Veronica Lethetsa <[VLethetsa@sars.gov.za](mailto:VLethetsa@sars.gov.za)>

**Cc:** "evrazhighveld@matusonassociates.co.za" <[evrazhighveld@matusonassociates.co.za](mailto:evrazhighveld@matusonassociates.co.za)>, Anette Botha <[ABotha7@sars.gov.za](mailto:ABotha7@sars.gov.za)>, Tabisa Xaso <[txaso@sars.gov.za](mailto:txaso@sars.gov.za)>

**Subject:** Re: Rquest for postponement Everaz Highveld Business Rescue Meeting

Hi Veronica

We cannot agree to a postponement prior to the holding of the meeting and 50 percent of independent creditors must agree to the postponement at all never mind at this late hour. This is in terms of the Act. We have also booked a venue and have approx 600 creditors who have received the notice and are likely to attend on Monday.

We are happy to meet with SARS over the weekend or early on Monday to discuss the plan and any issues which you want to cover. We did have have a discussion with Anette this morning and understand certain of SARS issues. Maybe we can clarify these prior to the meeting.

Regards

Piers

On 25 Sep 2015, at 14:59, Veronica Lethetsa <[VLethetsa@sars.gov.za](mailto:VLethetsa@sars.gov.za)> wrote:

Hi Pierre

Due to short time of the announcement of the meeting for 28 September 2015, SARS rrequest the postponement of this meeting 2 days later than 28<sup>th</sup> September 2015, to 1 October 2015. I will awaiting your response in this regard.

Thanks

Veronica Lethetsa  
**LBC: CAM Manager**  
**011 602 3909**  
**071 6092748**  
[vlethetsa@sars.gov.za](mailto:vlethetsa@sars.gov.za)

Please Note: This email and its contents are subject to our email legal notice which can be viewed at <http://www.sars.gov.za/Pages/Email-disclaimer.aspx>

Two handwritten signatures in black ink are located in the bottom right corner of the page. The first signature is a stylized, cursive 'P' followed by a dot. The second signature is a more complex, cursive script that appears to be 'P.R.' or similar.

"AA12"

## ENSafrica

160 West Street  
Sandown Sandton Johannesburg 2198  
P O Box 789347 Sandton South Africa 2146  
dobox 162 Randburg  
tel +2711 289 7600 fax +2711 269 7899  
Info@ENSafrica.com ENSafrica.com

Baker & McKenzie  
Attention: Gerhard Rudolph  
By email: gerhard.rudolph@bakermckenzie.com

G Oertel / L Field our ref

G Rudolph/CO/BM your ref  
15 October 2015 date

Dear Sirs

RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")

1. Your letter dated 14 October 2015 refers.
2. The South African Revenue Services ("SARS") contacted Piers Marsden on Monday afternoon and informed him that they intended lodging a further claim and enquired whether the claim could be lodged on Tuesday morning. At this stage SARS did not disclose any details as to the nature of the claim and the amount of the claim. Piers Marsden informed them that any claim lodged by SARS would have to be lodged by 10am on Tuesday.
3. SARS submitted their claim on Tuesday morning and the Practitioners decided to allow them to vote in respect of their claim. The Practitioners had no idea whether SARS intended voting for or against the Plan and only once the ballot had been lodged was it established that they had voted in favour of the Plan.
4. The decision to allow SARS to vote was based on the consistent approach adopted by the Practitioners in respect of all creditors voting at the meeting which approach is in accordance with clause 11.2 in the Plan which provides as follows:  
  
*"A Creditor who has a Disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote in the sole discretion of the BRPs"*
5. By way of example we attach a letter which we sent to Fasken Martineau who represents Vanchem in terms of which we informed Fasken Martineau that the Practitioners dispute their claim, however, they would be allowed to vote at the meeting. Vanchem voted against the Plan.

6. The Practitioners deny any allegation regarding any attempt at manipulating the vote and at no stage did the Practitioners solicit or request SARS to lodge a claim and the decision to lodge the claim was solely that of SARS. Your allegations of manipulation are defamatory and were made before you had been apprised of the facts and we take exception to these allegations.
7. The contents of paragraph 3 of your letter do not correctly reflect the discussion that took place with our tax team and our tax team did not indicate that *"there was no prospect of such a claim"* and in fact they expressed their view that Evraz is on the back foot. We are prepared to have a further discussion with you if you misunderstood our tax team at the previous meeting. Creditors have been consistently apprised of a potential SARS claim since the very first meeting of creditors.
8. The Practitioners will make the ballot forms and proxies available for your client to inspect. In this regard, we will not be able to meet your deadline of 12pm and we will revert before 12pm as to when and where you can inspect these documents (which will be during the course of this afternoon and at our offices). In this regard, the Practitioners will make someone available to facilitate the inspection and to answer any questions which may arise during the inspection.
9. The Practitioners are available to meet with you and your clients to discuss the approach adopted at the meeting.
10. All the Practitioners' rights are reserved.

Yours faithfully

EDWARD NATHAN SONNENBERGS INC.

Per:

  
GARY OERTEL



8. As will appear below, the entire business rescue plan's dividend flow is based upon whether SARS advances a claim or not and whether that claim is valid. The presence of SARS and whether it participates in the business rescue process is vital to a proper consideration by affected persons as to whether or not to adopt the proposed plan. The failure of the business rescue practitioners to disclose that SARS had sought to exercise a voting interest, and that the business rescue practitioners were permitting SARS to do so, precluded the affected parties from being able to properly decide whether or not to accept or reject the plan, or to adjourn the meeting, or to take such steps as may be appropriate to protect their interests.
9. To exacerbate the situation, both the terms of the business rescue plan and the applicants' attorneys' interaction with the business rescue practitioners and their attorneys leading up to the meeting on 13 October 2015 created the impression that the claims by SARS were disputed and would continue to be disputed by the first respondent and the practitioners. What the practitioners then did, without disclosing this to the affected persons, including the applicants, at the meeting on 13 October 2015 is to belatedly agree to allow SARS to exercise a voting interest of over R579 million upon what are disputed claims.
10. Other persons who were permitted to exercise significant voting interests and that had not been disclosed in the business rescue plan included:





ESKOM HOLDINGS SOC LTD REG NO 2002/015527/30  
VAT REG NO 4740101508

EVRAZ HIGHVELD STEEL & VANADIUM  
CREDITORS DEPARTMENT  
PO BOX 111  
WITBANK  
1035

NORTHERN REGION  
PO BOX 8610 JHB 2000

CONTACT CENTRE: (0860) 037566  
FAX NO: (013) 693 3886  
E-MAIL: NORTH.EASTERN@ESKOM.CO.ZA  
WEB: WWW.ESKOM.CO.ZA



TEL: 08600 37566  
SMS: 082 941 3707  
083 647 1951  
084 855 5778

CUSTOMER SELF SERVICE WEBSITE:  
<https://csonline.eskom.co.za>

NORTHERN REGION  
PO BOX 8610 JHB 2000

#### DIRECT DEPOSIT DETAIL

BANK: First National Bank  
BRANCH CODE: 255005  
BANK ACC NO: 53340096643

YOUR ACCOUNT NO	8403237283
SECURITY HELD	1.00
BILLING DATE	2015-10-01
TAX INVOICE NO	840323163085
ACCOUNT MONTH	SEPTEMBER 2015
CURRENT DUE DATE	2015-10-16
VAT REG NO	4050104431

## TAX INVOICE

E-MAIL: colink@hiveld.co.za

#### ACCOUNT TRANSACTION SUMMARY

ADMINISTRATION CHARGE		R	6,100.80
TRANSMISSION NETWORK CAPACITY		R	1,953,000.00
DIST. NETWORK CAPACITY CHARGE		R	3,894,000.00
NETWORK DEMAND CHARGE		R	1,130,822.45
ANCILLARY SERVICE (ALL)		R	88,108.80
ENERGY CHARGE (STD)	10,173,800.00	R	5,597,624.76
ENERGY CHARGE (PEAK)	3,997,150.00	R	3,194,922.00
ENERGY CHARGE (OFF)	13,363,050.00	R	4,663,704.45
AFFORDABILITY SUBSIDY (ALL)		R	671,829.60
ELECTRIFICATION AND RURAL SUBS (ALL)		R	1,742,902.21
SERVICE CHARGE		R	95,516.40

#### TOTAL CHARGES FOR BILLING PERIOD

R 23,038,531.47

#### ACCOUNT SUMMARY FOR SEPTEMBER 2015

BALANCE BROUGHT FORWARD	(Due Date 2015-09-17)	R	40,780,282.70
PAYMENT(S) RECEIVED	Direct Deposit - 2015-09-17	R	-40,780,282.70
TOTAL CHARGES FOR BILLING PERIOD		R	23,038,531.47
VAT RAISED ON ITEMS AT 14%		R	3,225,394.41

COPY ONLY

#### ACCOUNT NO / REFERENCE NO

8403237283

#### NAME

EVRAZ HIGHVELD STEEL&

#### FAX NUMBER

0136909380

#### TOTAL AMOUNT DUE

26,263,925.85

#### PAYMENT ARRANGEMENT

#### INSTALMENT

0.00

#### ARREARS

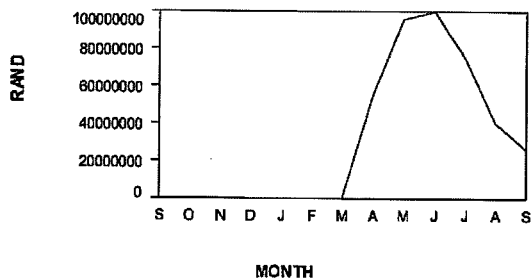
0.00

#### DUE DATE

2015-10-16

#### AMOUNT PAID

LATE PAYMENT CHARGES WILL BE  
ADDED TO OVERDUE ACCOUNT



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EVRAZ HIGHVELD STEEL & VANADIUM  
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YOUR ACCOUNT NO	8403237283
BILLING DATE	2015-10-01
TAX INVOICE NO	840323163085
ACCOUNT MONTH	SEPTEMBER 2015
CURRENT DUE DATE	2015-10-16
VAT REG NO	4050104431
NOTIFIED MAX DEMAND	120,000.00
UTILISED CAPACITY	120,000.00

#### CONSUMPTION DETAILS (2015-09-01 - 2015-09-30)

ENERGY CONSUMPTION OFF PEAK KWH	12,496,500.00
ENERGY CONSUMPTION STD KWH	9,445,750.00
ENERGY CONSUMPTION PEAK KWH	3,700,600.00
ENERGY CONSUMPTION ALL KWH	25,642,850.00
DEMAND CONSUMPTION - OFF PEAK	43,025.80
DEMAND CONSUMPTION - STD	42,638.59
DEMAND CONSUMPTION - PEAK	42,007.73
DEMAND READING - KW/KVA	43,025.80
REACTIVE ENERGY - OFF PEAK	5,221,350.00
REACTIVE ENERGY - STD	3,964,300.00
REACTIVE ENERGY - PEAK	1,542,750.00
SIMULTANEOUS MAX DEMAND(2015/09/03@12:00:00)	42,531.04
LOAD FACTOR	89.00

#### PREMISE ID NUMBER

7065189338

TARIFF NAME: Megaflex Diversity

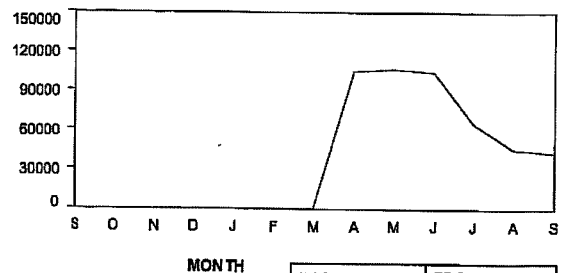
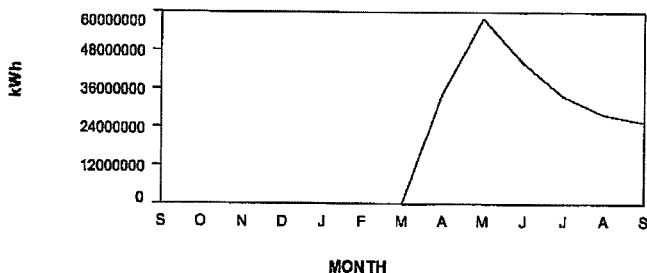
HSV II

MD NO. 681 (002)

Administration Charge @ R101.68 per day for 30 days	R	3,050.40
TX Network Capacity Charge 120,000 kVa @ R6.51 : = R6.51/kVa	R	781,200.00
Network Capacity Charge 120,000 kVa @ R12.98 : = R12.98/kVa	R	1,557,600.00
Network Demand Charge 42,531.05 kVa @ R24.62 : = R24.62/kVa	R	1,047,114.45
Ancillary Service Charge 25,642,850 kWh @ R0.0032 /kWh	R	82,057.12
Low Season Standard Energy Charge 9,445,750 kWh @ R0.5502 /kWh	R	5,197,051.65
Low Season Peak Energy Charge 3,700,600 kWh @ R0.7993 /kWh	R	2,957,889.58
Low Season Off Peak Energy Charge 12,496,500 kWh @ R0.349 /kWh	R	4,361,278.50
Affordability Subsidy 25,642,850 kWh @ R0.0244 /kWh	R	625,685.54
Electrification and Rural Subsidy 25,642,850 kWh @ R0.0633 /kWh	R	1,623,182.41
The energy rate includes the 3.5 c/kWh cost of the environmental levy	R	0.00
SERVICE CHARGE	R	95,516.40

#### TOTAL CHARGES

R 18,331,636.05



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CONTACT CENTRE: (0860) 037566  
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EVRAZ HIGHVELD STEEL & VANADIUM  
CREDITORS DEPARTMENT  
PO BOX 111  
WITBANK  
1035

YOUR ACCOUNT NO	8403237283
BILLING DATE	2015-10-01
TAX INVOICE NO	840323163085
ACCOUNT MONTH	SEPTEMBER 2015
CURRENT DUE DATE	2015-10-16
VAT REG NO	4050104431
NOTIFIED MAX DEMAND	180,000.00
UTILISED CAPACITY	180,000.00

### CONSUMPTION DETAILS (2015-09-01 - 2015-09-30)

ENERGY CONSUMPTION OFF PEAK kWh	866,550.00
ENERGY CONSUMPTION STD kWh	728,050.00
ENERGY CONSUMPTION PEAK kWh	298,550.00
ENERGY CONSUMPTION ALL kWh	1,891,150.00
DEMAND CONSUMPTION - OFF PEAK	3,962.32
DEMAND CONSUMPTION - STD	3,962.32
DEMAND CONSUMPTION - PEAK	4,000.00
DEMAND READING - kW/KVA	4,000.00
REACTIVE ENERGY - OFF PEAK	21,800.00
REACTIVE ENERGY - STD	7,600.00
REACTIVE ENERGY - PEAK	2,050.00
SIMULTANEOUS MAX DEMAND(2015/09/03@12:00:00)	3,400.00
LOAD FACTOR	65.00

### PREMISE ID NUMBER

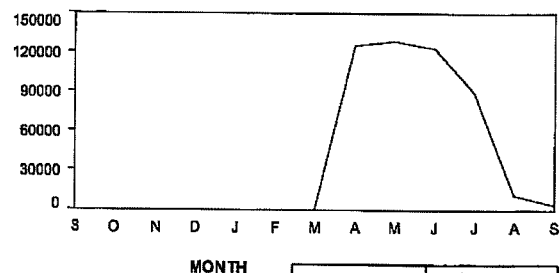
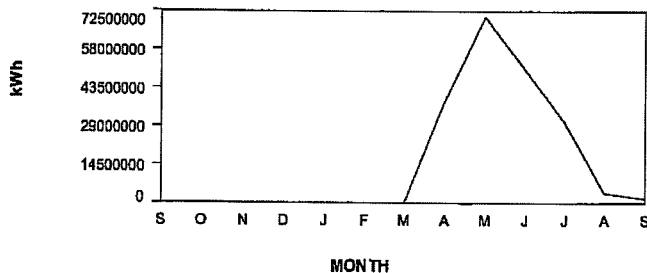
7085189985

TARIFF NAME: Megaflex Diversity

HSV1

MD NO. 881 (001)

Administration Charge @ R101.68 per day for 30 days	R	3,050.40
TX Network Capacity Charge 180,000 kVa @ R6.51 : = R6.51/kVa	R	1,171,800.00
Network Capacity Charge 180,000 kVA @ R12.98 : = R12.98/kVA	R	2,336,400.00
Network Demand Charge 3,400 kVA @ R24.62 : = R24.62 /kVA	R	83,708.00
Ancillary Service Charge 1,891,150 kWh @ R0.0032 /kWh	R	6,051.68
Low Season Standard Energy Charge 728,050 kWh @ R0.5502 /kWh	R	400,573.11
Low Season Peak Energy Charge 298,550 kWh @ R0.7993 /kWh	R	237,032.42
Low Season Off Peak Energy Charge 866,550 kWh @ R0.349 /kWh	R	302,425.95
Affordability Subsidy 1,891,150 kWh @ R0.0244 /kWh	R	46,144.06
Electrification and Rural Subsidy 1,891,150 kWh @ R0.0633 /kWh	R	119,709.80
The energy rate includes the 3.5 c/kWh cost of the environmental levy	R	0.00
<b>TOTAL CHARGES</b>	R	<b>4,706,895.42</b>



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## AMENDMENT 2 TO THE EXISTING ELECTRICITY SUPPLY AGREEMENT

### 1. PARTIES

The Parties to this Agreement are -

#### **ESKOM HOLDINGS SOC LTD**

(Registration Number: 2002/015527/30) a state-owned public company with limited liability incorporated in terms of the laws of the Republic of South Africa with its registered office at Megawatt Park, Maxwell Drive, Sandton

('ESKOM') herein represented by Algde Klewitz in his capacity as General Manager:  
Top Customer Front Office

- AND -

**EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED** (in Business Rescue)  
(Registration Number: 1960/001900/06) a public company with limited liability incorporated in terms of the laws of the Republic of South Africa with its registered office at Portion 93 of Farm Schoongezicht, Old Pretoria Road, eMalahleni

('the CUSTOMER'), herein represented by Daniel Terblanche and Piers Marsden in their capacity as the Joint Business Rescue Practitioners of the CUSTOMER ('the Practitioners')

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## 2. INTRODUCTION

2.1 It is recorded that -

2.1.1 The Parties entered into an electricity supply agreement dated 28 June 2011 (Ref No NS 1020) as amended on 19 May 2014 (the 'Existing Electricity Supply Agreement'), pursuant to which ESKOM is supplying the CUSTOMER with electricity for its Steelworks Plant (the 'CUSTOMER's Electrical Installation') situated at Portion 93 of Farm Schoongezicht, Old Pretoria Road, eMalaheni;

2.1.2 The CUSTOMER was voluntarily placed under Business Rescue on 13 April 2015 and the Practitioners were appointed by the CUSTOMER;

2.1.3 In terms of the Companies Act 71 of 2008, as amended, consolidated or re-enacted from time to time, including the Schedules and Regulations thereto ("the Companies Act"), a temporary moratorium has been imposed on the enforcement of all claims arising prior to the commencement of Business Rescue including the claim by ESKOM arising from the Existing Supply Agreements as set out in sub-clause 3.1; and

2.1.4 The Practitioners requested ESKOM to continue to supply electricity to the CUSTOMER in accordance with the Existing Electricity Supply Agreement for the duration of the Business Rescue.

## 3. GENERAL AGREEMENT

3.1 The CUSTOMER is indebted to ESKOM in the sum of R 221 934 588,08 (two hundred and twenty one million nine hundred and thirty four thousand five hundred and eighty-eight Rand and eight cents) plus interest, at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited plus 5% (five percent) to be calculated from 1 November 2015 until the date of payment, for electricity consumed by the CUSTOMER in terms of the Existing Electricity Supply Agreement until 12 April 2015;

3.2 The Practitioner undertakes to pay ESKOM all amounts due for electricity to be consumed by the CUSTOMER as from 13 April 2015;

3.3 ESKOM has agreed to continue to supply electricity to the CUSTOMER while the CUSTOMER is in Business Rescue, subject to the terms and conditions set out in this Amendment 2; and

3.4 The Parties agree that save for the express changes set out and agreed to herein, all terms of the Existing Electricity Supply Agreement shall remain intact, and all terms set out in the Existing Electricity Supply Agreement apply to this Amendment 2 as if the terms of this Amendment 2 were part of the Existing Electricity Supply Agreement.

## 4. INTERPRETATION AND DEFINITION

4.1 Any capitalised words and expressions used in this Amendment 2 but not defined shall have the meanings assigned to them in the Existing Electricity Supply Agreement and the Companies Act.

4.2 In this Amendment 2, the following word and expression shall, unless the context otherwise requires, have the following meaning:

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4.2.1 'Amendment 2' means this amendment to the Existing Electricity Supply Agreement.

4.2.2 'Business Rescue' means proceedings to facilitate the rehabilitation of the company, which is financially distressed, as more fully defined in section 128(1)(b) of the Companies Act.

## 5 EFFECTIVENESS

Notwithstanding the date of signature of this Amendment 2, the provisions of this Amendment 2 shall be deemed to be effective and operative from 13 April 2015 and shall endure for the duration of the Business Rescue, subject to the provisions of the Existing Electricity Supply Agreement.

## 6 AMENDMENT

Should payment not be received within a period of 10 (ten) calendar days from the Due Date, ESKOM may discontinue the supply to the CUSTOMER after having given the CUSTOMER 48 (forty-eight) hours' written notice. The amount outstanding shall bear interest, compounded Monthly from the Due Date to date of payment, at a rate per annum equal to the prevailing prime overdraft rate charged by First National Bank of Southern Africa Limited plus 5% (five percent).

## 7 CONVENTIONAL PAYMENT TERMS

The operation of sub-clauses 9.2 and clause 10 shall be suspended for the duration of the Business Rescue.

SIGNED for and on behalf of the CUSTOMER by the signatory below who warrants that he / she is duly authorised.

Date: 9 October 2015  
 Name: Pius Nkomo Title: GRP  
 Name: DANIEL TERBLANCHE Title: N.O.

As Witnesses:

1. \_\_\_\_\_ 2. \_\_\_\_\_

SIGNED for and on behalf of ESKOM by the signatory below who warrants that he/she is duly authorised.

