NAMDEB
ON DIAMONDS WE BUILD

BRIEFING GROUP : ALL EMPLOYEES
LOCATION : MINE-WIDE
FROM : GENERAL MANAGER
DATE : 14 AUGUST 2014
SPECIAL BRIEF : WAGE NEGOTIATIONS UPDATE

Today we enter day thirteen of the industrial action (strike). It is a situation that has severe negative impact on employees, the company, our shareholders and our community. The cost of the strike per day for Namdeb is approximately N$10 million. Government loses N$6 million per day by way of taxes and royalties. Employees on strike are losing roughly 2% of their annual income every week. So by the end of this week, striking employees will have lost 4% of their income for 2014. It is therefore extremely important that we come to an agreement soonest so that normal work can commence and that workers can be paid.

In an effort to resolve the deadlock, the company has tabled a revised offer which is outlined below. It is a three-year wage offer; which is vitally important for the company to provide all of us better clarity and certainty for the next three years. Considering various factors, including the disruptive nature of annual wage negotiations, the company prefers a 3 year wage agreement. The three-year wage deal provides an opportunity for us to rebuild our strained industrial relations and focus on plans to strengthen our sustainability as we move towards 2050. This update provides clarity on the company's position.

Three year option

In the event that the parties are able to conclude a 3-year substantive wage agreement, both parties have the assurance that the next three years will be a period of industrial relation harmony, thereby paving the way for business improvement, sustainability of the operation and provision of jobs. Only in the event that the Union is prepared to enter into a three year agreement, the company's offer is as follows:

Issue	2014	2015	2016
Basic Wage	9.5%	7.5%	7.5%
Medical Aid Contributions	80% Company: 20% Employees, valid for a period of 1 year.	Revised scheme to be in place by this date	Revised scheme to be in place by this date
Housing Allowance	14%	CPI+1% Increase.	CPI+1% Increase.
Full time Shop steward Personal to Holder Allowance (PTH)	Payment at a maximum of C3 inclusive of the full time Safety representative	Payment at a maximum of C3 inclusive of the full time Safety representative	Payment at a maximum of C3 inclusive of the full time Safety representative

The Union has rejected this offer; which is most regrettable. The company continues to appeal to the MUN to accept this offer as a win-win deal for its members and in the long-term interest of Namdeb and Namibia at large. In the event that the Union is only prepared to enter into a one year agreement the company's position is as follows:

One year option

Issue	Company Position
Basic Wage	A-Band - 8.5% B-Band - 8% C1,C2,C3 -Band - 7.5%
Medical Aid Contributions	60%:40% (Remains unchanged)
Housing Allowance	8.5%
School Subsidy	Not negotiated.
Full time Shop steward Personal to Holder Allowance (PTH)	Payment at a maximum of C3 inclusive of the full time Safety representative

The Company's offer on basic wage is very competitive and is in line with mining industry settlements which ranges between 5% – 8%.

We urge you to consider the company's offers explained above and give your input to your Union representatives.

We will keep you informed of further progress.

Riaan Burger