Date: 2<sup>ND</sup> NOV 2015  
 Name: ALICE KHEWITZ Title: GM TOP CUSTOMERS  
 As Witnesses:  
 1. [Signature] 2. [Signature]

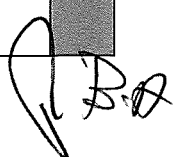
Conditions Precedent and Regulatory Approvals by 31 JANUARY 2016				Progress of Status
7.1.	The implementation of the Highveld Offer and the Mapochs Offer is subject to and conditional upon each of the following conditions precedent being fulfilled to the satisfaction of the Offeror at its sole discretion or waived by the Offeror, where permitted by applicable law and should the Offeror in its own discretion be prepared to do so:			
	7.1.1.	In respect of both the Highveld Offer and the Mapochs Offer:		
	7.1.1.1.	that the IDC or any other developmental financial institution in South Africa acquires a shareholding of between 10% and 30% of the issued share capital of the Company and provides an appropriate sum of shareholder's loan acceptable to the Offeror as well as further financing of no less than 50% of the estimated required working capital and capital expenditure of the Highveld Group after implementation of the Transaction, upon such terms and conditions agreeable to the Offeror.	WAIVED	
	7.1.1.2.	That the respective business rescue plans in respect of the Company and Mapochs, recommending adoption of the Highveld Offer and the Mapochs Offer, are unconditionally approved by the creditors of the Company and the shareholders and creditors of Mapochs, or the court in terms of s153 of the Companies Act.	HIGHVELD PLAN WAS ADOPTED ON 13 OCTOBER 2015 MAPOCHS PLAN STILL DUE	
	7.1.1.3.	That the acquisition by the Offeror of the Company in terms of this Revised Final Offer and by the Company of Mapochs in terms of the Mapochs Offer are approved by the Competition Commission and the Competition Tribunal, if required, in terms of the Competition Act, 1998 and if any conditions for such approvals are imposed by those competition bodies, that such conditions are agreeable to the Offeror.		
	7.1.1.4.	That the BRPs of the Company and Mapochs settle and agree with the relevant South African governmental authorities as part of the implementation of the business rescue plans ("BR Plans") for the Highveld Group, after approval the BR Plans by the creditors and shareholders, if applicable, of respectively the Company and/or Mapochs, remedial action plans for the Company and Mapochs (whether actual or contingent) including but not limited to matters of environmental rehabilitation, pollution, competition law transgressions, such mine		

AP

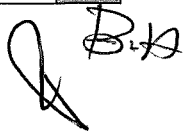
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Progress of Status			
		regulatory and mining health and safety and occupational transgressions as may exist, all outstanding litigation, unresolved labour and taxation issues.	
	7.1.1.5.	That the BRPs of the Company settle all claims (including potential claims) with employees who are affected under the Redundancy Plan.	WAIVED
	7.1.1.6.	If and to the extent required by applicable law, that the approvals of the Transaction in terms of the Highveld and Mapochs Offers be obtained from the Department of Mineral Resources, the Department of Environmental Affairs, the Department of Land Use and of Water Affairs, the South African Revenue Service without the imposition of any post Scheme Implementation Date penalties and financial obligations on the Company and/or Mapochs, not provided for in the BR Plans and/or forming part of the Creditors Acquisitions for either the Company or Mapochs.	WAIVED
	7.1.1.7.	That by the date of fulfilment or waiver, as the case may be, of all the conditions precedent referred to in this paragraph 7, save for this paragraph 7, the provisions of paragraph 8.2 have been complied with to the satisfaction of the Offeror, in its sole discretion.	
	7.1.2.	<u>In respect of the Company only:</u>	
	7.1.2.1.	that the BRPs of the Company cancel or suspend indefinitely or through negotiation with the counter-parties and in consultation with the Offeror, modify or restructure to the extent possible in terms of section 136 of the Companies Act and to the satisfaction of the Offeror, the following contracts without post Transaction implementation recourse to the Company and/or the Offeror in connection with such cancellation, modification or restructuring:	
	7.1.2.1.1.	the Hochvanadium /Treibacher agreements;	1
	7.1.2.1.2.	the Eskom supply agreement and related on-supply agreements with Afrox and Air Liquide, including the agreement of a new payment guarantee with Eskom;	

				Progress of Status
			7.1.2.1.3. the Air Liquide gas agreement;	
			7.1.2.1.4. the Sasol gas agreement, to the effect that the contracting parties should abide with the original terms of the contract;	
			7.1.2.1.5. the Nyanza Light Metals JV agreement with Arkein;	
			7.1.2.1.6. the Emalahleni Local Council water supply agreement;	
			7.1.2.1.7. the conclusion of a new long-term transport agreement with Transnet; and	
			7.1.2.1.8. such other agreements identified by the Offeror during the period ending on 15 January 2016.	
		7.1.2.2.	Should the BRPs in consultation with the Offeror not be able to modify or restructure to the satisfaction of the Offeror through negotiation with the counter-parties all of the above contracts save for those referred to in paragraphs 7.1.2.1.2 and 7.1.2.1.6, the BRPs will be required to cancel those contracts, save if the Offeror should in writing request them not to do so and then also waives the paragraph 7.1.2.1 condition precedent in respect of those contracts.	
		7.1.2.3.	If the contracts referred to in paragraphs 7.1.2.1.2 and 7.1.2.1.6 cannot through negotiation with the counter-parties in consultation with the Offeror be modified or restructured to the satisfaction of the Offeror, the Offeror shall have the election to waive the condition precedent in paragraph 7.1.2.1 above applicable to those two contracts or to declare such condition precedent to be unfulfilled.	
		7.1.2.4.	That the BRPs of the Company settle with the European Commission ("EC") the issues arising out of Mastercraft Limited's acquisition of its current 85% shareholding in the Company, as referred to at page 41 of the Information Memorandum ("IM") with regard to the Company made available by the BRPs to the Offeror. All Commitments referred to on page 41 of the IM must be fully discharged and released upon settlement with the EC.	WAIVED



Progress of Status			
	7.1.2.5.	That the Johannesburg Stock Exchange (JSE Limited) approves the takeover of the Company by the Offeror in terms of this Offer. The Offeror intends to delist the Company from the JSE on the first trading day after the Scheme Implementation Date, in accordance with the JSE Listings Requirements.	WAIVED
	7.1.2.6.	That the pending application by the Company to the International Trade Administration Commission for an increase from 0% to 10% in the general customs duty rate levied on structural steel products imported into South Africa at least for the first two years after the Scheme Implementation Date, be approved.	
	7.1.2.7.	That Mastercraft Limited, as 85% majority shareholder of the Company, gives its irrevocable written undertaking to the Offeror that it will vote in favour of the Highveld Offer at the meeting of the shareholders of the Company convened for that purpose in terms of the BR Plan for the Company, failing which that the alternative Transaction structure referred to in paragraph 4.9 above be followed.	WITHDRAWN
	7.1.2.8.	That the Company's wholly owned subsidiaries, Hochvanadium Handels GmbH ("HH") and Hochvanadium Holding AG ("HHAG"), be liquidated or disposed of in a manner such that HH and HHAG are no longer subsidiaries of the Company.	WAIVED
	7.1.3.	In respect of Mapochs only:	
	7.1.3.1.	That the BRPs of Mapochs cancel or suspend indefinitely or through negotiation with the counter-parties and in consultation with the Offeror, modify or restructure to the absolute satisfaction of the Offeror the following contracts and without any recourse to Mapochs and/or the Offeror in connection with such cancellation, modification or restructuring:	
	7.1.3.1.1.	the Vanchem Iron Ore supply agreement; and	
	7.1.3.1.2.	such other agreements identified by the Offeror before or during the period ending on 15 January 2016.	



			Progress of Status
	7.1.3.2.	Should the BRPs in consultation with the Offeror not be able to modify or restructure to the satisfaction of the Offeror through negotiation with the counter-parties any of the contracts referred to in paragraph 7.1.3.1.2, the BRPs will be required to cancel those contracts, save if the Offeror should in writing request them not to do so and then also waives the paragraph 7.1.3.1 condition precedent in respect of those contracts.	
	7.1.3.3.	If the contract referred to in paragraph 7.1.3.1.1 cannot through negotiation with the counter-parties in consultation with the Offeror be modified or restructured to the satisfaction of the Offeror, the Offeror shall have the election to waive the condition precedent in paragraph 7.1.3.1 above applicable to that contract or to declare such condition precedent to be unfulfilled.	
7.2.	Without prejudice to the Offeror's right to determine if a particular condition precedent has been satisfied, the Offeror will use its reasonable commercial endeavours and act in good faith to achieve the fulfilment of the aforesaid conditions precedent and the obtaining of all required regulatory approvals referred to above on the express basis that the BRPs of both the Company and Mapochs will do the same.		
7.3.	Should all the conditions precedent and regulatory approvals not have been received by 31 January 2016 and should the Scheme Implementation Date not have occurred by 30 June 2016, or such other dates as the Offeror and the BRPs of the Company and Mapochs may agree in writing, the Highveld Offer and the Mapochs Offer will lapse and be of no further force and effect and the Deposit referred to in paragraph 1.2 above together with any interest accrued thereon will immediately be repaid by the BRPs and/or the Company to the Offeror.		



**International Resources Project Limited**

4<sup>th</sup> Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

Mr Piers Marsdenon  
on behalf of the Business Rescue Practitioners of  
Evraz Highveld Steel and Vanadium Limited

03 November 2015

Dear Sir

**RE: INTERNATIONAL RESOURCES PROJECT LIMITED (THE "SUCCESSFUL BIDDER") / EVRAZ  
HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")**

We, as per the undertaking given to the joint business rescue practitioners of Highveld on 12 October 2015, confirm that:

1. We are committed to the future of South Africa from both an economic and social viewpoint, and have committed to uplift the local industry through the introduction of new technology and by the expenditure of capital to upgrade the existing Highveld Group;
2. In line with this commitment we undertake to procure, and will continue to procure the necessary goods and services from the local South African suppliers, in particular the current local suppliers of goods and services to the Highveld Group, on the understanding that the referenced suppliers will supply goods and services that are of a quality which reasonably accords with our requisite standards, whilst still being competitively priced. The BEE rating of suppliers will also be of relevance as far as the award of contracts or the placement of orders is concerned;
3. The current local suppliers will accordingly be given a fair "right of last refusal" on the procurement of the necessary goods and services for the Highveld Group, subject to the caveats mentioned above (i.e. price, quality and BEE rating) for a period of not less than 12 months from the effective date;
4. We also undertake, subject to paragraph 2 above, to honour work-in-progress orders placed on current local suppliers where possible acting reasonably; and
5. The above principle and undertaking is inviolate and will be contained in the relevant Transaction Documents to be concluded in terms of the approved Business Rescue Plan.



**International Resources Project Limited**

4<sup>th</sup> Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

Yours faithfully



Director

Q B.R

To All Employees: By Hand

NUMSA : Mr Enock Nhlapo

Fax No : (013) 656 1119 Contact Details (013) 656 6732/3

Solidarity : Mr Cornelius van Leeuwen

Fax No : (013) 656 6846 Contact Details (013) 656 3871

MEIBC Regional Office: Mr Ambrose Mthembu

Fax No : 086 636 8695 Contact Details (013) 656 6336

21 July 2015

**NOTICE IN TERMS OF SECTION 189(3) READ WITH SECTION 189A OF THE LRA IN RESPECT OF ALL  
EMPLOYEES OF EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED:**

**Contemplated Restructuring and Possible Retrenchments**

1. As you are aware, EVRAZ Highveld Steel and Vanadium Limited ("the Company") has, as a whole, underperformed in recent financial years and has delivered a lower than expected return on capital employed. The existing Company structure and current market conditions are not favourable and production has been taking place at significant losses and under severe cash flow limitations.
2. As a result of the poor return on capital employed, the Company's operations were running at significant losses, to the extent that it has recently been placed under Business Rescue. In addition, due to the Company's present economic crisis and the financial position which it finds itself in, in particular, the severe lack of cash flow, the Company was forced to cease production. The Company presently is unable to meet its financial needs to purchase the necessary raw materials to keep its operations running. The financial position which the Company finds itself in therefore continues to deteriorate at a rapid rate and there is a real risk of liquidation if drastic and urgent steps are not taken to address the situation.
3. The financial underperformance, significant cash losses and lack of cash flow and the ceasing of production led to the Company initiating a review of the current business model, as well as the operational structure of the Company ("Structural Review") with a view to identifying steps that can be taken to ensure a significant improvement in the Company's financial position and to ultimately prevent liquidation.

**Evrar Highveld Steel and Vanadium Limited**

Registration No.: 1960/001900/06, Incorporated in the Republic of South Africa

Certified in accordance with the requirements of DIN EN ISO 9001: 2008 and DIN EN ISO 14001: 2004 Quality and Environmental Management Systems

P.O. Box 111, Witbank 1035, Tel: +27 (0) 13 690 9911, Fax: +27 (0) 13 690 9293, [www.evrarhighveld.co.za](http://www.evrarhighveld.co.za), [general@evrarhighveld.co.za](mailto:general@evrarhighveld.co.za)

**DIRECTORS:** B Petersen (Chairman), I J Burger (Chief Executive Officer), M Bhabha,  
A P Maralack, T Mosololi, D Šćuka (Czech), P S Tatyarin (Russian), T I Yanbukhtin (Russian)

**COMPANY SECRETARY:** Ms A Weststrate

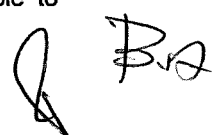
4. Based on the conclusions arising from the Structural Review, the Company proposes a restructuring exercise for the reasons which are set out in greater detail below. More particularly, for the current Business Rescue efforts to be successful, and for liquidation to be avoided, it will be necessary for the Company to reduce its costs significantly.
5. The Company has formed the view that the best way in which this can be achieved is by the Company reducing the number of positions in its structure and implementing a curtailed operating mode ("**the Curtailed Operating Mode**") which is described in greater detail below. The proposed Curtailed Operating Mode retains only those positions which will permit the Company to resume production on a limited, curtailed basis, if market conditions and the Company's cash flow position improves to such an extent that resuming production can be justified. The proposal is for the Curtailed Operating Mode to be implemented and maintained for an indeterminate period.
6. Regrettably, this restructuring exercise, if implemented, may lead to the operational dismissal of some of the employees employed by the Company.
7. The anticipated retrenchments arising from the proposed restructuring of the business are such that the proposed restructuring exercise would amount to a possible large-scale retrenchment that would fall within the ambit of section 189A of the Labour Relations Act, 66 of 1995 ("**LRA**"). The Company has therefore, in accordance with the provisions of section 189A, elected to apply for the appointment of a CCMA facilitator to guide and assist the parties during the consultation process. A copy of the LRA Form 7.20 in terms of which the Company has requested the appointment of a CCMA facilitator is attached and marked "**A**".
8. It should be emphasised that no final decision has as yet been taken in this regard nor will any final decision be taken in the absence of full and proper consultation with you and/or your representatives. Obviously, the view adopted by the Company to the effect that it is necessary to restructure its business has received serious consideration and has not been adopted lightly.
9. In order to ensure due compliance with the law and accepted practice, the Company now intends consulting with you, together with any representative you may have, formally regarding the contemplated restructuring of the Company.
10. In order for you to make representations on the proposed restructuring during the consultation process, and in keeping with the LRA, we now provide you with the following relevant information:

**The reasons for the proposed operational dismissals**

11. As set out above, the Company has underperformed significantly in recent financial years to such an extent that it has been placed in Business Rescue. Furthermore, significant financial losses are expected in the future. This is as a consequence of a number of factors including, but not limited to:
  - 11.1. A very high overhead cost base and inefficient structure in the Company;
  - 11.2. Poor levels of efficiency and productivity;



- 11.3. Low demand for Structural Steel & Flat Products;
  - 11.4. Declining Pricing trends;
  - 11.5. Constrained Cash flow; and
  - 11.6. Unprecedented high levels of steel imports.
12. The Company's current structure and operating model is inefficient and financially unsustainable in current market conditions. In particular, the current cost structure of the Company is in the fourth quartile of the global steel cost curve which makes it virtually impossible for the Company to produce profitably and to compete with other steel producers having regard to current steel prices. Unless steps are taken to reduce the Company's cost base, the Company will not be in a position to return to profitability and it will continue to operate at significant losses which cannot be justified.
13. Sadly, in light of the reduced sales volumes (actual and forecasted), the significant operating losses, and the consequent reduction in production levels and workload at the Company, the Company has run out of cash to purchase raw materials and, as a consequence, had to switch off the furnaces and cease production with effect from 18 July 2015.
14. More particularly, the Company was forced to stop production with effect from 18 July 2015 as a result of, amongst other factors, the following:
- 14.1. Further delayed debtors payments, which meant the Company did not have enough cash to buy the required raw materials;
  - 14.2. The costs of operating with current staffing levels as opposed to the return which the Company receives on low sales volumes at very low market prices;
  - 14.3. Difficulties experienced with accessing the next tranche of funding; and
  - 14.4. An inability to pay creditors (particularly Eskom) timeously.
15. In addition to the shortage of funds to purchase raw materials, the Company has also been unable to meet its creditors' demands. As a result, the Company was also under significant pressure from creditors to stop production in order to prevent further erosion of the asset base.
16. Moreover, in order to avoid liquidation, the Company has to demonstrate to creditors that its operating model is sustainable and will assist the Company in returning to profitability. The current operating model simply is not sustainable under current market conditions and cannot continue if a Business Rescue Plan is to be developed and proposed to creditors. Therefore, the current operating model cannot go unaddressed if liquidation is to be avoided.
17. The Company is uncertain when the market conditions will improve and therefore it cannot predict when it will be able to justify resuming production. The Company will however be able to consider resuming production if:

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- 17.1. There is a better balance between the supply of and demand for the Company's products in the market, both locally and internationally;
  - 17.2. There is a marked and sustained improvement in the steel price;
  - 17.3. Merchant stock levels have been reduced;
  - 17.4. A more efficient, cost effective structure that is in keeping with the reduced production demands has been implemented; and/or
  - 17.5. The Company secures sufficient funding, or recapitalisation occurs, to such an extent that the Company's cash flow crisis is alleviated.
18. As part of the Structural Review, given that the Company has been forced to cease production, and there is no certainty at this stage as to when it will be in a position to resume production, the Company considered proposing the implementation of a care and maintenance structure. In terms of such a structure, only those positions that would be required for the care and maintenance of the Company's assets whilst production is not taking place would be retained (i.e. fewer than 100 (one hundred) positions would be retained). However, the Company has decided to rather propose implementing the Curtailed Operating Mode in terms of which an appropriate structure is developed which is intended to ensure that the Company is in a position to resume production on a curtailed basis (at approximately 40% (forty percent) of productive capacity) when this can be justified. In terms of the proposed structure for the Curtailed Operating Mode, approximately 1 100 (one thousand one hundred) positions are proposed to be retained.
19. Urgent steps do however have to be taken to reduce the Company's costs, implement an operating model that can be sustained under current market conditions and prevent further erosion of assets. If the Company were to continue to operate (i.e. if production on the primary side had not been ceased), based on its current levels of costs and its existing operating model, liquidation would be inevitable. Having regard to the impact on all stakeholders, including employees (which impact includes significant job loss and limited payments being made to employees), every effort must be made to avoid such liquidation.
20. Accordingly, the Company has formed the view that the most viable way forward is to propose a Curtailed Operating Mode. This will enable the Company to restructure its operations in a manner which will enable it to preserve the funds of its investors in order to inject capital into the Company's operations and enable the Company to be in a position to resume production and operations at a time when markets improve and there are more favourable returns.
21. If implemented, the Curtailed Operating Mode will involve retaining those positions which will enable the Company to start production on the following curtailed and limited basis, when market conditions and cash reserves have improved to such an extent that the resumption of production can be justified:

**21.1. Ironmaking:**



21.1.1. 5 (five) kilns;

21.1.2. 2 (two) open slag bath furnaces (Furnaces 5 and 6);

**21.2. Steelplant:**

21.2.1. 2 (two) shaking ladles;

21.2.2. 1 (one) basic oxygen furnace;

21.2.3. 1 (one) ladle furnace;

21.2.4. 3 (three) casters: 2 (two) bloom and billet;

**21.3. Structural Mill:**

21.3.1. Structural steel production to supply local and export markets;

21.3.2. Cast / rolled billets with any additional steel available.

22. The proposed Curtailed Operating Mode will also retain those positions in the service divisions to support the operations under the reduced capacity utilisation set out above.
23. Such a proposed curtailment of operations for an indeterminate period would result in significantly fewer positions being required for the foreseeable future and will therefore lead to a restructuring exercise to align the Company's structure in line with the proposed Curtailed Operating Mode.
24. The structure, as proposed, is aligned to the staffing requirements of the proposed Curtailed Operating Mode. The proposed structure (described more fully below) is designed to ensure that the Company is in a position to resume production at approximately 40% (forty percent) of the overall available production output. In the Company's view, this is the level of production that can be sustained and justified having regard to market conditions and cash flow projections for the foreseeable future.
25. It is believed that the proposed curtailment of operations will preserve funds by deferring costs until such time markets improve and production at full capacity may once again be possible. There can be no certainty as to whether or when this is likely to occur but it may be during the course of next year. By preserving the funds, in the interim, until market and investment conditions improve, there will not be a drain on financial resources, liquidation ought to be avoided and the Company will hopefully be able to resume at full capacity if the steel markets improve.
26. Moreover, it is envisaged that the positions retained in the Curtailed Operating Mode will ensure that required skills and key positions are retained so that the Company is in a position to resume full operations in the event of an improvement in market conditions.

Q B.O

27. The Company accordingly proposes that its operations be restructured which will ultimately result in certain positions be made redundant to give effect to all of the above.

#### Alternatives considered

28. The Company has given consideration to various alternatives to implementing the proposed Curtailed Operating Mode, including maintaining the status *quo*. This does not appear to be a viable alternative in circumstances where the Company must urgently achieve its objectives of improved efficiency, a more appropriate structure having regard to production demands and cost savings for the reasons set out above and, most importantly, to prevent liquidation.
29. The Curtailed Operating Mode is, in the Company's view, the best alternative to ensuring that further erosion of the Company's assets is prevented, liquidation can be avoided and the Company is in a position to ensure a sustainable operating model in the short to medium term. It is also the model which has the least possible impact on employees having regard to all of the circumstances. Other alternatives would have a far more detrimental impact on employees. These include, for example, implementing a care and maintenance model. This is a viable and feasible alternative having regard to the fact that production has ceased and it is not clear when the Company will be in a position to resume production. However, the Company has decided to rather propose the Curtailed Operating Mode in which significantly more positions are retained and which allows for production to be resumed in the future and jobs to be saved.
30. The Company has also taken all steps available to it to address its cash flow position and reduce its level of costs as far as possible, including the following:
- 30.1. A turnaround plan (TAP) was devised with the assistance of external consultants. The first phase of the TAP involved cost reduction measures (including a reduction on excessive overtime worked, a reduction in the use of labour brokers except for critical skills, better control over maintenance spend and improved efficiencies) which were successfully implemented and achieved a cost reduction of approximately R148 000 000 (one hundred and forty eight million rand). Unfortunately the next phases of the TAP, involving efficiency and volume improvements could only partially be implemented due to the unexpected downturn in the market.
- 30.2. The Company has implemented layoffs in respect of bargaining unit employees in terms of the House Agreement, after a lengthy and exhaustive consultation process, and short time in respect of non-bargaining unit employees, with their consent. These measures were implemented in an effort to reduce working hours in accordance with production demands, thereby reducing unnecessary costs. These measures have however not been sufficient to address the situation or to achieve the level of relief required in terms of costs – particularly in light of the fact that production was then subsequently stopped for the reasons set out above.
- 30.3. The bargaining unit employees received an 8.5% (eight and a half percent) wage increase with effect from 1 July 2015 in terms of a 2 (two) year substantive agreement. The Company proposed, for the purposes of preventing a further increase in operating costs, that the unions



agree to voluntarily delay such increase for the moment. Unfortunately an agreement to this effect could not be reached.

30.4. The IDC assisted the Company with a R150 000 000 (one hundred and fifty million rand) facility. However, this facility has offered limited advantages and relief. In particular, the Company could only draw down R50 000 000 (fifty million rand) of this facility as a result of lack of orders being placed on the Company. Until production resumes, the Company will not be able to access any more of this funding. Therefore, despite the IDC's financing, the Company's financial situation is still in dire distress.

30.5. The following further steps have been taken to improve cash flow management:

30.5.1. Debtor payments have been brought forward;

30.5.2. Production has been reduced significantly from mid May 2015 by only operating 2 (two) out of its 6 (six) furnaces to achieve a reduction in costs and ensure that production is only taking place at a level that meets current market demands. This allowed the Company to preserve overhead costs associated with the operation of additional furnaces. During this time the Company did not reduce the Employees normal working hours. The Company has further reduced all overtime working hours;

30.5.3. Authorisation levels have been escalated for all purchase requisitions to ensure that purchases are more closely scrutinised by senior management before being approved; and

30.5.4. Selling, General and Administration department ("**SG&A**") costs have been more closely scrutinised and reduced.

30.6. In addition, following cancellation of a factoring facility by Sasfin Bank, the Company repaid an approximately R100 000 000 (one hundred million rand) loan and the Company is currently engaged in litigation to recover some of the R35 000 000 (thirty five million rand) penalties levied. This will not however provide any immediate relief to the Company's cash flow position.

31. Unfortunately, due to further significant reductions in steel process and lack of demand for the Company's products, the above steps have been wholly inadequate in addressing the position in which the Company now finds itself in. Further, more severe steps have to be taken having regard to the Company's cash flow position and its inability to continue operating at current levels without going into liquidation and to secure the long term viability of the Company and the job security of all of its employees.

32. The Company has placed a moratorium on general staff recruitment, save for specialised skills and subject to CEO sign off, and this will continue to be in place during the pending finalisation of the retrenchment exercise.



33. In the event that a decision is taken, subject to consultations being exhausted, to implement the Curtailed Operating Mode, the Company will consider offering voluntary early retirement and voluntary severance packages as an alternative to the forced retrenchment of employees.

#### **Employees Potentially Affected**

34. If the Curtailed Operating Mode proposed above is implemented, there appear to be 1089 (one thousand and eighty nine) positions out of a total of 2242 (two thousand two hundred and forty two) positions that are potentially going to be affected.
35. The proposed structure for the Curtailed Operating Mode and the affected positions in each job category and the numbers of each is attached hereto as Annexure "B".

#### **Proposed Selection Criteria**

36. If a decision is taken to declare the aforementioned potentially affected positions redundant, the selection criteria which the Company proposes to employ is LIFO ("last in, first out") subject to skills, qualifications and experience.

#### **Timing of the Proposed Retrenchment**

37. The 60 (sixty) day consultation process in terms of section 189A of the Labour Relations Act will end on 19 September 2015.
38. Accordingly, it is intended that the consultative process be finalised by 19 September 2015 and it is proposed that any notice of termination of employment be given with effect from not later than 21 September 2015.
39. Having said that, given the dire financial position which the Company finds itself in and the urgent and pressing need to address this to prevent liquidation, the Company is hopeful that consultation on the need and reasons for the proposed Curtailed Operating Mode will not be protracted and delayed. The Company hopes that agreement on the need and reasons for the proposed restructuring can be achieved as soon as reasonably possible and that, if at all possible, the consultation process can be finalised, by agreement, within 30 (thirty) days. Any delay, even within the statutory 60 day framework, may contribute to liquidation, rather than a successful Business Rescue which is ultimately in the interests of all stakeholders.
40. The Company proposes that those employees who are retrenched will be paid in lieu of notice and will not be required to work during their notice month.

#### **Proposed Severance Pay**

41. Severance pay will not be paid to employees who unreasonably refuse an offer of alternative employment made by the Company or secured by the Company at any other company.

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42. Insofar as it appears that a reasonable offer of alternative employment, i.e. upon substantially the same terms and conditions of employment, cannot be made, it is proposed that the following severance payment be made:

42.1. One week's remuneration (calculated on total remuneration package) for each completed year of service.

42.2. Tax is to be deducted in terms of relevant legislation.

43. This proposal is made and justified on the basis of the dire financial position of the Company.

#### **Other Payments**

44. In addition to the severance payment, you will be entitled to the following payments in the event that you are retrenched:

44.1. One month's notice pay;

44.2. Accrued leave pay;

44.3. Such benefits as may be due in terms of relevant funds.

#### **Proposed Assistance**

45. The Company will assist retrenched employees by submitting claims for benefits of the applicable funds in terms of the House Agreement and any applicable retirement funds.

46. You will also be provided with a letter of reference and with assistance should you so require, to determine whether you qualify for any unemployment insurance benefits.

47. Employees will also be afforded reasonable time off to attend interviews.

48. The Company will assist by providing employees with the opportunity of attending basic skills training at the training centre during the consultation period.

#### **Possible Re-Employment Proposal**

49. You will appreciate that the possibility of future re-employment with the Company in the medium term appears to be remote at this stage.

50. The Company will however give preference to the re-employment of those applicants who were retrenched from the Company for a period of 12 months from the proposed termination of their employment, provided that employees meet the job criteria. The Company is hopeful, if the Business Rescue Plan succeeds, that ultimately it may be able to resume production incrementally in terms of the Curtailed Operating Mode proposal and that production levels will ultimately equal former production levels, with appropriate increased employment levels in the long term.

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51. Bargaining Unit employees will be afforded preferential re-employment on the basis provided for in terms of the House Agreement.

**Number of Employees Employed**

52. The Company currently employs 2242 employees as at date of this notice.

**Operational Termination in Preceding 12 Months**

53. During the 12 months preceding the date of this notice, no employees' employment was terminated as a result of the Company's operational requirements.

We anticipate that the scheduling of the first consultation meeting regarding the issues said in this letter, will be confirmed in due course. We will keep you informed of the date, time and venue of such consultation meeting as soon as possible.

Should you require any further relevant information to enable you to prepare for the consultation please contact Hannes Visagie and/or Joseph Zitha immediately.

Yours faithfully



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**PIERS MARSDEN**

Business Rescue Practitioner



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**JOHAN BURGER**

Chief Executive Officer



SELLING, GENERAL & ADMINISTRATION									
Area	Position	Position	CURRENT DESIGN		PROPOSED CURTAILED		net change		
			# day based	total	# day based	total			
			empl		empl				
total manning:			228	228	69	69	-159		
Procurement	General Manager	EU	1	1		0	-1		
	Executive Secretary	CU	1	1		0	-1		
	Specialist : Vendor Management	CU	1	1		0	-1		
	Administrator	BU	1	1		0	-1		
	Unit Manager	DU	4	4	1	1	-3		
	Superintendent Contracts	DL	4	4		0	-4		
	Buyer	BU	7	7	2	2	-5		
	Unit Manager, Stores	DU	1	1		0	-1		
	Assistant Inventory Controller	CU	1	1		0	-1		
	Chief Storekeeper	CU	4	4	1	1	-3		
	Team Member	BU	9	9	4	4	-5		
	Technical Inspector	CU	1	1		0	-1		
							0	0	
Totals			35	35	8	8	0		
Sales, Marketing, PPD & Logistics	Chief Commercial & Business Development Officer	EU	1	1		0	-1		
	General Manager, Marketing & New Business	EU	1	1		0	-1		
	Secretary: Steel Marketing	BU	1	1	1	1	0		
	Manager, Domestic Sales	EL	1	1		0	-1		
	Unit Manager, Order Services	DU	1	1		0	-1		
	Superintendent, Order & Production Planning	DL	1	1		0	-1		
	Team Leader	CU	2	2	2	2	0		
	Team Member	BU	2	2	1	1	-1		
	Team Member	CL	3	3		0	-3		
	Unit Manager, Domestic Sales	DU	1	1	1	1	0		
	Administrator - Domestic Sales	CL	1	1		0	-1		
	Account Manager, Domestic Sales	CU	3	3		0	-3		
	Superintendent, Pricing & Sales	DL	1	1		0	-1		
	Controller, Pricing & Sales	CU	1	1		0	-1		
	Manager, Logistics	DU	1	1		0	-1		
						0	0		
	Totals			21	21	5	5	0	
	Legal and Administrative Services	Chief Executive Office	FU	1	1	1	1	0	
		Chief Operating Officer	FL	1	1		0	-1	
Director Vanadium Operations		EU	1	1	1	1	0		
General Manager Iron and Steel		EU	1	1	1	1	0		
General Manager Engineering		EU	1	1	1	1	0		
Deputy Chief Operating Officer		EU	1	1		0	-1		
General Manager Steel Sales & Marketing		EU	0	0	1	1	1		
Manager, Government Relations		EL	1	1		0	-1		
Team Member		CL	1	1		0	-1		
Personal Assistant		CU	1	1	1	1	0		
Company Secretary		EU	1	1	1	1	0		
Executive Secretary		CU	1	1		0	-1		
Unit Manager Legal Services		DU	1	1		0	-1		
Head Public Relations & Services		DL	1	1		0	-1		
Unit Manager : Head Contracts		DL	1	1	1	1	0		
Admin Officer		CL	1	1	1	1	0		
Admin Officer		CU	1	1	1	1	0		
Admin Assistant		CL	1	1		0	-1		
Driver		CL	1	1		0	-1		
Totals			18	18	10	10	0		
Safety Health & Environmental	General Manager SHEQ	EL	1	1	1	1	0		
	Admin Assistant	CL	1	1		0	-1		
	Health and Safety Project Leader : Contracts	DL	1	1	1	1	0		
	Unit Manager, Health & Safety	DU	1	1		0	-1		
	SHEQ Officer	CU	5	5	2	2	-3		
	Head / Chief Fire Emergency Services	DL	1	1		0	-1		
	Station Officer	CU	4	4	4	4	0		
	Fire Fighter	CL	8	8		0	-8		
	Environmental Manager	DU	1	1	1	1	0		
	Environmental Superintendent	DL	1	1		0	-1		
	Snr SHEQ Assessor & Specialist	DU	1	1	1	1	0		
	SHEQ Assessor	DL	1	1	1	1	0		
	Team Leader	CU	1	1		0	-1		
	Totals			27	27	11	11	0	
Human Resources	General Manager, Human Resources	EU	1	1	1	1	0		
	Executive Secretary	CU	1	1		0	-1		
	Unit Manager, Talent Management & Development	DU	1	1	1	1	0		
	Unit Manager, Transformation	DU	1	1		0	-1		
	Unit Manager, Remuneration & Benefits	DU	1	1		0	-1		
	Unit Manager Organisational Development & Recruitment	DU	1	1		0	-1		
	Unit Manager Employee Relations & Operations	DU	1	1	1	1	0		
	Human Resources Practitioner	CU	1	1		0	-1		
	Human Resources Practitioner - Generalist	CU	7	7	3	3	-4		
	Human Resources Practitioner - Organisational Development	CU	1	1		0	-1		
	Human Resources Practitioner - Recruitment	CU	1	1		0	-1		
	Administrator Recruitment	CL	2	2		0	-2		
	Senior Administrator Benefits	CU	2	2		0	-2		
	Head Remuneration	DL	1	1	1	1	0		
	Section Manager: HR Systems	DL	1	1		0	-1		
	Senior Administrator Payroll	CU	2	2		0	-2		
	Administrator Payroll	BU	1	1	1	1	0		
	Administrator Payroll	BU	1	1		0	-1		
	Administrator Payroll	BU	1	1		0	-1		
	Administrator	BU	2	2		0	-2		
Senior Talent & Development Practitioner - Talent	DL	1	1		0	-1			

	Talent and Development Practitioner	CU	5	5		0	-5
	Senior Talent & Development Practitioner - Technical	CU	1	1		0	-1
	Technical Training Coordinator	CU	1	1		0	-1
	Trainer - Driven Machinery	CU	1	1		0	-1
	Training - Technical	CU	4	4		0	-4
	Administrator - Talent	CL	1	1		0	-1
	Trainee	CL	1	1		0	-1
	Engineers in Training	CU	0		4	4	4
	Totals		46	46	12	12	
	Manager, Continuous Improvement	DU	1	1		0	0
Continuous Improvement	Lean Leader	CU	3	3		0	-3
	Totals		4	4	0	0	
Information Technology	Chief Information Officer	EL	1	1	1	1	0
	Systems Architect	DL	1	1		0	-1
	Systems Architect - MES	DL	1	1		0	-1
	Service Desk Manager	DL	1	1		0	-1
	Enterprise Architect	DU	1	1		0	-1
	Solution Architect, Integration & Reporting	DL	1	1	1	1	0
	Systems Architect	DL	1	1	1	1	0
	Engineer - ERP Systems Senior	DL	1	1		0	-1
	Engineer - Systems Senior	DL	1	1	1	1	0
	Analyst - SAP Business Senior	DL	2	2	1	1	-1
	Software Engineer	DL	1	1		0	-1
	Business Analyst - SAP	DL	1	1		0	-1
	Analyst - Business, Human Capital Management	DL	1	1	1	1	0
	Analyst - SAP Business Senior	DL	1	1		0	-1
	Analyst - Business SAP Generalist	DL	1	1		0	-1
	Analyst - Business HCM	DL	1	1		0	-1
	Engineer - Systems Senior	DL	2	2	1	1	-1
	Engineer - Systems	CU	1	1		0	-1
	Technician	CU	1	1		0	-1
	Administrator Network & IT Security	CU	1	1		0	-1
	Specialist - SAP Basis	DL	1	1	1	1	0
	Snr Network Administrator & IT Security	DL	1	1		0	-1
	GRC Specialist	CU	1	1		0	-1
	Analyst - MES & Business	DL	2	2	2	2	0
	Junior Services Desk Officer	CL	1	1		0	-1
	Totals		28	28	10	10	0
Internal Auditing	Manager, Internal Auditing	DU	1	1		0	-1
	Senior Internal Auditor	DL	1	1		0	-1
	Internal Auditor	CU	1	1		0	-1
	Totals		3	3	0	0	
Projects Support Office	General Manager Projects	EU	1	1		0	0
	Engineering Manager	DU	1	1		0	-1
	Manager, Construction Projects	DU	1	1		0	-1
	Unit Manager, Mine Engineering Projects	DU	1	1		0	-1
	Unit Manager, Transport Logistics	DU	1	1		0	-1
	Project Engineer	DL	2	2		0	-2
	Totals		7	7	0	0	
Security	General Manager, Corporate Security	EL	1	1	1	1	0
	Unit Manager	DU	2	2		0	-2
	Section Manager	DL	2	2		0	-2
	Admin Assistant	CL	1	1		0	-1
	Superintendent	DL	3	3	2	2	-1
	Receptionist & Clerk	BU	1	1		0	-1
	Operator, Telecommunications	BU	1	1		0	-1
	Superintendent, Security Operations	DU	2	2	1	1	-1
	Manager, Economic Security	DL	1	1	1	1	0
	Totals		14	14	5	5	
Finance	Chief Financial Officer	EU	1	1	1	1	0
	Deputy Chief Financial Officer	EL	1	1		0	-1
	Manager, Financial Accounting	DU	1	1	1	1	0
	Unit Manager, Treasury & Risk	DU	1	1		0	-1
	Unit Manager, Mapochs Mine	DU	1	1	1	1	0
	Head of Controlling	DL	1	1		0	-1
	Controller - Accounts Senior	CU	1	1	1	1	0
	Controller, Treasury	CU	1	1		0	-1
	Administrator - Payroll Senior	CU	1	1		0	-1
	Accountant - Financial Senior	DL	1	1	1	1	0
	Section Manager, Financial Accounting	DU	1	1		0	-1
	Taxation (Snr Accounts Supervisor)	DL	1	1		0	-1
	Supervisor - Accounts Senior	CU	2	2	2	2	0
	Controller	CL	2	2		0	-2
	Controller	CU	1	1		0	-1
	Controller - Accounts	CL	1	1		0	-1
	Controller - Accounts Senior	CL	3	3		0	-3
	Section Manager Reporting	DL	1	1		0	-1
	Analyst - Steel & Vanadium	DL	1	1	1	1	0
	Controller - Cost	CL	1	1		0	-1
	Production Accountant	DL	1	1		0	-1
	Totals		25	25	8	8	

COMBINED MILLS : ENGINEERING															
Area	Position	Grade	CURRENT DESIGN (COMBINED MILLS)						PROPOSED CURTAILED OPERATING MODEL						net change # people
			# day based			# shift based			# day based			# shift based			
			empl	contr	empl	empl	contr	total	empl	contr	empl	empl	contr	total	
total manning:			95	0	0	60	0	176	67	0	22	0	89	-87	
Shift	Engineers	DL	0	0	0	0	0	0					0		
	Foreman	CU	0	0	0	4	0	4			4		4		
	Artisans	CL	0	0	0	36	0	36			16		16		
	Totals		0	0	0	40	0	40	0	0	20	0	20	-20	
Maint	Engineers	DL	6	0	0	0	0	6	6				6		
	Foreman	CU	15	0	0	0	0	15	8				8		
	Technicians	CU	4	0	0	0	0	4	4				4		
	Artisans	CL	75	0	16	0	0	91	44		2		46		
	Utility men	CL	2	0	4	0	0	6	0				0		
Totals			81	0	20	0	122	62	0	2	0	0	64	-58	
Admin	Engineering Manager	DJ	2	0	0	0	0	2	1				1		
	Engineer	DL	5	0	0	0	0	5	0				0		
	Foreman	CU	2	0	0	0	0	2	2				2		
	EIT	CU	5	0	0	0	0	5	2				2		
	Artisans	CL	0	0	0	0	0	0	0				0		
Totals			14	0	0	0	0	14	5	0	0	0	5	-9	

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SERVICES: ENGINEERING AND PRODUCTION															
Area	Position	Position	CURRENT DESIGN						PROPOSED CURTAILED OPERATING MODEL						net change # people
			# day based			# shift based			# day based			# shift based			
			empl	contr	empl	empl	contr	total	empl	contr	empl	empl	contr	total	
		<b>total manning:</b>	<b>154</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>228</b>	<b>71</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>107</b>	<b>-121</b>		
Services	Works manager maintenance	EU	0				0	1					1	1	
	Works engineer iron and steel	EL	1				1	0					0	-1	
	Superintendent	DL	5				5	1					1	-4	
	Foreman	CU	1			4	5	1					1	-4	
	Team members	BU	25			54	79	15		20			35	-44	
	Unit manager	DU	3				3	1					1	-2	
	Artisans	BU	69			3	72	27		4			31	-41	
	Secretary/admin assistant/clerk	BU	4				4	2					2	-2	
	Engineering manager	DU	2				2	2					2	0	
	Engineer	DL	6				6	3					3	-3	
	Foreman/Planner/Rotable controller	CU	13				13	7					7	-6	
	Technicians	CU	4			9	13	2		8			10	-3	
	Utility men	BU	10			4	14	4		4			8	-6	
	EIT	CU					0	1					1	1	
	Specialist	CU	11				11	4					4	-7	
	<b>Totals</b>		<b>154</b>	<b>0</b>	<b>74</b>	<b>0</b>	<b>228</b>	<b>71</b>	<b>0</b>	<b>36</b>	<b>0</b>	<b>107</b>			

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IRON PLANT: PRODUCTION																
Area	Position	Position	CURRENT DESIGN						PROPOSED CURTAILED OPERATING MODEL						net change	
			# day based			# shift based			# day based			# shift based				
			empl	contr	empl	empl	contr	total	empl	contr	empl	empl	contr	total		
total manning:			Postion Grade			19	0	269	0	289	22	0	104	0	126	# people
Iron Making	Divisional Manager	EL	1					1			1				1	-163
	Unit Manager	DU	4					4			0				0	-4
	Production Manager	DU	0					0			1				1	1
	Shift manager	DL			16			16					4		4	-12
	Superintendent	DL	6					6			3				3	-3
	Foreman	CU	2		27			29					12		12	-17
	Team members	BU	4		226			230			11		88		99	-131
	Secretary	CL	1					1			1				1	0
	Clerical	CU	0					0			1				1	1
	SHEQ Officer	CU	0					0			1				1	1
	Admin Manager	DL	0					0			1				1	1
	BBS Coach	CU	1					1			2				2	1
	Metallurgist	DL	1					1			0				0	-1



## STEEL PLANT: PRODUCTION

Area	Position	Position	CURRENT DESIGN					PROPOSED CURTAILED OPERATING MODEL					net change
			# day based		# shift based		total	# day based		# shift based		total	
			empl	contr	empl	contr		empl	contr	empl	contr		# people
total manning:			47	0	325	0	372	29	0	172	0	201	-171
V plant based operation	Manager, Vanadium	EL	1				1	0				0	-1
	Unit Manager	DU	1				1	0				0	-1
	Superintendent	DL	0				0	1				1	1
	Foreman	CU	1				1	1				1	0
S/ladle	Team members	BU			12		12	5				5	-7
	Superintendent	DL	1				1	1				1	0
	Foreman (shift)	CU			4		4			4		4	0
	Team members	BU			28		28			20		20	-8
Totals			4	0	44	0	48	8	0	24	0	32	-16
Raw materials	Unit Manager	DU	1				1	0				0	-1
	Superintendent	DL	1				1	0				0	-1
	Team members	BU			13		13	3				3	-10
BOF	Superintendent	DL	1				1	1				1	0
	Foreman	CU	1				1	1				1	0
	Foreman (shift)	CU			4		4			4		4	0
	Team members	BU			24		24			16		16	-8
Totals			4	0	41	0	45	5	0	20	0	25	-20
Ladle bay	Unit Manager	DU	1				1	0				0	-1
	Unit superintendent	DL	1				1	1				1	0
	Foreman	CU	1				1	0				0	-1
	Foreman (shift)	CU			3		3			4		4	1
	Team members	BU			33		33			20		19	-14
	Cleaners	BU	5				5	0				0	-5
Totals			8	0	36	0	44	1	0	24	0	24	-20
Continuous casting	Unit Manager	DU	1				1	0				0	-1
	Superintendent	DL	2				2	1				1	-1
	Foreman	CU	2				2	1				1	-1
	Foreman (shift)	CU			4		4			4		4	0
	Team members	BU			117		117			60		60	-57
Totals			5	0	121	0	126	2	0	64	0	66	-60
Shift personnel	Shift managers	DL			5		5			4		4	-1
	Shift metallurgist	CU			4		4			0		0	-4
Totals			0	0	9	0	9	0	0	4	0	4	-5
Steel services	Superintendent	DL	0				0	1				1	1
	Foreman	CU	1				1	0				0	-1
	Foreman (shift)	CU			3		3			4		4	1
	Team members	BU			50		50			24		25	-25
Totals			1	0	53	0	54	1	0	28	0	30	-24
Refractories	Manager	EL	1				1	1				1	0
	Superintendent	DL	1				1	0				0	-1
	Foreman	CU	2				2	2				2	0
	Team members	BU	8		21		29	4		8		12	-17
	Technician	CL	1				1	0				0	-1
	Apprentice	BU	2				2	0				0	-2
Totals			15	0	21	0	36	7	0	8	0	15	-21
Management	Divisional manager	EL	1				1	1				1	0
	Production manager	DU	0				0	1				1	1
	Superintendent	DL	1				1	0				0	-1
	Production analyst	CU	1				1	0				0	-1
	Process Metallurgist/Specialist	CU	1				1	1				1	0
	Steel Technologist	DL	1				1	1				1	0
	EIT's	CU	3				3	0				0	-3
	BBS	CU	1				1	0				0	-1
	Time & attendance clerk	CL	1				1	0				0	-1
	Process Engineer	DU	0				0	1				1	1
	Totals			10	0	0	0	10	5	0	0	0	5

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MQCD: OPERATIONS													
Area	Position	Position	CURRENT DESIGN				PROPOSED CURTAILED OPERATING MODEL						net change # people
			# day based		# shift based		total	# day based		# shift based		total	
			empl	contr	empl	contr		empl	contr	empl	contr		
total manning:			36	0	68	0	104	20	0	54	0	74	-30
Admin	Unit Manager, MSD	DU	1				1	1				1	0
	Unit manager, QCD	DU	1				1	1				1	0
	MQCD Administrator	CL	1				1	1				1	0
	Totals		3	0	0	0	3	3	0	0	0	3	
Machine Shop	Section Manager - Mechanical Testing	DL	1				1					0	-1
	Foreman - Mech testing	CU	0					1				1	1
	Quality Controller	CU	1				1	1				1	0
	Foreman - mach shop	CU	1				1					0	-1
	Team Member	BU			20		20			12		12	-8
	Totals		3	0	20	0	23	2	0	12	0	14	
Wet Chem	Section Manager Sample Prep & Wet Chem	DL	1				1	1				1	0
	Senior Assayer	CL	1				1	1				1	0
	Assayer	CL	1				1					0	-1
	Team Member	BU			4		4			4		4	0
	Totals		3	0	4	0	7	2	0	4	0	6	
Spectro	Section Manager - SpecLab	DL	1				1	1				1	0
	Section manager - Chem labs	DL	0				0					0	0
	Senior Shift Spectrographer	CU			4		4			4		4	0
	Junior Shift Spectrographer	CL			4		4			4		4	0
	Team Member	BU	5				5			4		4	-1
	Totals		6	0	8	0	14	1	0	12	0	13	
Metallurgical	Quality Controller	CU	1				1	1				1	0
	Metallurgist	CU	5				5	5				5	0
	Junior Metallurgist	CL	2				2	1				1	-1
	EIT	CU	2				2					0	-2
	Student	-	4				4					0	-4
	Totals		14	0	0	0	14	7	0	0	0	7	
Flat Products	Section Manager - Flat Products	DL	1				1					0	-1
	General Day Superintendent	DL	1				1	1				1	0
	Day Inspector	CU	1				1	1				1	0
	Team Member	BU			20		20			10		10	-10
	Totals		3	0	20	0	23	2	0	10	0	12	
Structural Mill	Section Manager - QCD STM	DL	1				1	1				1	0
	Day Inspector	CU	2				2	1				1	-1
	Blockyard Inspector	CL			4		4			4		4	0
	Team Member	BU	1		12		13	1		12		13	0
	Totals		4	0	16	0	20	3	0	16	0	19	

IRON PLANT: ENGINEERING																
Area	Position	Position Grade	CURRENT DESIGN						PROPOSED CURTAILED OPERATING MODEL						net change # people	
			# day based			# shift based			# day based			# shift based				
			empl	contr	empl	empl	contr	total	empl	contr	empl	empl	contr	total		
total manning:			133	0	52	0	0	189	77	0	24	0	101	-88		
Iron making	Engineering Manager	DU	1					1	1					1	0	
	Engineer	DL	11					11	5					5	-6	
	Foreman	CU	13					13	11					11	-2	
	Technicians	CU	10		4			14	4		4			8	-6	
	Planners	CU	2					2	4					4	2	
	Artisans	CL	96		48			144	52		20			72	-72	
	Temporary Utility		2					2	0		0			0	-2	
			2					2	0		0			0	-2	


COMBINED MILLS : PRODUCTION																
Area	Position	Grade	CURRENT DESIGN (COMBINED MILLS)						PROPOSED CURTAILED OPERATING MODEL						net change # people	
			# day based			# shift based			# day based			# shift based				
			empl	contr	empl	contr	empl	total	empl	contr	empl	contr	total			
total manning:																
Semi Yard	Superintendent	DL	0	0	0	0	0	0	0	0	0	0	0	0	0	-208
	Foreman	CU	1	0	4	0	5	1	1	0	0	1	1	0	1	
	Team Members	BU	1	0	71	0	72	1	1	0	30	31	1	0	31	
	Totals		2	0	75	0	77	2	2	0	30	32	2	0	32	-45
Mill Bay	Unit Manager	DU	3	0	0	0	3	1	1	0	0	1	1	0	1	
	Superintendent	DL	1	0	0	0	1	1	1	0	0	1	1	0	1	
	Foreman	CU	2	0	16	0	18	2	2	0	12	14	2	0	14	
	Artisans	CL	6	0	10	0	16	6	6	0	9	9	9	0	9	
	Team Members	BU	2	0	130	0	132	2	2	0	94	94	2	0	94	
	Totals		14	0	156	0	170	4	4	0	115	119	4	0	119	-51
Finishing end	Unit Manager	DU	3	0	0	0	3	2	2	0	0	2	2	0	2	
	Superintendent	DL	2	0	0	0	2	0	0	0	0	0	0	0	0	
	Shift Manager	DL	0	0	4	0	4	0	0	0	0	0	0	0	0	
	Foreman	CU	8	0	8	0	16	4	4	0	8	12	4	0	12	
	Team Members	BU	9	0	200	0	209	6	6	0	118	118	6	0	118	
	Totals		22	0	212	0	234	6	6	0	126	132	6	0	132	-102
Admin	Div Manager	EL	2	0	0	0	2	2	2	0	0	2	2	0	2	
	Shift Manager	DL	0	0	8	0	8	0	0	0	4	4	0	0	4	
	Automation Sup	DL	1	0	0	0	1	1	1	0	0	0	1	0	0	
	Exect Secretary	CU	1	0	0	0	1	1	1	0	0	0	2	0	0	
	Foreman	CU	5	0	0	0	5	2	2	0	0	2	2	0	2	
	Team Members	BU	2	0	0	0	2	1	1	0	0	1	1	0	1	9
	Totals		11	0	8	0	19	5	5	0	4	9	5	0	9	

STEEL PLANT: ENGINEERING

Area	Position	Position	CURRENT DESIGN				PROPOSED CURTAILED OPERATING MODEL					net change		
			# day based		# shift based		total	# day based		# shift based		total	# people	
			empl	contr	empl	contr		empl	contr	empl	contr			
total manning:			Position Grade	169	0	31	0	156	81	0	28	0	94	-62
Vanadium (V plant & Shaking Ladles & Raw Mat)	Engineering manager	DU	2				2	2				2	0	
	Unit superintendent	DL	0				0	1				1	1	
	Engineer	DL	1				1	0				0	-1	
	Foreman	CU	3				3	2				2	-1	
	Artisans	CL	17				17	7				7	-10	
	Team members	BU					0	2				2	2	
	Totals		23	0	0	0	23	14	0	0	0	14	-9	
BOF, Ladle bay & Lance bay	Engineer	DL	1				1	0				0	-1	
	Unit superintendent	DL	0				0	1				1	1	
	Foreman	CU	1				1	1				1	0	
	Artisans	CL	13				13	5				5	-8	
	Planners	CU	4				4	1				1	-3	
	Team members	BU					0			8		8	8	
	Totals		19	0	0	0	19	8	0	8	0	16	-3	
Instrumentation	Engineer	DL	1				1	0				0	-1	
	Unit superintendent	DL	0				0	1				1	1	
	Foreman	CU	1				1	1				1	0	
	Technicians	CU	7				3	4				4	1	
	Jnr Technicians	CU	2				2	0				0	-2	
	Totals		11	0	0	0	7	6	0	0	0	6	-1	
Eng Cranes	Engineer	DL	1				1	0				0	-1	
	Superintendent	DL	0				0	1				1	1	
	Foreman	CU	1				1	1				1	0	
	Artisans	CU	12				12	5				5	-7	
	Totals		14	0	0	0	14	7	0	0	0	7	-7	
CC Hydraulic & Segment shop	Unit superintendent	DL	0				0	1				1	1	
	Engineer	DL	1				1	0				0	-1	
	Foreman	CU	3				3	2				2	-1	
	Artisans	CL	38				38	16				16	-22	
	Totals		42	0	0	0	42	19	0	0	0	19	-23	
Electrical	Engineer	DL	1				1	0				0	-1	
	Unit superintendent	DL	0				0	1				1	1	
	Foreman	CU	2				2	1				1	-1	
	Artisans	CL	15				15	6				6	-9	
	Totals		18	0	0	0	18	8	0	0	0	8	-10	
Shift team	Foreman (shift)	CU			3		3			4		4	1	
	Artisans	CL			28		28			16		16	-12	
	Totals		0	0	31	0	31	0	0	20	0	20	-11	
Process and Project Eng	Project Engineer	DL	0				0	1				1	1	
	Mechanical Engineer	DL	0				0	1				1	1	
	Jnr Engineer	CU	1				1	0				1	0	
	Electrical Engineer (Jnr)	DL	1				1	1				1	0	
	Totals		2	0	0	0	2	3	0	0	0	4	2	

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"AA19"

<b>REQUEST TO PARTICIPATE IN TRAINING LAYOFF SCHEME</b> IN TERMS OF SECTION 150(1) OF THE LRA		 <b>CCMA</b>
<b>READ THIS FIRST</b>	<b>PROVINCIAL OFFICES OF THE CCMA</b>	
<b>WHAT IS THE PURPOSE OF THIS FORM?</b>	<p><b>CCMA EASTERN CAPE – East London</b>            Rennie's Building, Cnr Church &amp; Oxford Street  <b>EAST LONDON</b>            Private Bag X9066, EAST LONDON, 5200            Tel: (043) 743-0826            Fax: (043) 743-0810            Email: PE@ccma.org.za</p> <p><b>CCMA EASTERN CAPE – Port Elizabeth</b>            107 Govan Mbeki Avenue  <b>PORT ELIZABETH</b>            Private Bag X22500, PORT ELIZABETH, 6000            Tel: (041) 505-4300            Fax: (041) 586-4410/4585            Email: PE@ccma.org.za</p> <p><b>CCMA FREE STATE</b>            NBS Building, Cnr Elizabeth &amp; Westburger Streets  <b>BLOEMFONTEIN</b>            Private Bag X20705, BLOEMFONTEIN, 9300            Tel: (051) 505-4400            Fax: (051) 448-4458/9            Email: BLM@ccma.org.za</p> <p><b>CCMA KWAZULU-NATAL – Richards Bay</b>            ABSA Building, Lakeview Terrace, Trinidad Parking area  <b>RICHARDS BAY</b>            Private Bag X1026, RICHARDS BAY, 3900            Tel: (035) 789-4460/1415; Fax: (035) 789-7148            Email: KZN@ccma.org.za</p> <p><b>CCMA LIMPOPO</b>            CCMA House, 104 Hans van Rensburg Street  <b>POLOKWANE</b>            Private Bag X9512, POLOKWANE, 0700            Tel: (015) 297-5010; Fax: (015) 297-1649            Email: PTB@ccma.org.za</p> <p><b>CCMA MPUMALANGA</b>            CCMA House, Diedericks Street  <b>WITBANK</b>            Private Bag X7290, WITBANK, 1035            Tel: (013) 656-2800            Fax: (013) 656-2885/6            Email: WTB@ccma.org.za</p> <p><b>CCMA NORTHERN CAPE</b>            CCMA House, 5-13 Compound Street  <b>KIMBERLEY</b>            Private Bag X6100, KIMBERLEY, 8300            Tel: (053) 831-6780; Fax: (053) 831-5947/8            Email: KMB@ccma.org.za</p> <p><b>CCMA NORTH WEST – Klerksdorp</b>            CCMA House, 47 Siddle Street  <b>KLERKSDORP</b>            Private Bag X5004, KLERKSDORP, 2570            Tel: (018) 464-0700; Fax: (018) 462-4126            Email: KDP@ccma.org.za</p> <p><b>CCMA NORTH WEST – Rustenburg</b>            Sanlam Centre, 43-45 Boom Street  <b>RUSTENBURG</b>            Private Bag X82140, RUSTENBURG, 0300            Tel: (014) 597 0890            Fax: (014) 538-2167            Email: KDP@ccma.org.za</p> <p><b>CCMA WESTERN CAPE – Cape Town</b>            CCMA House, 78 Darling Street  <b>CAPE TOWN</b>            Private Bag X9167, CAPE TOWN, 8000            Tel: (021) 469-0111; Fax: (021) 465-7193/7            Email: CTN@ccma.org.za</p> <p><b>CCMA WESTERN CAPE – George</b>            62 Cathedral Street, Cathedral Square 2  <b>GEORGE</b>            Private Bag X6650, GEORGE, 6530            Tel: (044) 873 2951            Fax: (044) 873 2906            Email: CTN@ccma.org.za</p>	
<b>WHO FILLS IN THIS FORM?</b>	<p>An employer and/or trade union (or one or more employees) may complete this form.</p>	
<b>WHERE DOES THIS FORM GO?</b>	<p>The Registrar, Provincial Office of the CCMA in the province or region where the business operates and where the employees are based. See details on this page.</p>	
<b>WHAT WILL HAPPEN WHEN THIS FORM IS SUBMITTED?</b>	<p>This request will be evaluated to determine whether to appoint a Commissioner to assist the parties by conciliation to conclude a Training Layoff Agreement.</p>	

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**READ THIS FIRST****OTHER PARTIES**

If more than one party is submitting this form, write down the names and particulars on a separate piece of paper and attach details to this form.

**OTHER INSTRUCTIONS**

A copy of this form must be served on the other party.

Proof that a copy of this form has been served on the other party must be supplied by attaching:

- ☐ A copy of a registered slip from the Post Office;
- ☐ A copy of a signed receipt if hand delivered;
- ☐ A signed statement confirming service by the person delivering the form;
- ☐ A copy of a fax confirmation slip; or
- ☐ Any other satisfactory proof of service.

**NOTE**

Proof of service is not required if all parties have consented to conciliation.

**1. DETAILS OF PARTY MAKING APPLICATION**

Name: Evraz Highveld Steel and Vanadium PTY LTD.

Postal Address: PO Box 111 Witbank Postal Code: 1035

Contact Person: Mr. BJ Zitha

Tel: 013 690 9529 / 9368 Cell: 082 528 4063

Fax: 013 690 9018 Email: [josephz@evrazhighveld.co.za](mailto:josephz@evrazhighveld.co.za)

**2. DETAILS OF THE OTHER PARTY**

Name: National Union Metalworkers of South Africa

Postal Address: PO Box 2822 Postal Code: 1035

Contact Person: Mr. E Nhlapo

Tel: 013 656 6732 / 3 Cell: 078 458 2059

Fax: 013 656 1119 Email: [musawenkosin@numsa.org.za](mailto:musawenkosin@numsa.org.za)

**3. DETAILS OF THE OTHER PARTY**

(IF MORE THAN ONE OTHER PARTY, PROVIDE DETAILS ON A SEPARATE PAGE)

Name: Solidarity

Postal Address: Bureau de Paul, Comoringel, Route N4, Business Park, Ben Fleur

Postal Code: 1040

Contact Person: Cornelius Van Leeuwen

Tel: 013 656 3871 Cell: 082 870 2030

Fax: 013 656 6846 Email: [comelius@solidariteit.co.za](mailto:comelius@solidariteit.co.za)

**4. HOW MANY EMPLOYEES DOES THE EMPLOYER EMPLOY?**

1894 as at 1 October 2015

**5. HOW MANY EMPLOYEES HAS THE EMPLOYER DISMISSED FOR OPERATIONAL REQUIREMENTS IN THE PAST 12 MONTHS?**

216

**6. IF SHORT-TIME HAS BEEN IMPLEMENTED, PROVIDE DETAILS OF:**  
*Refer to Appendix A: Evraz Highveld Steel TLS Application (Section 5)***7. HOW MANY EMPLOYEES ARE LIKELY TO BE PLACED ON THE TRAINING LAYOFF?**

1894

**8. HOW LONG IS THE TRAINING LAYOFF EXPECTED TO LAST?**

6 Months

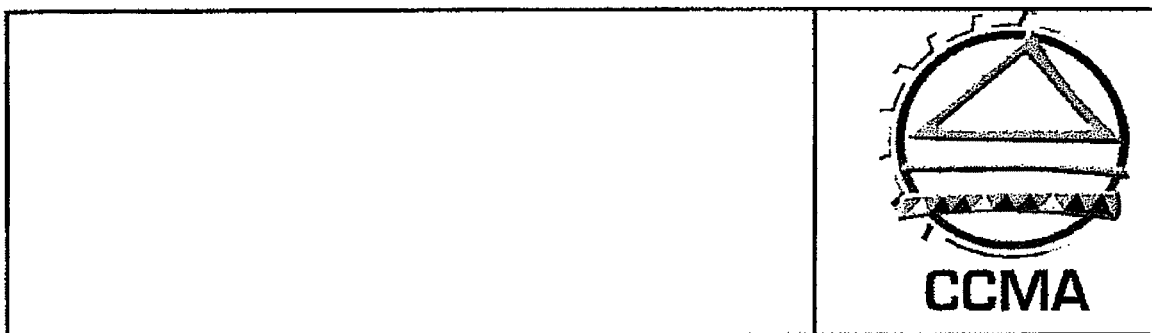
Please turn over

Tick the correct box =	9. SUMMARISE THE FACTS THAT INDICATE THAT THE BUSINESS IS IN DISTRESS AS A RESULT OF ECONOMIC CRISIS:  <i>Please refer to Appendix A: Evraz Highveld Steel TLS Application</i>																				
	10. MOTIVATE WHY PARTICIPATION IN THE TRAINING LAYOFF SCHEME COULD ASSIST THE BUSINESS IN THE SHORT TERM:  <i>Please refer to Appendix B: Evraz Business Rescue Plan</i>																				
	11. IN ORDER TO EVALUATE WHETHER THE BUSINESS IS ELIGIBLE TO PARTICIPATE IN THE TRAINING LAYOFF SCHEME, SUFFICIENT INFORMATION MUST BE PROVIDED TO DEMONSTRATE THAT THE BUSINESS IS IN DISTRESS WHICH MAY INCLUDE THE FOLLOWING:  <i>Please refer to Appendix C: Evraz Highveld Steel Financial Statements</i>																				
	12. <b>SECTOR</b> INDICATE THE SECTOR OR SERVICE IN WHICH THE BUSINESS OPERATES. <table border="0"> <tr> <td><input type="checkbox"/> Retail</td> <td><input type="checkbox"/> Private Security</td> <td><input type="checkbox"/> Public Service</td> </tr> <tr> <td><input type="checkbox"/> Distribution</td> <td><input type="checkbox"/> Food &amp; Beverage</td> <td><input type="checkbox"/> Agriculture</td> </tr> <tr> <td><input type="checkbox"/> Wholesale</td> <td><input type="checkbox"/> Building &amp; Construction</td> <td><input type="checkbox"/> Contract Cleaning</td> </tr> <tr> <td><input type="checkbox"/> Media &amp; Television</td> <td><input type="checkbox"/> Mining</td> <td><input checked="" type="checkbox"/> Metal ✓</td> </tr> <tr> <td><input type="checkbox"/> Motor</td> <td><input type="checkbox"/> Services</td> <td><input type="checkbox"/> Paper &amp; Printing</td> </tr> <tr> <td><input type="checkbox"/> Transport</td> <td><input type="checkbox"/> Domestic</td> <td></td> </tr> <tr> <td colspan="3"><input type="checkbox"/> Other (please describe) .....</td> </tr> </table>	<input type="checkbox"/> Retail	<input type="checkbox"/> Private Security	<input type="checkbox"/> Public Service	<input type="checkbox"/> Distribution	<input type="checkbox"/> Food & Beverage	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Wholesale	<input type="checkbox"/> Building & Construction	<input type="checkbox"/> Contract Cleaning	<input type="checkbox"/> Media & Television	<input type="checkbox"/> Mining	<input checked="" type="checkbox"/> Metal ✓	<input type="checkbox"/> Motor	<input type="checkbox"/> Services	<input type="checkbox"/> Paper & Printing	<input type="checkbox"/> Transport	<input type="checkbox"/> Domestic		<input type="checkbox"/> Other (please describe) .....	
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<input type="checkbox"/> Transport	<input type="checkbox"/> Domestic																				
<input type="checkbox"/> Other (please describe) .....																					
	13. WHICH SECTOR EDUCATION AND TRAINING AUTHORITY (SETA) DO YOU FALL UNDER? MERSETA																				
	14. WHAT IS YOUR SKILLS DEVELOPMENT LEVY (SDL) NUMBER: L480714692																				
	Please turn over →																				



<p>Parties may, at their own cost, bring interpreters for languages other than the official South African languages. Please indicate this under 'other'.</p>	<p>15. DOES THE BUSINESS FALL UNDER THE JURISDICTION OF A BARGAINING COUNCIL? IF SO, GIVE DETAILS OF COUNCIL.</p> <p><i>Yes, The Metal and Engineering Industries Bargaining Council.</i></p> <p><i>Refer to appendix D: Exemption from MEIBC with regards to the Training Layoff Scheme</i></p> <p>16. INTERPRETATION SERVICES</p> <p>Do you require an interpreter at the Training Layoff Facilitation? <b>1 YES</b> <b>1 NO</b></p> <p>If yes, please indicate for what language:</p> <table border="0"> <tr> <td><b>1 Afrikaans</b></td> <td><b>1 IsiNdebele</b></td> <td><b>1 isiZulu</b></td> </tr> <tr> <td><b>1 isiXhosa</b></td> <td><b>1 Sepedi</b></td> <td><b>1 Sesotho</b></td> </tr> <tr> <td><b>1 Setswana</b></td> <td><b>1 siSwati</b></td> <td><b>1 Tshivena</b></td> </tr> <tr> <td><b>1 Xitsonga</b></td> <td colspan="2"><b>1 Other (please indicate).....</b></td> </tr> </table>	<b>1 Afrikaans</b>	<b>1 IsiNdebele</b>	<b>1 isiZulu</b>	<b>1 isiXhosa</b>	<b>1 Sepedi</b>	<b>1 Sesotho</b>	<b>1 Setswana</b>	<b>1 siSwati</b>	<b>1 Tshivena</b>	<b>1 Xitsonga</b>	<b>1 Other (please indicate).....</b>	
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<b>1 Xitsonga</b>	<b>1 Other (please indicate).....</b>												
<p>Special features might be the urgency of the matter, the large number of people involved, etc.</p>	<p>17. SPECIAL FEATURES / ADDITIONAL INFORMATION</p> <p>Briefly outline any special features / additional information that could assist this application.</p> <p><i>Refer to Appendix A: Evraz Highveld Steel TLS Application (Section 2)</i></p> <p>18. CONFIRMATION OF ABOVE DETAILS:</p> <p>Form submitted by (name): <i>Joseph Zitha</i></p> <p>Signature: <i>[Signature]</i></p> <p>Position: <i>General Manager: Human Resources</i></p> <p>Date: <i>02/10/2015</i></p> <p>Place: <i>Evraz Highveld Steel &amp; Vanadium</i></p> <p>19. IF THE PARTIES HAVE CONCLUDED A TRAINING LAY-OFF AGREEMENT, A COPY SHOULD BE ATTACHED</p> <p><i>Refer to appendix E: Training Lay-Off Agreement &amp; Terms and Conditions</i></p>												
<p>It is advisable that a party to this dispute obtain the consent of the other parties before making the request as this will expedite the processing of the request. If this is not possible, their consent must be obtained before conciliation can commence.</p>	<p>20. CONSENT TO CONCILIATION</p> <p>Participation in the Conciliation is voluntary and therefore requires all parties to consent to the process before the Conciliation can commence.</p> <p>I / We confirm that we consent to participation in conciliation on the Training Layoff Agreement.</p> <p>Signature: <i>[Signature]</i></p> <p>Position: <i>NUMISA GRS</i></p> <p>Date: <i>6th October 2015</i></p> <p>Place: <i>Numsa Head Office</i></p> <p>(IF MORE THAN ONE OTHER PARTY, PROVIDE CONSENT ON A SEPARATE PAGE)</p>												

*[Handwritten signature]*



**AGREEMENT TO PARTICIPATE  
IN THE TRAINING LAYOFF SCHEME**

Case Number: MP6130/15

Date: 6 October 2015

Commissioner: Glen Cornack

In the matter between:

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)

("Employer")

and

THE NATIONAL UNION OF METALWORKERS OF SOUTH AFRICA

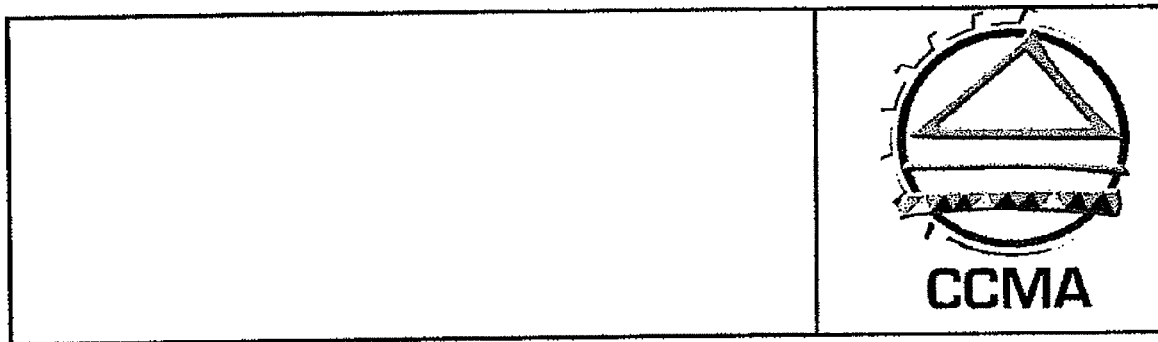
("NUMSA")

and

SOLIDARITY

("Solidarity")

Collectively "the Parties"

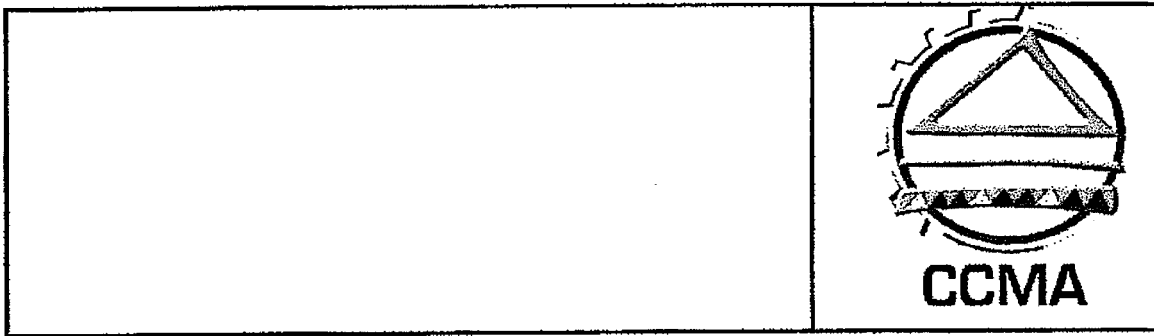


## 1. RECORDAL

- 1.1. The Parties agree to participate in the Training Layoff Scheme ("TLS") on the Terms and Conditions of the TLS, attached as Annexure A hereto. The Terms and Conditions set out in Annexure A shall apply, save to the extent that they have been expressly varied by agreement between the Parties as set out in clause 3 below, and subject to any additional terms and conditions set out in this Agreement.
- 1.2. To the extent that there is any conflict between the Terms and Conditions set out in Annexure A and this Agreement, the provisions of this Agreement shall apply.
- 1.3. This Agreement is a collective agreement in terms of section 23 of the Labour Relations Act 66 of 1995, as amended ("the LRA"), and it is binding on:
  - 1.3.1. The Parties to the agreement;
  - 1.3.2. The members of NUMSA and Solidarity; and
  - 1.3.3. The employees of the Employer that are not members of NUMSA and Solidarity and whose names appear in Annexure B to this Agreement.

## 2. CONDITION PRECEDENT

- 2.1. This Agreement is conditional upon:
  - 2.1.1. the Parties' application for the TLS being approved by the Department of Labour and/or MERSETA and/or any other relevant authority by no later than 30 October 2015 (or on such later date as may be agreed to between the Parties in writing), and
  - 2.1.2. once approved, upon the first payments in terms of the TLS being received by the Employer by no later than 30 November 2015 (or on such later date as may be agreed to between the Parties in writing) and upon payments being continued and made on a monthly basis for the duration of the TLS period referred to in terms of clause 3.3 below, and
  - 2.1.3. MERSETA providing funding in full for the costs of the training as envisaged by the terms of this Agreement for the entire duration of the TLS in terms of clause 3.3 below,
 failing which this Agreement shall lapse and shall be of no force or effect.
- 2.2. Subject to the Parties being able to agree to extend the dates by which the conditions precedent contained in clause 2.1 above must be fulfilled, such conditions precedent may not be waived.



2.3. Each of the Parties shall take all steps reasonably available to them to procure the fulfilment of the conditions precedent contained in this clause and each Party undertakes not to frustrate the fulfilment of these conditions precedent.

### 3. GENERAL

3.1. Subject to the application for the TLS being approved, the training layoff commences on 1 November 2015 (or any other date as soon as practically possible) ("the Commencement Date") when the training shall commence.

3.2. The relevant SETA is MERSETA, the Manufacturing Engineering and Related Services SETA.

3.3. The training layoff shall last for a period of 6 (six) months from the Commencement Date.

3.4. All of the Employer's employees will participate in the TLS, subject to the provisions of clause 4 below and subject to clause 3.3 of the Terms and Conditions of the TLS attached as Annexure A. For the avoidance of doubt, any reference to a "listed worker" in Annexure A shall therefore be a reference to any of the Employer's employees.

3.5. The employer nominates the following person to be responsible for all administrative arrangements relating to training.

Name: Lethabo Mokgale

Position: Manager: Continuous Improvement

Location: Evraz Highveld Steel & Vanadium, Emalahleni

Contact Details: 013 690 8723 or 083 229 7041

3.6. In addition to paying the basic social benefit package (i.e. disability and death cover, pension/provident funds, unemployment insurance), the employer will make the following payments on behalf of each employee participating in the training layoff:

3.6.1. any long service awards that any employee may qualify for in terms of the Employer's policies, during the Training Layoff Scheme; and

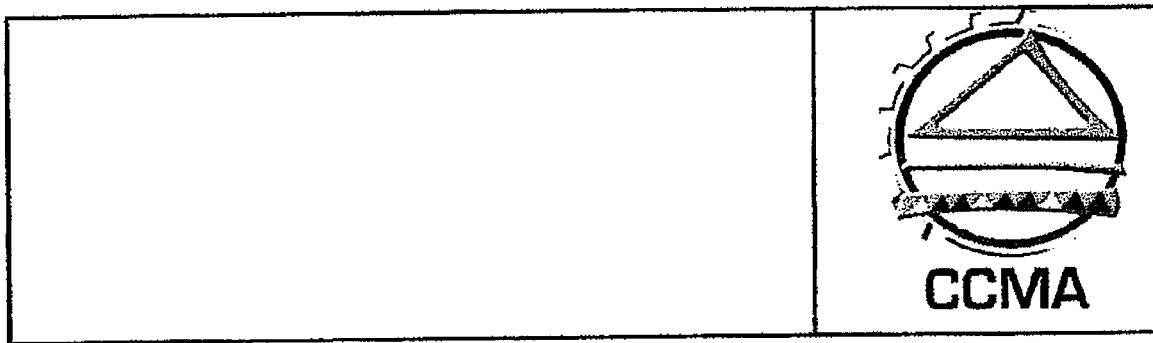
3.6.2. certain employees will receive their ordinary remuneration for shifts they may be required to work during the Training Layoff Scheme, as detailed more fully in terms of clause 4 below.

3.7. The Employer will pay both the employee and employer contribution in respect of pension/provident fund payments on behalf of the employees and the employee contribution will not be deducted from the training allowance which the employee will receive in terms of the TLS.

3.8. Every employee must report for duty at their normal place of work and at the starting time that the employee is normally expected to commence work on the first working day after the completion of the training layoff.

3.9. The Parties agree that the facilitated consultation process in terms of section 189A of the LRA in which this Agreement was concluded is extended from the date of signature of this Agreement until the application for the

Handwritten signatures and initials are present at the bottom of the page. On the right side, there is a handwritten number '3' and the initials 'D.A.'.



TLS is approved and for the duration of the period of the lay-off. The Parties further agree that they shall continue to engage in consultations in good faith in terms of section 189 of the LRA from the date of signature of this Agreement and during the TLS until consultation on all issues in terms of section 189(3) of the LRA has been exhausted. The parties shall use their best endeavors to participate in meaningful consultation and to reach agreement on such issues and/or exhaust consultation on these issues during this period. The Employer will not, however, retrench any employees for the duration of the TLS.

3.10. The TLS does not preclude the termination of any employee's employment for any other lawful or fair reason (including, but not limited to, the Employer going into liquidation, misconduct, incapacity, by mutual agreement and/or based on an employee's resignation).

3.11. In the event that any employee resigns or is dismissed during the TLS, and is entitled to receive payment *in lieu* of notice, such notice pay will be calculated on the basis of the training allowance and/or remuneration that the employee would have received for the notice period in terms of the TLS.

3.12. The Terms and Conditions of the TLS (Annexure A) are attached and form part of this Agreement, to the extent that it has not been expressly varied by the Parties in terms of this Agreement.

#### 4. TERMS AND CONDITIONS OF THE TRAINING LAYOFF SCHEME

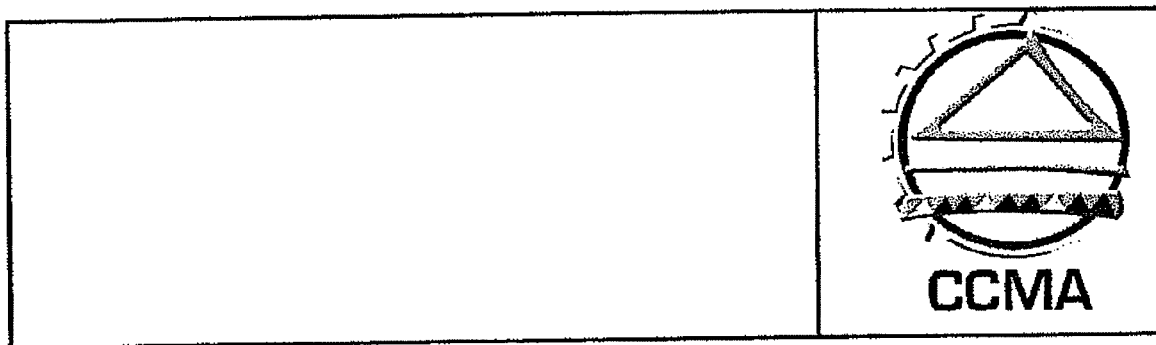
4.1. The terms of this Agreement and specifically the content of this clause 4 below are solely for the purposes of the Application to Participate in the TLS and are in their entirety subject to further consultation between the Parties. To the extent that any of the Parties wish to amend any of the terms of clause 4 below during such consultations, and agreement cannot be reached on such amendments, any individual Party can give the other Parties 7 (seven) calendar days' written notice cancelling this Agreement, in which event this Agreement shall, on expiry of the aforesaid notice period, lapse and shall be of no force and effect unless an agreement to amend the terms of this clause 4 can be reached during the aforesaid notice period. In such event the rights and obligations of the Parties will be regulated by the provisions of the LRA, with specific reference to Sections 189 and 189A thereof, and to the extent applicable also by the provisions of the Companies Act. Based upon the aforesaid express understanding the parties agree on the following:

4.1.1. Certain employees will be on a hundred percent training layoff whilst other employees will be on a partial training layoff for the duration of the TLS.

4.1.2. The Parties agree that, solely for the purposes of this Agreement, the employees that are on a hundred percent training layoff and the employees that are only on a partial training layoff will be identified based on the structure for the Curtailed Operating Mode ("COM") proposed by the Employer in terms of the section 189 process.

4.1.3. In this regard, the following definitions shall apply:

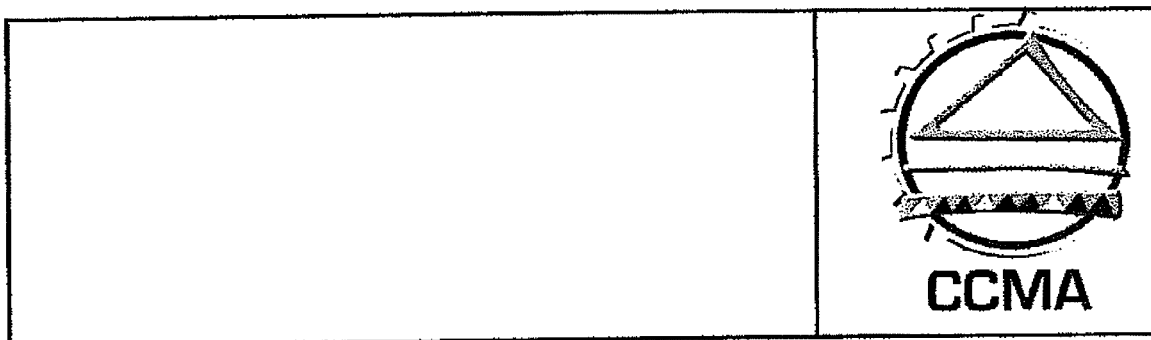
4.1.3.1. "Group X Employees" means the employees who are selected by the Employer (in accordance with the selection criteria of last in first out subject to skills, qualifications and experience) to occupy the positions in the COM and who are on a partial training layoff; and



- 4.1.3.2. "Group Y Employees" means the employees who are not selected by the Employer (in accordance with the selection criteria of last in first out subject to skills, qualifications and experience), to occupy the positions in the COM and who are on a hundred percent layoff.
- 4.1.4. The Group X Employees and Group Y Employees are set out in Annexure C to this Agreement.
- 4.1.5. On implementation of the TLS, the Group X Employees will be required to work certain shifts, based on the Employer's operational needs and in accordance with a shift roster determined by the Employer from time to time. Group X Employees will be notified of the shifts they are required to work on a monthly basis. When Group X Employees are not required to work, they will attend training in terms of the TLS.
- 4.1.6. Whilst the Employer acknowledges that it is required to release its employees from their normal employment to attend the training, the Employer reserves the right to determine, in its sole and absolute discretion, the extent of the Group X Employees' participation in training, for the purposes of the TLS, subject to the Employer's operational needs.
- 4.1.7. The Employer will be liable to pay to any Group X Employee his/her normal remuneration for any shifts worked during the TLS.
- 4.1.8. The Group X Employees will not receive the full 75% training allowance and will only receive a training allowance proportional to the training they attend.
- 4.1.9. In accordance with clause 6.2 of the Terms and Conditions contained in Annexure A to this Agreement, if any employee does not attend training on a day on which they were required to, they will forfeit their training allowance for that day. This shall apply to both Group X Employees and Group Y Employees.
- 4.1.10. The National Skills Fund, the Unemployment Insurance Fund and/or relevant MERSETA, shall pay the training allowances to the Employer.
- 4.1.11. The Employer will then, upon receipt of the training allowance, pay to the Group X Employees and Group Y Employees their training allowance in accordance with the provisions of this Agreement. No payment shall be made to the employees of their training allowances until the payments have been received by the Employer.
- 4.1.12. In the event of termination of this Agreement, prior to the conclusion of the period of the TLS referred to in terms of clause 3.3 above, the Employer will not be liable to refund any portion of the training allowance that may have already been paid to it and/or paid over to the employees.
- 4.1.13. For the duration of the TLS, the employees' annual leave can be accumulated to a maximum of 40 (forty) days in accordance with the Employer's policy in this regard.
- 4.1.14. The Employer may terminate this Agreement on 2 (two) weeks' written notice only in the event that the reason for such termination is that it requires all employees to work in order to resume production.
- 4.1.15. At the end of the period of the TLS in terms of clause 3.3 above, or on termination of this Agreement, whichever occurs earlier, the Employer will reassess its operational requirements and, inter alia, consider whether the COM still meets its operational requirements at that time.

5

*[Handwritten signatures and initials]*



4.1.16. If any employee at any stage during the period of the TLS indicates in writing that he or she no longer wishes to participate in the TLS, in addition to losing the entitlement to the training allowance in accordance with clause 3.3 of the Terms and Conditions set out in Annexure A to this Agreement, such employee will remain on a hundred percent layoff (or on a partial layoff if the employee concerned is a Group X Employee). Such employee will not be entitled to work or to receive any remuneration (unless the employee is a Group X Employee in which case the employee will only be entitled to work and be remunerated in accordance with the provisions of clauses 4.1.5 to 4.1.7 above) for the remainder of the period of the TLS.

## 5. TRAINING

5.1. The Parties shall, as soon as reasonably possible after the conclusion of this Agreement, prepare a training implementation plan which will set out the type of training which will be provided by MERSETA in terms of the TLS. The training implementation plan will then be delivered to MERSETA for costing purposes.

5.2. The costs of the training shall be borne by MERSETA in full.

## 6. EXTENSION OF THIS AGREEMENT

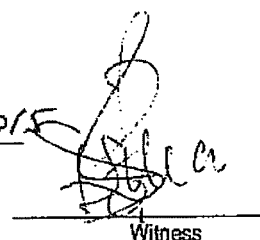
This Agreement shall, by virtue of the provisions of section 23(1)(d) of the LRA, bind all employees of the Employer whether or not they are members of NUMSA and Solidarity, as NUMSA and Solidarity have as its members the majority of employees employed at the workplace.

## 7. WHOLE AGREEMENT

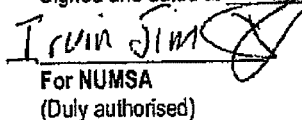
This Agreement constitutes the entire Agreement between the parties and no variation of this Agreement shall be binding unless the variation is reduced to writing and signed by the parties.

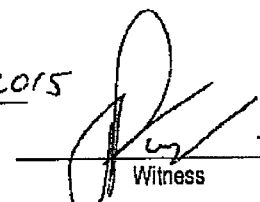
Signed and dated at PRETORIA this 6TH day of OCTOBER 2015

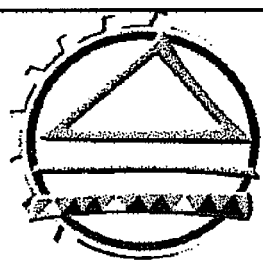
  
For the Employer  
(Duly authorised)

  
Witness

Signed and dated at JOHANNESBURG this 6TH day of OCTOBER 2015

  
For NUMSA  
(Duly authorised)



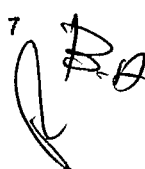
  
Witness

	 <p><b>CCMA</b></p>
--	--

Signed and dated at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
**For Solidarity**  
 (Duly authorised)

\_\_\_\_\_  
 Witness



# **Terms and Conditions of Training Layoff Scheme**

---

## **1 Purpose and interpretation of training layoff agreement**

1.1 This document sets out the terms and conditions that apply to a training layoff agreement concluded to allow employers and workers to participate in a training layoff scheme as an alternative to retrenchment.

1.2 In order to be eligible to participate in the training layoff scheme

1.2.1 the employer must –

1.2.1.1. be in distress or facing distress;

1.2.1.2. be contemplating the retrenchment of workers;

1.2.1.3. have the potential of becoming sustainable through short term relief;

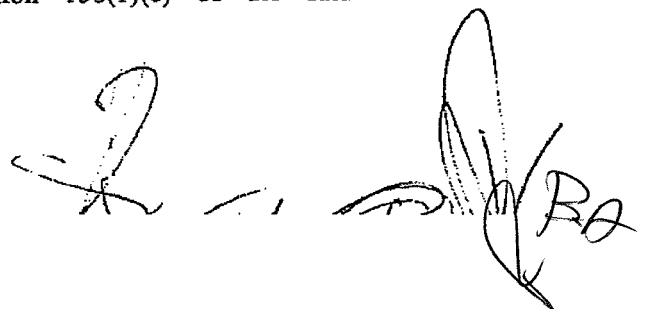
1.2.1.4. be compliant with its statutory obligations.

1.2.2 the workers must –

1.2.2.1. be at risk of being retrenched by the employer; or

1.2.2.2. be subject, or likely to be subject, to reduced working hours or income reduction.

1.3 The training layoff agreement is not a settlement agreement as contemplated in the Labour Relations Act, 66 of 1995 and may not be made an arbitration award in terms of section 142A or an order of the Labour Court in terms of section 158(1)(c) of the said Act.

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Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

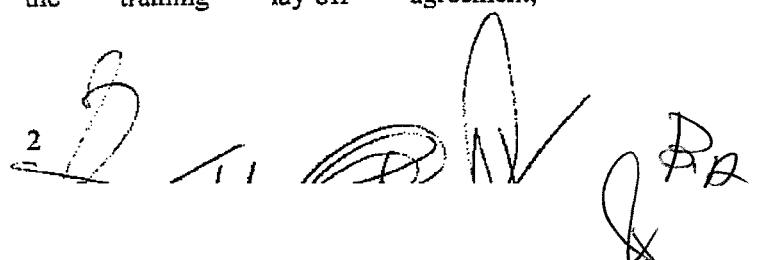
- 1.4 If the training layoff agreement is signed by a trade union on behalf of the workers, the agreement is a collective agreement as contemplated in the Labour Relations Act, 66 of 1995.
- 1.5 The training layoff agreement must be interpreted with due regard to the Framework for South Africa's Response to the International Economic Crisis, the Guide to the Training Layoff Scheme, as revised, and the Training Layoff Implementation Guide issued by the Department of Labour.
- 1.6 This document is incorporated into the Training Layoff Agreement, except to the extent that it has been expressly varied in writing and signed by the consenting parties, in a manner consistent with the documents referred to in clause 1.5.
- 1.7 Subject to clause 1.6, any reference to the Training Layoff Agreement includes a reference to this document.
- 1.8 If the implementation of the layoff scheme would breach any provision of a bargaining council collective agreement or sectoral determination binding on the parties to this agreement, the employer must within 3 working days from the signing of the agreement, apply to the relevant authority for exemption and submit a copy of the application to the Regional Offices of the CCMA.
- 1.9 For purposes of calculating a worker's remuneration and the training allowance claimed, regard must be had to the worker's remuneration in the preceding tax year calculated in terms of the Unemployment Insurance Contributions Act, 4 of 2002.

**2 Employer's rights and obligations during training lay-off**

During the period of the training layoff, the employer –

- 2.1 is not required to pay any remuneration to the listed workers, except as provided for in the training lay-off agreement;

2



Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

- 2.2 must release the workers on lay-off from their normal employment functions and allow them to attend the training agreed upon;
- 2.3 must pay all contributions (i.e. both the employer's and the workers' contribution) of the basic social security package to which the workers are entitled at the time of the commencement of the training layoff scheme;
- 2.4 must ensure that an accurate record of attendance by workers participating in the training is maintained;
- 2.5 must submit a certified copy of the attendance register to the relevant SETA on a weekly basis;
- 2.6 must keep the original attendance record and allow them to be inspected by a representative of the relevant SETA.

**3 Workers' rights and obligations during training lay-off**

- 3.1 During the period of the training lay-off, the listed workers –
  - 3.1.1 remain in the employment of the employer but are not entitled to receive their normal remuneration;
  - 3.1.2 will receive, if they are on full lay-off, an allowance equal to 75% of the worker's basic wage, subject to a maximum allowance of R9358.00 per month.
  - 3.1.3 will receive, if they are on short-time, a proportionate allowance as specified in the Agreement;
  - 3.1.4 must participate in training at the time and place agreed by the parties, or when training is available, and sign an attendance register at least once a day;
  - 3.1.5 must complete the training agreed upon within the specified time; and undergo any assessment associated with the training;



Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

- 3.1.6 will receive their basic social security package (the employer will pay all contributions) for the duration of the training layoff period;
  - 3.1.7 will only receive additional social security benefits, by agreement between the parties;
  - 3.1.8 may not be retrenched whilst participating in the training layoff scheme; and
  - 3.1.9 remain entitled to receive board and occupy accommodation that are provided in terms of their contract of employment.
- 3.2 Participation in the training lay-off does not interrupt the continuity of service of the listed workers and for the purposes of determining their length of service for any purpose, including the calculation of severance pay in terms of the Basic Conditions of Employment Act, 75 of 1997 or any agreement, the workers are deemed to have been employed on their normal terms and conditions of employment during the period of the training lay-off.
- 3.3 A listed worker who at any stage during the training layoff period communicates that he or she no longer wishes to participate in the training layoff scheme, loses the benefit of the training layoff agreement and is not entitled to be paid the training allowance from the date he or she ceases to participate in the scheme.
- 3.4 An worker who resigns during the training layoff period –
- 3.4.1 must be treated in accordance with his or her terms and conditions of employment, read with the provisions of the training layoff agreement to the extent that they are applicable to the worker;
  - 3.4.2 will not be entitled to receive the training layoff allowance after the date on which the resignation takes effect.

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## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

**4 Payment of allowance and deductions**

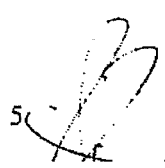
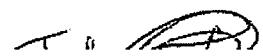
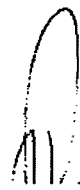

- 4.1 The worker will be paid the allowance in a manner specified in the agreement between the SETA and the employer.
- 4.2 No deductions may be made from the workers' allowances unless permitted in terms of the agreement or required in terms of any law or by an order of Court.
- 4.3 The Agreement may authorise the deduction from the allowance of a listed worker's contribution to additional social security benefits (i.e. those social security benefits that do not form part of the basic social security benefits package).

**5 Transfer of business as a going concern**

If a transfer contemplated in section 197 of the Labour Relations Act, No 66 of 1995, occurs during the training layoff period, the rights and obligations in terms of the training layoff agreement are transferred to the new employer in terms of section 197 and the employer must give a copy of the training layoff agreement to the new employer.

**6 Discipline during the training layoff period**

- 6.1 The disciplinary rules and procedures applicable to the parties at the commencement of the training layoff period apply during the training layoff period to the extent that they are appropriate.
- 6.2 Failure by a worker to attend training does not constitute a disciplinary offence. However, workers are not entitled to receive the allowance for any day on which they do not attend training, unless they qualify for payment on that day as provided for in this agreement.
- 6.3 The time periods of any warnings issued to workers on lay-off prior to the commencement of the training layoff period do not run during the training layoff period.

5.    

## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

**7 Paid Leave**

7.1 A worker's entitlement to annual leave, paid sick leave, family responsibility leave, maternity leave (as well as any other form of leave that the worker is entitled to in terms of any agreement) -

7.1.1 that has accrued to the worker prior to the commencement of the training lay-off remains to the credit of the worker;

7.1.2 continues to accrue to the worker during the training lay-off as if the worker was working.

7.2 A worker who on account of sickness or injury is absent from training will be entitled to receive paid sick leave at the level of the training allowance if the worker would have received paid sick leave had they been working. The normal rules concerning proof of incapacity apply.

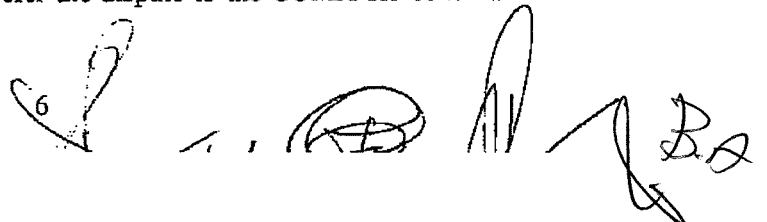
7.3 A worker who takes annual leave or family responsibility leave during the training lay-off will be paid the training allowance during any period of leave taken. For the purposes of calculating the worker's entitlement to family responsibility leave, the worker will be considered to have taken half of the period of family responsibility leave taken during the layoff.

7.4 A worker who commences maternity leave during the period of the training lay-off must be treated for all purposes as if she was working when her maternity leave commences.

7.5 If a public holiday falls on a day on which the workers would otherwise receive training, the workers will receive their training allowance for that day.

**8 Dispute resolution process**

8.1 If the training layoff agreement is a collective agreement and there is a dispute about the interpretation and application of the agreement, any party to the dispute may refer the dispute to the CCMA for conciliation

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## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

and arbitration in terms of section 24 of the Labour Relations Act, No 66 of 1995.

8.2 If the training layoff agreement is not a collective agreement and there is a dispute about the interpretation and application of the agreement, the parties agree –

8.2.1 that the CCMA may appoint a commissioner to conciliate the dispute; and

8.2.2 to comply with any award made by the commissioner in terms of section 135(3)(c) of the Labour Relations Act, 66 of 1995.

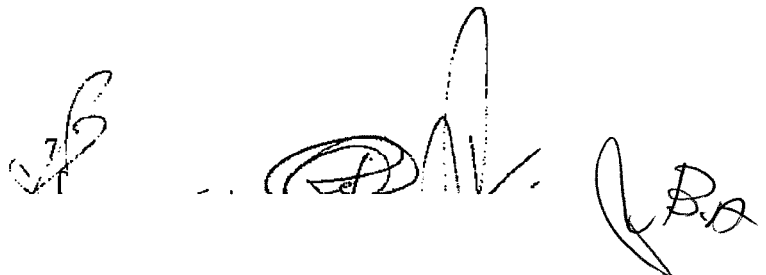
8.3 The parties agree that any dispute in terms of or arising out of the implementation of the training layoff agreement may be set down by the CCMA on short notice on a date to be arranged with the parties, provided that the parties will avail themselves for conciliation, mediation and arbitration, if necessary, of the dispute within seven (7) days from the date of the referral.

**9 Further consultation or facilitation**

The conclusion of this Agreement does not prevent the initiation or continuation of any consultation in terms of section 189 or any facilitation in terms of section 189A of the Labour Relations Act, No 66 of 1995 in respect of the listed workers during the period of the training layoff.

**10 Assistance by CCMA**

The parties may, by agreement, request the CCMA to appoint a commissioner to assist the parties by conciliation during any other process which may give rise to the retrenchment of workers participating in or coming out of a training layoff scheme. The parties agree that if the training layoff agreement does not comply with all the requirements, further facilitation or conciliation may take place to ensure compliance.



**11 Monitoring and reporting**

If requested and unless protected by law<sup>1</sup>, the parties will provide any information relevant to monitor the progress and success of the training layoff scheme to the CCMA, the SETA and the National Skills Fund, which may include the financial position of the employer, payroll reports, proof of compliance with statutory and agreed obligations, attendance records and the effect which the training layoff scheme has on the employer and the workers participating in the scheme.

**12 Definitions**

Unless otherwise indicated in the agreement any word or phrase used in this document has the same meaning as in the Labour Relations Act, No 66 of 1995 or the Basic Conditions of Employment Act, No 75 of 1997 and -

12.1 “Agreement” means the training layoff agreement and includes the list of workers annexed to the Agreement and this document;

12.2 “basic wage” is the wage or salary an worker receives for their ordinary hours of work and regular contractual overtime;

12.3 “basic social security package” means –

- (i) the employer and worker contributions to the Unemployment Insurance Fund calculated on the basis of the training allowance;
- (ii) contributions provided for in the workers’ contract of employment to death and disability cover;
- (iii) contributions provided for in the workers’ contract of employment to a pension or provident fund;

12.4 “listed workers” means the workers on layoff listed in terms of the Agreement.

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<sup>1</sup> Information which is confidential or privileged.

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# REQUEST TO PARTICIPATE IN TRAINING LAYOFF SCHEME

IN TERMS OF SECTION 150(1) OF THE LRA



## READ THIS FIRST

### WHAT IS THE PURPOSE OF THIS FORM?

This form enables a party to request that a Commissioner be appointed to conciliate a dispute that may lead to the conclusion of an agreement to participate in the Training Layoff Scheme. More than one party may make a request jointly.

### WHO FILLS IN THIS FORM?

An employer and/or trade union (or one or more employees) may complete this form.

### WHERE DOES THIS FORM GO?

The Registrar, Provincial Office of the CCMA in the province or region where the business operates and where the employees are based. See details on this page.

### WHAT WILL HAPPEN WHEN THIS FORM IS SUBMITTED?

This request will be evaluated to determine whether to appoint a Commissioner to assist the parties by conciliation to conclude a Training Layoff Agreement.

## PROVINCIAL OFFICES OF THE CCMA

**CCMA EASTERN CAPE – East London**  
Rennies Building, Cnr Church & Oxford Street  
**EAST LONDON**  
Private Bag X9088, EAST LONDON, 5200  
Tel: (043) 743-0826  
Fax: (043) 743-0810  
Email: PE@ccma.org.za

**CCMA EASTERN CAPE – Port Elizabeth**  
107 Govan Mbeki Avenue  
**PORT ELIZABETH**  
Private Bag X22500, PORT ELIZABETH, 6000  
Tel: (041) 505-4300  
Fax: (041) 586-4410/4585  
Email: PE@ccma.org.za

**CCMA FREE STATE**  
NBS Building, Cnr Elizabeth & Westburger Streets  
**BLOEMFONTEIN**  
Private Bag X20705, BLOEMFONTEIN, 9300  
Tel: (051) 505-4400  
Fax: (051) 448-4468/9  
Email: BLM@ccma.org.za

**CCMA GAUTENG – Johannesburg Regional Office**  
127 Fox Street  
**JOHANNESBURG**  
Private Bag X96, MARSHALLTOWN, 2107  
Tel: (011) 220 5000  
Fax: (011) 220-5101/02/03/04/0861 392 262  
Email: gauteng@ccma.org.za

**CCMA GAUTENG – Tshwane (Pretoria)**  
Metro Park Building, 351 Schoeman Street  
**PRETORIA**  
Private Bag X176, PRETORIA, 0001  
Tel: (012) 392-9700  
Fax: (012) 392-9702  
Email: Pta@ccma.org.za

**CCMA KWAZULU-NATAL – Durban**  
Embassy Building, 199 Smith Street  
**DURBAN**  
Private Bag X54363, DURBAN, 4000  
Tel: (031) 362-2300  
Fax: (031) 368-7387 / 7407  
Email: KZN@ccma.org.za

**CCMA KWAZULU-NATAL – Pietermaritzburg**  
Gallway House, Gallway Lane  
**PIETERMARITZBURG**  
PO Box 72, PIETERMARITZBURG, 3200  
Tel: (033) 345-9249 / 9271  
Fax: (033) 345-9790  
Email: KZN@ccma.org.za

**CCMA KWAZULU-NATAL – Richards Bay**  
ABSA Building, Lakeview Terrace, Trinidad Parking area  
**RICHARDS BAY**  
Private Bag X1026, RICHARDS BAY, 3900  
Tel: (035) 789-4460/1415; Fax: (035) 789-7148  
Email: KZN@ccma.org.za

**CCMA LIMPOPO**  
CCMA House, 104 Hans van Rensburg Street  
**POLOKWANE**  
Private Bag X9512, POLOKWANE, 0700  
Tel: (015) 297-5010; Fax: (015) 297-1649  
Email: PTB@ccma.org.za

**CCMA MPUMALANGA**  
CCMA House, Diedericks Straet  
**WITBANK**  
Private Bag X7290, WITBANK, 1035  
Tel: (013) 656-2800  
Fax: (013) 656-2885/6  
Email: WTB@ccma.org.za

**CCMA NORTHERN CAPE**  
CCMA House, 5-13 Compound Street  
**KIMBERLEY**  
Private Bag X6100, KIMBERLEY, 8300  
Tel: (053) 831-6780; Fax: (053) 831-5947/8  
Email: KMB@ccma.org.za

**CCMA NORTH WEST – Klerksdorp**  
CCMA House, 47 Siddle Street  
**KLERKSDORP**  
Private Bag X5004, KLERKSDORP, 2570  
Tel: (018) 464-0700; Fax: (018) 462-4126  
Email: KDP@ccma.org.za

**CCMA NORTH WEST – Rustenburg**  
Sanlam Centre, 43-45 Boom Street  
**RUSTENBURG**  
Private Bag X82140, RUSTENBURG, 0300  
Tel: (014) 597 0890  
Fax: (014) 538-2187  
Email: KDP@ccma.org.za

**CCMA WESTERN CAPE – Cape Town**  
CCMA House, 78 Darling Street  
**CAPE TOWN**  
Private Bag X9167, CAPE TOWN, 8000  
Tel: (021) 469-0111; Fax: (021) 465-7193/7  
Email: CTN@ccma.org.za

**CCMA WESTERN CAPE – George**  
62 Cathedral Street, Cathedral Square 2  
**GEORGE**  
Private Bag X6650, GEORGE, 6530  
Tel: (044) 873 2961  
Fax: (044) 873 2906  
Email: CTN@ccma.org.za

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**READ THIS FIRST****OTHER PARTIES**

If more than one party is submitting this form, write down the names and particulars on a separate piece of paper and attach details to this form.

**OTHER INSTRUCTIONS**

A copy of this form must be served on the other party.

Proof that a copy of this form has been served on the other party must be supplied by attaching:

- ☐ A copy of a registered slip from the Post Office;
- ☐ A copy of a signed receipt if hand delivered;
- ☐ A signed statement confirming service by the person delivering the form;
- ☐ A copy of a fax confirmation slip; or
- ☐ Any other satisfactory proof of service.

**NOTE**

Proof of service is not required if all parties have consented to conciliation.

**1. DETAILS OF PARTY MAKING APPLICATION**

Name: Evraz Highveld Steel and Vanadium PTY LTD.

Postal Address: PO Box 111 Witbank Postal Code: 1035

Contact Person: Mr. BJ Zitha

Tel: 013 690 9529 / 9368 Cell: 082 528 4063

Fax: 013 690 9018 Email: [josephz@evrazhighveld.co.za](mailto:josephz@evrazhighveld.co.za)

**2. DETAILS OF THE OTHER PARTY**

Name: National Union Metalworkers of South Africa

Postal Address: PO Box 2822 Postal Code: 1035

Contact Person: Mr. E Nhlapo

Tel: 013 656 6732 / 3 Cell: 078 458 2059

Fax: 013 656 1119 Email: [musawenkosin@numsa.org.za](mailto:musawenkosin@numsa.org.za)

**3. DETAILS OF THE OTHER PARTY**

(IF MORE THAN ONE OTHER PARTY, PROVIDE DETAILS ON A SEPARATE PAGE)

Name: Solidarity

Postal Address: Bureau de Paul, Comoringel, Route N4, Business Park, Ben Fleur

Postal Code: 1040

Contact Person: Cornelius Van Leeuwen

Tel: 013 656 3871 Cell: 082 870 2030

Fax: 013 656 6846 Email: [cornelius@solidariteit.co.za](mailto:cornelius@solidariteit.co.za)

**4. HOW MANY EMPLOYEES DOES THE EMPLOYER EMPLOY?**  
1894 as at 1 October 2015**5. HOW MANY EMPLOYEES HAS THE EMPLOYER DISMISSED FOR OPERATIONAL REQUIREMENTS IN THE PAST 12 MONTHS?**  
216**6. IF SHORT-TIME HAS BEEN IMPLEMENTED, PROVIDE DETAILS OF:**  
Refer to Appendix A: Evraz Highveld Steel TLS Application (Section 5)**7. HOW MANY EMPLOYEES ARE LIKELY TO BE PLACED ON THE TRAINING LAYOFF?**  
1894**8. HOW LONG IS THE TRAINING LAYOFF EXPECTED TO LAST?**  
6 Months

Please turn over

*[Handwritten signatures and initials]*

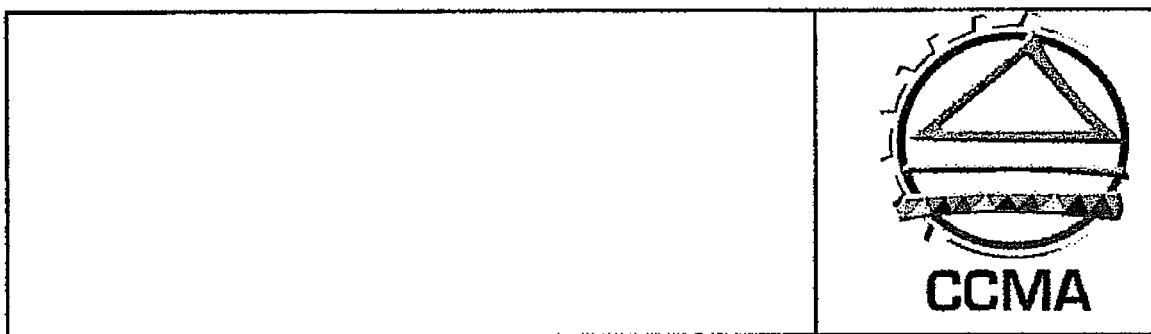
<p>Tick the correct box :</p>	<p>9. SUMMARISE THE FACTS THAT INDICATE THAT THE BUSINESS IS IN DISTRESS AS A RESULT OF ECONOMIC CRISIS:</p> <p><i>Please refer to Appendix A: Evraz Highveld Steel TLS Application</i></p>																					
	<p>10. MOTIVATE WHY PARTICIPATION IN THE TRAINING LAYOFF SCHEME COULD ASSIST THE BUSINESS IN THE SHORT TERM:</p> <p><i>Please refer to Appendix B: Evraz Business Rescue Plan</i></p>																					
	<p>11. IN ORDER TO EVALUATE WHETHER THE BUSINESS IS ELIGIBLE TO PARTICIPATE IN THE TRAINING LAYOFF SCHEME, SUFFICIENT INFORMATION MUST BE PROVIDED TO DEMONSTRATE THAT THE BUSINESS IS IN DISTRESS WHICH MAY INCLUDE THE FOLLOWING:</p> <p><i>Please refer to Appendix C: Evraz Highveld Steel Financial Statements</i></p>																					
	<p>12. <b>SECTOR</b></p> <p>INDICATE THE SECTOR OR SERVICE IN WHICH THE BUSINESS OPERATES.</p> <table border="0"> <tr> <td><input type="checkbox"/> Retail</td> <td><input type="checkbox"/> Private Security</td> <td><input type="checkbox"/> Public Service</td> </tr> <tr> <td><input type="checkbox"/> Distribution</td> <td><input type="checkbox"/> Food &amp; Beverage</td> <td><input type="checkbox"/> Agriculture</td> </tr> <tr> <td><input type="checkbox"/> Wholesale</td> <td><input type="checkbox"/> Building &amp; Construction</td> <td><input type="checkbox"/> Contract Cleaning</td> </tr> <tr> <td><input type="checkbox"/> Media &amp; Television</td> <td><input type="checkbox"/> Mining</td> <td><input checked="" type="checkbox"/> Metal ✓</td> </tr> <tr> <td><input type="checkbox"/> Motor</td> <td><input type="checkbox"/> Services</td> <td><input type="checkbox"/> Paper &amp; Printing</td> </tr> <tr> <td><input type="checkbox"/> Transport</td> <td><input type="checkbox"/> Domestic</td> <td></td> </tr> <tr> <td colspan="3"><input type="checkbox"/> Other (please describe).....</td> </tr> </table>	<input type="checkbox"/> Retail	<input type="checkbox"/> Private Security	<input type="checkbox"/> Public Service	<input type="checkbox"/> Distribution	<input type="checkbox"/> Food & Beverage	<input type="checkbox"/> Agriculture	<input type="checkbox"/> Wholesale	<input type="checkbox"/> Building & Construction	<input type="checkbox"/> Contract Cleaning	<input type="checkbox"/> Media & Television	<input type="checkbox"/> Mining	<input checked="" type="checkbox"/> Metal ✓	<input type="checkbox"/> Motor	<input type="checkbox"/> Services	<input type="checkbox"/> Paper & Printing	<input type="checkbox"/> Transport	<input type="checkbox"/> Domestic		<input type="checkbox"/> Other (please describe).....		
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<input type="checkbox"/> Other (please describe).....																						
<p>13. WHICH SECTOR EDUCATION AND TRAINING AUTHORITY (SETA) DO YOU FALL UNDER?</p> <p><b>MERSETA</b></p>																						
<p>14. WHAT IS YOUR SKILLS DEVELOPMENT LEVY (SDL) NUMBER:</p> <p><b>L480714692</b></p>																						

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**AGREEMENT TO PARTICIPATE  
IN THE TRAINING LAYOFF SCHEME**

Case Number: MP6130/15

Date: 6 October 2015

Commissioner: Glen Cormack

In the matter between:

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)

("Employer")

and

THE NATIONAL UNION OF METALWORKERS OF SOUTH AFRICA

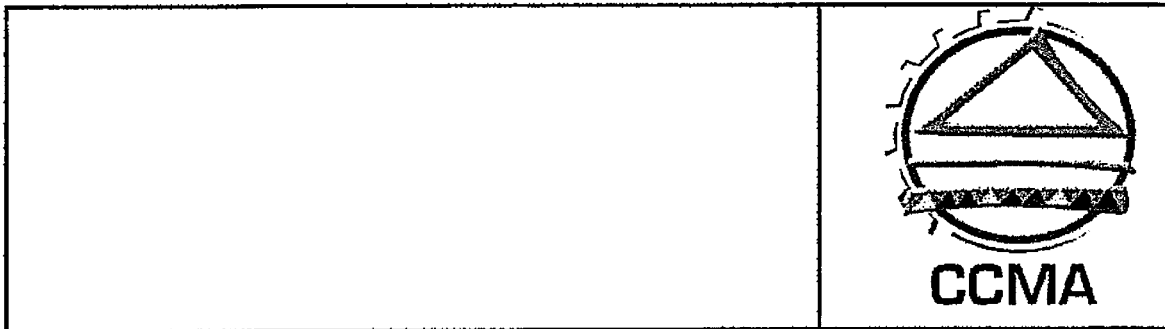
("NUMSA")

and

SOLIDARITY

("Solidarity")

Collectively "the Parties"

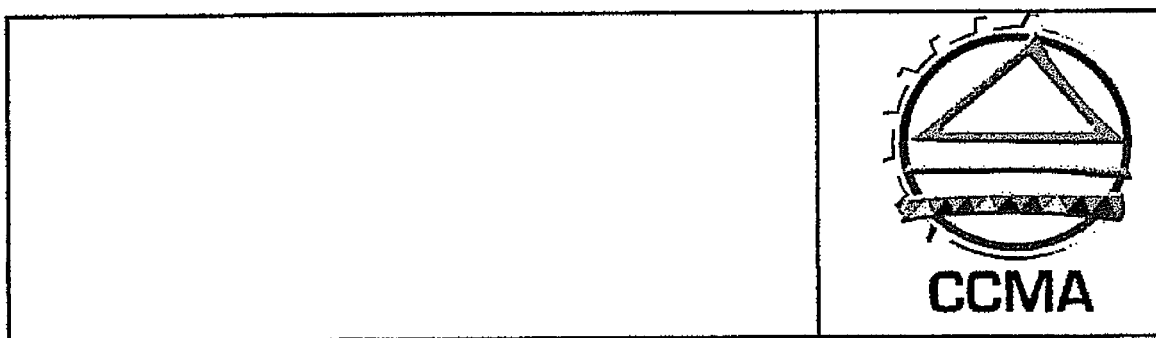


## 1. RECORDAL

- 1.1. The Parties agree to participate in the Training Layoff Scheme ("TLS") on the Terms and Conditions of the TLS, attached as Annexure A hereto. The Terms and Conditions set out in Annexure A shall apply, save to the extent that they have been expressly varied by agreement between the Parties as set out in clause 3 below, and subject to any additional terms and conditions set out in this Agreement.
- 1.2. To the extent that there is any conflict between the Terms and Conditions set out in Annexure A and this Agreement, the provisions of this Agreement shall apply.
- 1.3. This Agreement is a collective agreement in terms of section 23 of the Labour Relations Act 66 of 1995, as amended ("the LRA"), and it is binding on:
  - 1.3.1. The Parties to the agreement;
  - 1.3.2. The members of NUMSA and Solidarity; and
  - 1.3.3. The employees of the Employer that are not members of NUMSA and Solidarity and whose names appear in Annexure B to this Agreement.

## 2. CONDITION PRECEDENT

- 2.1. This Agreement is conditional upon:
  - 2.1.1. the Parties' application for the TLS being approved by the Department of Labour and/or MERSETA and/or any other relevant authority by no later than 30 October 2015 (or on such later date as may be agreed to between the Parties in writing), and
  - 2.1.2. once approved, upon the first payments in terms of the TLS being received by the Employer by no later than 30 November 2015 (or on such later date as may be agreed to between the Parties in writing) and upon payments being continued and made on a monthly basis for the duration of the TLS period referred to in terms of clause 3.3 below, and
  - 2.1.3. MERSETA providing funding in full for the costs of the training as envisaged by the terms of this Agreement for the entire duration of the TLS in terms of clause 3.3 below,
 falling which this Agreement shall lapse and shall be of no force or effect.
- 2.2. Subject to the Parties being able to agree to extend the dates by which the conditions precedent contained in clause 2.1 above must be fulfilled, such conditions precedent may not be waived.



- 2.3. Each of the Parties shall take all steps reasonably available to them to procure the fulfilment of the conditions precedent contained in this clause and each Party undertakes not to frustrate the fulfilment of these conditions precedent.

### 3. GENERAL

- 3.1. Subject to the application for the TLS being approved, the training layoff commences on 1 November 2015 (or any other date as soon as practically possible) ("the Commencement Date") when the training shall commence.
- 3.2. The relevant SETA is MERSETA, the Manufacturing Engineering and Related Services SETA.
- 3.3. The training layoff shall last for a period of 6 (six) months from the Commencement Date.
- 3.4. All of the Employer's employees will participate in the TLS, subject to the provisions of clause 4 below and subject to clause 3.3 of the Terms and Conditions of the TLS attached as Annexure A. For the avoidance of doubt, any reference to a "listed worker" in Annexure A shall therefore be a reference to any of the Employer's employees.
- 3.5. The employer nominates the following person to be responsible for all administrative arrangements relating to training.

Name: Lethabo Mokgale

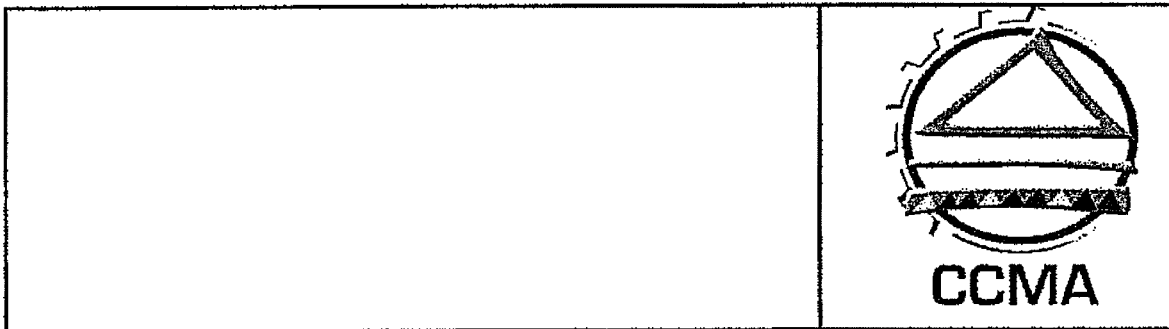
Position: Manager: Continuous Improvement

Location: Evraz Highveld Steel & Vanadium, Emalahleni

Contact Details: 013 690 8723 or 083 229 7041

- 3.6. In addition to paying the basic social benefit package (i.e. disability and death cover, pension/provident funds, unemployment insurance), the employer will make the following payments on behalf of each employee participating in the training layoff:
- 3.6.1. any long service awards that any employee may qualify for in terms of the Employer's policies, during the Training Layoff Scheme; and
- 3.6.2. certain employees will receive their ordinary remuneration for shifts they may be required to work during the Training Layoff Scheme, as detailed more fully in terms of clause 4 below.
- 3.7. The Employer will pay both the employee and employer contribution in respect of pension/provident fund payments on behalf of the employees and the employee contribution will not be deducted from the training allowance which the employee will receive in terms of the TLS.
- 3.8. Every employee must report for duty at their normal place of work and at the starting time that the employee is normally expected to commence work on the first working day after the completion of the training layoff.
- 3.9. The Parties agree that the facilitated consultation process in terms of section 189A of the LRA in which this Agreement was concluded is extended from the date of signature of this Agreement until the application for the

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TLS is approved and for the duration of the period of the lay-off. The Parties further agree that they shall continue to engage in consultations in good faith in terms of section 189 of the LRA from the date of signature of this Agreement and during the TLS until consultation on all issues in terms of section 189(3) of the LRA has been exhausted. The parties shall use their best endeavors to participate in meaningful consultation and to reach agreement on such issues and/or exhaust consultation on these issues during this period. The Employer will not, however, retrench any employees for the duration of the TLS.

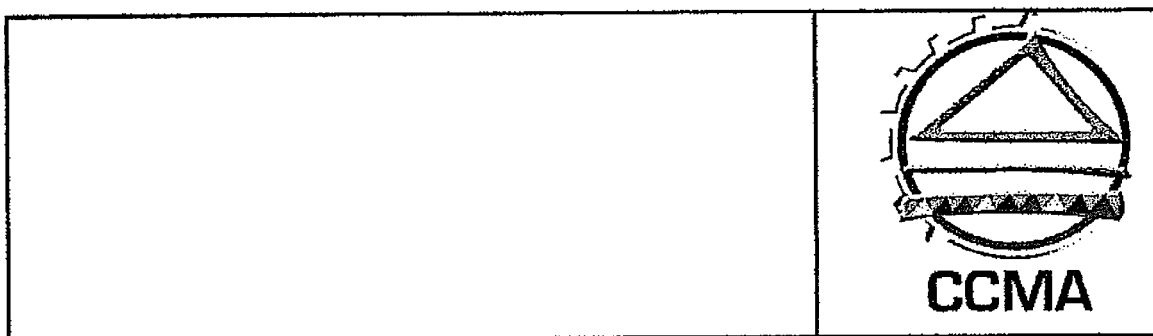
- 3.10. The TLS does not preclude the termination of any employee's employment for any other lawful or fair reason (including, but not limited to, the Employer going into liquidation, misconduct, incapacity, by mutual agreement and/or based on an employee's resignation).
- 3.11. In the event that any employee resigns or is dismissed during the TLS, and is entitled to receive payment *in lieu* of notice, such notice pay will be calculated on the basis of the training allowance and/or remuneration that the employee would have received for the notice period in terms of the TLS.
- 3.12. The Terms and Conditions of the TLS (Annexure A) are attached and form part of this Agreement, to the extent that it has not been expressly varied by the Parties in terms of this Agreement.

#### 4. TERMS AND CONDITIONS OF THE TRAINING LAYOFF SCHEME

- 4.1. The terms of this Agreement and specifically the content of this clause 4 below are solely for the purposes of the Application to Participate in the TLS and are in their entirety subject to further consultation between the Parties. To the extent that any of the Parties wish to amend any of the terms of clause 4 below during such consultations, and agreement cannot be reached on such amendments, any individual Party can give the other Parties 7 (seven) calendar days' written notice cancelling this Agreement, in which event this Agreement shall, on expiry of the aforesaid notice period, lapse and shall be of no force and effect unless an agreement to amend the terms of this clause 4 can be reached during the aforesaid notice period. In such event the rights and obligations of the Parties will be regulated by the provisions of the LRA, with specific reference to Sections 189 and 189A thereof, and to the extent applicable also by the provisions of the Companies Act. Based upon the aforesaid express understanding the parties agree on the following:

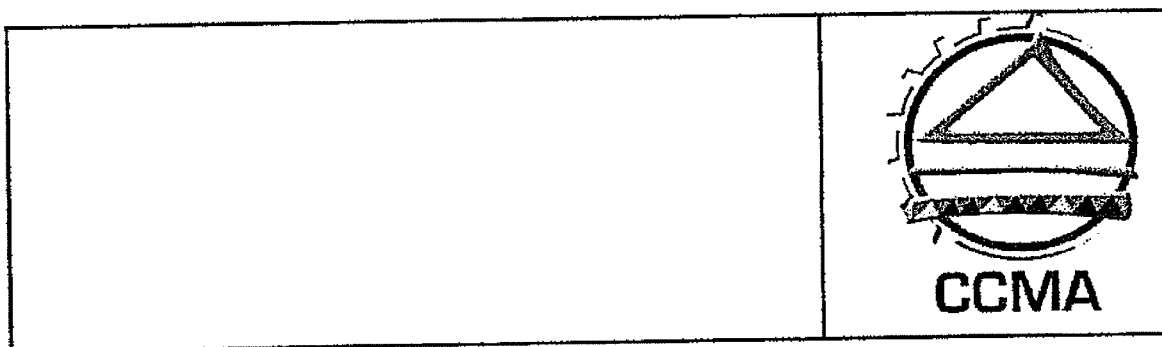
- 4.1.1. Certain employees will be on a hundred percent training layoff whilst other employees will be on a partial training layoff for the duration of the TLS.
- 4.1.2. The Parties agree that, solely for the purposes of this Agreement, the employees that are on a hundred percent training layoff and the employees that are only on a partial training layoff will be identified based on the structure for the Curtailed Operating Mode ("COM") proposed by the Employer in terms of the section 189 process.
- 4.1.3. In this regard, the following definitions shall apply:
- 4.1.3.1. "Group X Employees" means the employees who are selected by the Employer (in accordance with the selection criteria of last in first out subject to skills, qualifications and experience) to occupy the positions in the COM and who are on a partial training layoff; and





- 4.1.3.2. "Group Y Employees" means the employees who are not selected by the Employer (in accordance with the selection criteria of last in first out subject to skills, qualifications and experience), to occupy the positions in the COM and who are on a hundred percent layoff.
- 4.1.4. The Group X Employees and Group Y Employees are set out in Annexure C to this Agreement.
- 4.1.5. On implementation of the TLS, the Group X Employees will be required to work certain shifts, based on the Employer's operational needs and in accordance with a shift roster determined by the Employer from time to time. Group X Employees will be notified of the shifts they are required to work on a monthly basis. When Group X Employees are not required to work, they will attend training in terms of the TLS.
- 4.1.6. Whilst the Employer acknowledges that it is required to release its employees from their normal employment to attend the training, the Employer reserves the right to determine, in its sole and absolute discretion, the extent of the Group X Employees' participation in training, for the purposes of the TLS, subject to the Employer's operational needs.
- 4.1.7. The Employer will be liable to pay to any Group X Employee his/her normal remuneration for any shifts worked during the TLS.
- 4.1.8. The Group X Employees will not receive the full 75% training allowance and will only receive a training allowance proportional to the training they attend.
- 4.1.9. In accordance with clause 6.2 of the Terms and Conditions contained in Annexure A to this Agreement, if any employee does not attend training on a day on which they were required to, they will forfeit their training allowance for that day. This shall apply to both Group X Employees and Group Y Employees.
- 4.1.10. The National Skills Fund, the Unemployment Insurance Fund and/or relevant MERSETA, shall pay the training allowances to the Employer.
- 4.1.11. The Employer will then, upon receipt of the training allowance, pay to the Group X Employees and Group Y Employees their training allowance in accordance with the provisions of this Agreement. No payment shall be made to the employees of their training allowances until the payments have been received by the Employer.
- 4.1.12. In the event of termination of this Agreement, prior to the conclusion of the period of the TLS referred to in terms of clause 3.3 above, the Employer will not be liable to refund any portion of the training allowance that may have already been paid to it and/or paid over to the employees.
- 4.1.13. For the duration of the TLS, the employees' annual leave can be accumulated to a maximum of 40 (forty) days in accordance with the Employer's policy in this regard.
- 4.1.14. The Employer may terminate this Agreement on 2 (two) weeks' written notice only in the event that the reason for such termination is that it requires all employees to work in order to resume production.
- 4.1.15. At the end of the period of the TLS in terms of clause 3.3 above, or on termination of this Agreement, whichever occurs earlier, the Employer will reassess its operational requirements and, inter alia, consider whether the COM still meets its operational requirements at that time.

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4.1.16. If any employee at any stage during the period of the TLS indicates in writing that he or she no longer wishes to participate in the TLS, in addition to losing the entitlement to the training allowance in accordance with clause 3.3 of the Terms and Conditions set out in Annexure A to this Agreement, such employee will remain on a hundred percent layoff (or on a partial layoff if the employee concerned is a Group X Employee). Such employee will not be entitled to work or to receive any remuneration (unless the employee is a Group X Employee in which case the employee will only be entitled to work and be remunerated in accordance with the provisions of clauses 4.1.5 to 4.1.7 above) for the remainder of the period of the TLS.

## 5. TRAINING

5.1. The Parties shall, as soon as reasonably possible after the conclusion of this Agreement, prepare a training implementation plan which will set out the type of training which will be provided by MERSETA in terms of the TLS. The training implementation plan will then be delivered to MERSETA for costing purposes.

5.2. The costs of the training shall be borne by MERSETA in full.

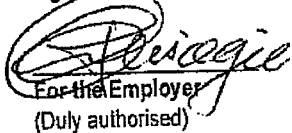
## 6. EXTENSION OF THIS AGREEMENT

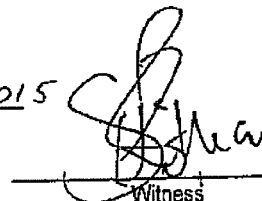
This Agreement shall, by virtue of the provisions of section 23(1)(d) of the LRA, bind all employees of the Employer whether or not they are members of NUMSA and Solidarity, as NUMSA and Solidarity have as its members the majority of employees employed at the workplace.

## 7. WHOLE AGREEMENT

This Agreement constitutes the entire Agreement between the parties and no variation of this Agreement shall be binding unless the variation is reduced to writing and signed by the parties.

Signed and dated at WITBANK this 6TH day of OCTOBER 2015

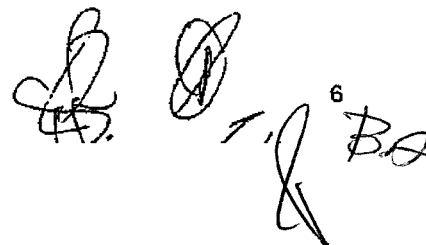
  
For the Employer  
(Duly authorised)

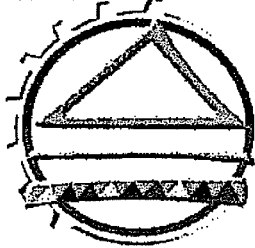
  
Witness

Signed and dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

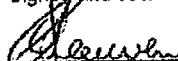
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For NUMSA  
(Duly authorised)

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Witness

  
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	 <b>CCMA</b>
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Signed and dated at WITBANK this 6TH day of OCTOBER 2015.

  
 For Solidarity  
 (Duly authorised)

  
 Witness

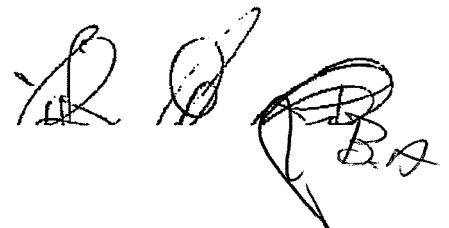
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# Terms and Conditions of Training Layoff Scheme

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## 1 Purpose and interpretation of training layoff agreement

- 1.1 This document sets out the terms and conditions that apply to a training layoff agreement concluded to allow employers and workers to participate in a training layoff scheme as an alternative to retrenchment.
- 1.2 In order to be eligible to participate in the training layoff scheme
  - 1.2.1 the employer must –
    - 1.2.1.1. be in distress or facing distress;
    - 1.2.1.2. be contemplating the retrenchment of workers;
    - 1.2.1.3. have the potential of becoming sustainable through short term relief;
    - 1.2.1.4. be compliant with its statutory obligations.
  - 1.2.2 the workers must –
    - 1.2.2.1. be at risk of being retrenched by the employer; or
    - 1.2.2.2. be subject, or likely to be subject, to reduced working hours or income reduction.
- 1.3 The training layoff agreement is not a settlement agreement as contemplated in the Labour Relations Act, 66 of 1995 and may not be made an arbitration award in terms of section 142A or an order of the Labour Court in terms of section 158(1)(c) of the said Act.



**Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011**

- 1.4 If the training layoff agreement is signed by a trade union on behalf of the workers, the agreement is a collective agreement as contemplated in the Labour Relations Act, 66 of 1995.
- 1.5 The training layoff agreement must be interpreted with due regard to the Framework for South Africa's Response to the International Economic Crisis, the Guide to the Training Layoff Scheme, as revised, and the Training Layoff Implementation Guide issued by the Department of Labour.
- 1.6 This document is incorporated into the Training Layoff Agreement, except to the extent that it has been expressly varied in writing and signed by the consenting parties, in a manner consistent with the documents referred to in clause 1.5.
- 1.7 Subject to clause 1.6, any reference to the Training Layoff Agreement includes a reference to this document.
- 1.8 If the implementation of the layoff scheme would breach any provision of a bargaining council collective agreement or sectoral determination binding on the parties to this agreement, the employer must within 3 working days from the signing of the agreement, apply to the relevant authority for exemption and submit a copy of the application to the Regional Offices of the CCMA.
- 1.9 For purposes of calculating a worker's remuneration and the training allowance claimed, regard must be had to the worker's remuneration in the preceding tax year calculated in terms of the Unemployment Insurance Contributions Act, 4 of 2002.

**2 Employer's rights and obligations during training lay-off**

During the period of the training layoff, the employer –

- 2.1 is not required to pay any remuneration to the listed workers, except as provided for in the training lay-off agreement;

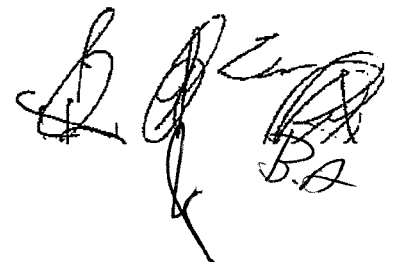
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Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

- 2.2 must release the workers on lay-off from their normal employment functions and allow them to attend the training agreed upon;
- 2.3 must pay all contributions (i.e. both the employer's and the workers' contribution) of the basic social security package to which the workers are entitled at the time of the commencement of the training layoff scheme;
- 2.4 must ensure that an accurate record of attendance by workers participating in the training is maintained;
- 2.5 must submit a certified copy of the attendance register to the relevant SETA on a weekly basis;
- 2.6 must keep the original attendance record and allow them to be inspected by a representative of the relevant SETA.

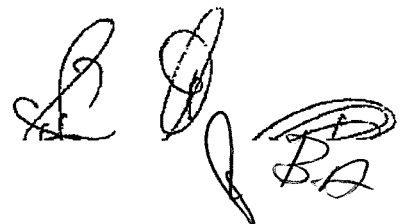
**3 Workers' rights and obligations during training lay-off**

- 3.1 During the period of the training lay-off, the listed workers –
  - 3.1.1 remain in the employment of the employer but are not entitled to receive their normal remuneration;
  - 3.1.2 will receive, if they are on full lay-off, an allowance equal to 75% of the worker's basic wage, subject to a maximum allowance of R9358.00 per month.
  - 3.1.3 will receive, if they are on short-time, a proportionate allowance as specified in the Agreement;
  - 3.1.4 must participate in training at the time and place agreed by the parties, or when training is available, and sign an attendance register at least once a day;
  - 3.1.5 must complete the training agreed upon within the specified time; and undergo any assessment associated with the training;



Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

- 3.1.6 will receive their basic social security package (the employer will pay all contributions) for the duration of the training layoff period;
  - 3.1.7 will only receive additional social security benefits, by agreement between the parties;
  - 3.1.8 may not be retrenched whilst participating in the training layoff scheme; and
  - 3.1.9 remain entitled to receive board and occupy accommodation that are provided in terms of their contract of employment.
- 3.2 Participation in the training lay-off does not interrupt the continuity of service of the listed workers and for the purposes of determining their length of service for any purpose, including the calculation of severance pay in terms of the Basic Conditions of Employment Act, 75 of 1997 or any agreement, the workers are deemed to have been employed on their normal terms and conditions of employment during the period of the training lay-off.
- 3.3 A listed worker who at any stage during the training layoff period communicates that he or she no longer wishes to participate in the training layoff scheme, loses the benefit of the training layoff agreement and is not entitled to be paid the training allowance from the date he or she ceases to participate in the scheme.
- 3.4 An worker who resigns during the training layoff period –
- 3.4.1 must be treated in accordance with his or her terms and conditions of employment, read with the provisions of the training layoff agreement to the extent that they are applicable to the worker;
  - 3.4.2 will not be entitled to receive the training layoff allowance after the date on which the resignation takes effect.

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## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

**4 Payment of allowance and deductions**

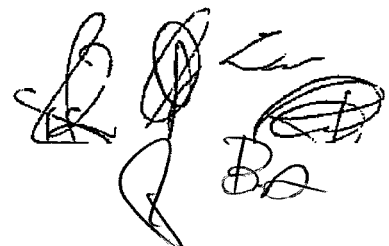
- 4.1 The worker will be paid the allowance in a manner specified in the agreement between the SETA and the employer.
- 4.2 No deductions may be made from the workers' allowances unless permitted in terms of the agreement or required in terms of any law or by an order of Court.
- 4.3 The Agreement may authorise the deduction from the allowance of a listed worker's contribution to additional social security benefits (i.e. those social security benefits that do not form part of the basic social security benefits package).

**5 Transfer of business as a going concern**

If a transfer contemplated in section 197 of the Labour Relations Act, No 66 of 1995, occurs during the training layoff period, the rights and obligations in terms of the training layoff agreement are transferred to the new employer in terms of section 197 and the employer must give a copy of the training layoff agreement to the new employer.

**6 Discipline during the training layoff period**

- 6.1 The disciplinary rules and procedures applicable to the parties at the commencement of the training layoff period apply during the training layoff period to the extent that they are appropriate.
- 6.2 Failure by a worker to attend training does not constitute a disciplinary offence. However, workers are not entitled to receive the allowance for any day on which they do not attend training, unless they qualify for payment on that day as provided for in this agreement.
- 6.3 The time periods of any warnings issued to workers on lay-off prior to the commencement of the training layoff period do not run during the training layoff period.





## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

**7 Paid Leave**

7.1 A worker's entitlement to annual leave, paid sick leave, family responsibility leave, maternity leave (as well as any other form of leave that the worker is entitled to in terms of any agreement) -

7.1.1 that has accrued to the worker prior to the commencement of the training lay-off remains to the credit of the worker;

7.1.2 continues to accrue to the worker during the training lay-off as if the worker was working.

7.2 A worker who on account of sickness or injury is absent from training will be entitled to receive paid sick leave at the level of the training allowance if the worker would have received paid sick leave had they been working. The normal rules concerning proof of incapacity apply.

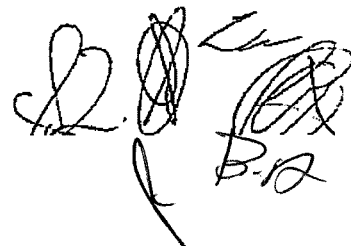
7.3 A worker who takes annual leave or family responsibility leave during the training lay-off will be paid the training allowance during any period of leave taken. For the purposes of calculating the worker's entitlement to family responsibility leave, the worker will be considered to have taken half of the period of family responsibility leave taken during the layoff.

7.4 A worker who commences maternity leave during the period of the training lay-off must be treated for all purposes as if she was working when her maternity leave commences.

7.5 If a public holiday falls on a day on which the workers would otherwise receive training, the workers will receive their training allowance for that day.

**8 Dispute resolution process**

8.1 If the training layoff agreement is a collective agreement and there is a dispute about the interpretation and application of the agreement, any party to the dispute may refer the dispute to the CCMA for conciliation

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Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

and arbitration in terms of section 24 of the Labour Relations Act, No 66 of 1995.

8.2 If the training layoff agreement is not a collective agreement and there is a dispute about the interpretation and application of the agreement, the parties agree –

8.2.1 that the CCMA may appoint a commissioner to conciliate the dispute; and

8.2.2 to comply with any award made by the commissioner in terms of section 135(3)(c) of the Labour Relations Act, 66 of 1995.

8.3 The parties agree that any dispute in terms of or arising out of the implementation of the training layoff agreement may be set down by the CCMA on short notice on a date to be arranged with the parties, provided that the parties will avail themselves for conciliation, mediation and arbitration, if necessary, of the dispute within seven (7) days from the date of the referral.

**9 Further consultation or facilitation**

The conclusion of this Agreement does not prevent the initiation or continuation of any consultation in terms of section 189 or any facilitation in terms of section 189A of the Labour Relations Act, No 66 of 1995 in respect of the listed workers during the period of the training layoff.

**10 Assistance by CCMA**

The parties may, by agreement, request the CCMA to appoint a commissioner to assist the parties by conciliation during any other process which may give rise to the retrenchment of workers participating in or coming out of a training layoff scheme. The parties agree that if the training layoff agreement does not comply with all the requirements, further facilitation or conciliation may take place to ensure compliance.

Handwritten signatures and initials, including a large signature on the left and initials 'B/A' on the right.

## Annexure A: Terms and Conditions of Training Layoff Scheme – June 2011

**11 Monitoring and reporting**

If requested and unless protected by law<sup>1</sup>, the parties will provide any information relevant to monitor the progress and success of the training layoff scheme to the CCMA, the SETA and the National Skills Fund, which may include the financial position of the employer, payroll reports, proof of compliance with statutory and agreed obligations, attendance records and the effect which the training layoff scheme has on the employer and the workers participating in the scheme.

**12 Definitions**

Unless otherwise indicated in the agreement any word or phrase used in this document has the same meaning as in the Labour Relations Act, No 66 of 1995 or the Basic Conditions of Employment Act, No 75 of 1997 and -

12.1 “Agreement” means the training layoff agreement and includes the list of workers annexed to the Agreement and this document;

12.2 “basic wage” is the wage or salary an worker receives for their ordinary hours of work and regular contractual overtime;

12.3 “basic social security package” means –

- (i) the employer and worker contributions to the Unemployment Insurance Fund calculated on the basis of the training allowance;
- (ii) contributions provided for in the workers’ contract of employment to death and disability cover;
- (iii) contributions provided for in the workers’ contract of employment to a pension or provident fund;

12.4 “listed workers” means the workers on layoff listed in terms of the Agreement.

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<sup>1</sup> Information which is confidential or privileged.

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Matuson & Associates

**Attention : P Marsden**

cc: L Field (ENS Africa)  
G Oertel (ENS Africa)

Our Reference JCA Jones  
Account Number 20152604  
Your Reference  
Direct Line (011) 562-1189  
Direct Telefax (011) 562-1662  
Direct e-mail julian.jones@cdhlegal.com  
Date 23 September 2015

Dear Piers

**EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)**

- 1 We refer to our letter of 2 September 2015 as well as the second correspondence which was sent to you on Monday, 21 September 2015. In our letter of 2 September 2015, we reminded you of your obligation to give written notice of the appraisal and valuation of the creditors' claim and voting interest at least 15 (fifteen) business days before the date of the meeting to be convened in terms of Section 151 of the Companies Act. Please confirm whether the aforesaid notice was circulated to all creditors.
- 2 The proposed business rescue plan is silent on the voting interest of creditors and we have not received a formal notice of the appraisal and valuation of EMAG's claim and voting interest. We have since received confirmation from your offices that EMAG's voting interest will be calculated as per the amount outstanding and reflected on the claim form. The exact calculation has however not been furnished to us.
- 3 You will no doubt be aware that on receipt of the aforesaid notice, a creditor may apply to court within 5 (five) days to review the practitioner's appraisal and valuation of its voting interest. You will appreciate that there are less than 5 (five) business days left before the proposed meeting

CHAIRMAN AW Pretorius CHIEF EXECUTIVE OFFICER B Williams CHIEF FINANCIAL OFFICER ES Burger

**DIRECTORS:** JOHANNESBURG A Abro N Altini JA Aukema CD Baird CA Barclay R Beerman E Bester P Bhagattjee R Bonnet CJ Botes TE Brincker IH Burger CWJ Charter M Chenia CJ Daniel EF Dempster S de Vries ML du Preez L Erasmus BV Faber JJ Feris TS Fletcher L França TG Fuhrmann F Gatto MZ Gatto S Gill SB Gore J Govender AJ Hofmeyr Q Honey WH Jacobs WH Janse van Rensburg CM Jesseman JCA Jones TTM Kali J King Y Kleitman LJ Kruger J Latsky AM le Grange FE Leppan\* AG Lewis BC Maasdorp Z Malinga G Masina HW Mennen B Meyer WJ Midgley R Moodley MG Mphahudi GL Noeth BP O'Connor N Parbhoo A Patel JS Pennington GH Pienaar V Pillay DB Pinnock AM Potgieter AW Pretorius AG Reid M Serfontein P Singh-Dhulam NTY Siwendu WHH Thyne D Vallabh HR van der Merwe JJ van Dyk WPS van Wyk NJ van Ey JG Webber MF Whitaker JG Whittle DA Wilken B Williams LD Wilson JM Witts-Hewinson MP Yeates

**DIRECTORS:** CAPE TOWN AC Alexander RD Barendse TJ Brewis MA Bromley MR Collins HC Dagut A de Lange LF Egypt GT Ford S Franks DF Fyfer SAP Gie JW Green AJ Hannie AM Heiberg PB Hesseling CI Hindley RC Horn S Immelman JH Jacobs R Jaga A Karim IJ Lessing GC Lumb RE Marcus SI Meyer A Moolman NW Muller J Neser FT Newham G Orrie<sup>3</sup> CH Pienaar L Rhodie MB Rodgers BT Rubinstein BPA Strauss DM Thompson CW Williams TJ Winstanley

**EXECUTIVE CONSULTANTS:** HS Coetzee PJ Conradie HS Jackson MB Jackson

**CONSULTANTS:** A Abercrombie JMA Evenhuis<sup>2</sup> CH Ewing EJ Kingdon FF Kolbe

**SENIOR ASSOCIATES:** F Ameir-Mia G Barkhuizen-Barbosa MA Bobat B Brown L Brunton K Caddy E Chang NS Comte J de Vos YM Dockrat L Engelbrecht T Erasmus TV Erasmus P Jani<sup>1</sup> T Jordaan KJ Keanly JA Krige H Laing CJ Lewis HJ Louw NS Mbambisa N Mchunu N Mia T Moodley CP Muller DJ Naidoo AP Pillay KS Plots B Pollastini NA Preston JR Ripley-Evans LJ Salt BJ Scriba T Suliman FJ Terblanche T Tosen M Treurnicht R Valayathum M van Zweel MF Ward NI Zwane

**CLIFFE DEKKER HOFMEYR SERVICES PROPRIETARY LIMITED DIRECTORS:** ES Burger JA Cassette Z Omar\* R van Eeden MF Whitaker B Williams

\*British \*Canadian \*Dutch \*Zimbabwean <sup>3</sup>Cape Town Managing Partner

*[Handwritten signature]*

in terms of Section 151 of the Companies Act. We are instructed to therefore request, which we hereby do, that you furnish us with a written notice setting out:

- 3.1 Your determination and reasoning as to the status of EMAG as a not-independent creditor; and
- 3.2 The calculation and valuation of EMAG's voting interest.

Please ensure to furnish us with a copy of the abovementioned notification by close of business today.

Yours sincerely

  
**JULIAN JONES**  
**CLIFFE DEKKER HOFMEYR INC**  
9519881v1



"AA21"

**ENSafrica**

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DLA Cliffe Dekker Hofmeyr  
Attention: Julian Jones  
By email: julian.jones@dlacdh.com

G Oertel / L Field our ref

J Jones/20152604 your ref  
25 September 2015 date

Dear Sirs

**RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")**

1. We refer to your letter of 23 September 2015.
2. As advised in our letter of 2 September 2015, the appraisal and valuation of claims are only required in circumstances when a concurrent creditor's claim would be subordinated in a liquidation (we again refer you to section 145(5)(b), as read with section 145(4)(b), of the Companies Act, 71 of 2008 ("the Companies Act")). Our clients accordingly did not have to furnish EMAG with an appraisal and valuation of its claim.
3. We confirm that EMAG's voting interest will be equivalent to the claim amount reflected on its claim form, as contemplated in section 145(4)(a) of the Companies Act. The same will apply for all of the other creditors reflected in annexure B to the business rescue plan, provided that there is no material difference between Highveld's records and the claim amount reflected on the respective creditor's claim form. Furthermore, there is the possibility that further creditors lodge their claims on the day of the meeting. Based on annexure B to the plan and on the creditors listed therein (and subject to what is stated in this paragraph) EMAG will have a voting percentage of approximately 32%.
4. In regard to the determination and reasoning as to the status of EMAG as a non-independent creditor, and as confirmed in our telecon on 23 September 2015, we will furnish you with same under cover of a separate email.
5. Please advise if you have received the resolutions / proxies from your respective clients.

Yours faithfully

**EDWARD NATHAN SONNENBERGS INC.**

Per:

  
**LETITIA FIELD**



"AA22"

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Düsseldorf  
Frankfurt/Main  
Geneva  
Istanbul  
Jeddah\*  
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Miami  
New York  
Palo Alto  
San Francisco  
Toronto  
Washington, DC

\* Associated Firm  
\*\* In cooperation with  
Trench, Rossi & Watanabe  
Advogados

14 October 2015

Piers Marsden  
Joint Business Rescue Practitioner  
Matuson Associates

Daniel Terblanche  
Joint Business Rescue Practitioner  
Mazars

Attention: Piers Marsden / Daniel Terblanche

Dear Piers, Daniel,

# **BUSINESS RESCUE PROCEEDINGS / EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED / PROPOSED BUSINESS RESCUE PLAN**

1. We refer to the adjourned meeting of creditors held yesterday, Tuesday, 13 October 2015. Our clients hold certain material concerns in regard to the manner in which the voting process on the business rescue plan was conducted as well as the outcome, as announced, on which your urgent response is required.
2. Annexure B to the business rescue plan for Evraz Highveld Steel and Vanadium Limited ("the Plan") confirms that East Metals AG ("EMAG") has submitted a claim of R378 838 480.27 while recording that you do not consider it an independent creditor.
3. On 25 September 2015, your attorneys, ENSAfrica, confirmed that according to annexure B to the Plan, EMAG would "have a voting percentage of approximately 32%" (as clearly calculated against a schedule of accepted creditors' claims aggregating R1 176 335.76), subject to the caveat that further creditors may submit additional claims, which could affect EMAG's voting interest.
4. Our clients are unaware of any further significant claims against Evraz Highveld or major creditors beyond those already reflected in annexure B. Please provide us by return with a schedule of any and all additional creditors' claims accepted by yourselves post 25 September 2015, reflecting:
  - 4.1. the identity of such ostensible creditors; and

Our ref: G Rudolph/CO/BM  
Your ref: D Terblanche/PM Marsden  
By email  
pmarsden@matusonassociates.com

By email  
daniel.terblanche@mazars.co.za

Du Plessis, Van der Merwe Inc. (Registration number 2012/047447/21)

**Directors**

BERNSTEIN, Darryl  
CHETTY, Vanl  
DANIELS, Kate  
DU PLESSIS, Wilko  
JANSE VAN RENSBURG, Mike

RUDOLPH, Gerhard  
STOLP, Jennifer  
VAN DER MERWE, Morris  
WHYTE, Kieran

**Counsel**  
PREISS, Mark

4.2. the nature and value of their claims.

5. As you are aware, section 152(2) of the Companies Act, No. 71 of 2008 ("the Act") provides that -

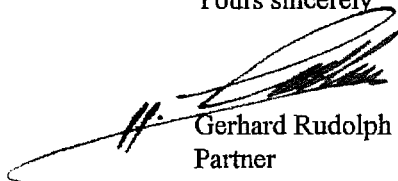
*"In a vote called in terms of subsection (1)(e), the proposed business rescue plan will be approved on a preliminary basis if-*

*(a) it was supported by the holders of more than 75% of the creditors' voting interest that were voted; and*

*(b) the votes in support of the proposed plan included at least 50% of the independent creditors' voting interests, if any, that were voted."*

6. As you know, EMAG voted against the adoption of the Plan. Assuming that the list of creditors reflected in annexure B to the Plan remained substantially unaltered it is simply not possible for you to have mustered the requisite 75% support without EMAG having voted in favour of the Plan. In terms of your SENS announcement yesterday you confirm that the Plan had been adopted at the meeting. You also record the intention to publish "the final numbers of the creditors" later on the same day. This has not happened however.
7. We look forward to receiving your urgent and detailed explanation by close of business today, 14 October 2015.
8. Pending your response on the voting issue, we also wish to record our client's concern in regard to the manner and form of the voting ballot, having due regard to the three distinct, alternative proposals identified in the Plan. In our clients' view it was incumbent on you to facilitate a vote on each distinct proposal, as opposed to compelling a binary process on rejection or acceptance of the Plan without any regard for creditors' preference. Again we invite your urgent commentary in this regard, our client's position being reserved in anticipation of your response.

Yours sincerely



Gerhard Rudolph  
Partner

011 911 4370  
gerhard.rudolph@bakermckenzie.com

cc

Gary Oertel  
ENS Africa  
By email: goertel@ensafrica.com



BAKER & MCKENZIE

Letitia Field  
ENS Africa  
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BA