

## FREQUENTLY ASKED QUESTIONS (FAQS) FOR EMPLOYEES

This document is for information purposes only and is not legislated by the Companies Act 71 of 2008.

BUSINESS RESCUE	
What is business rescue?	A business rescue entails the temporary supervision of the company and the management of its affairs, business, and property.
What is the objective of the business rescue?	The objective is for the business rescue practitioner to develop a plan to restructure the company's affairs in a manner that maximises the likelihood of its existence or, if not possible, results in a better return for creditors and shareholders than immediate liquidation of the company.
Why business rescue over liquidation?	A business rescue may offer various advantages over a liquidation including but not limited to the following: <ol style="list-style-type: none"><li>1. Continued trading with salaries being paid to employees during business rescue compared to a liquidation, where trading stops immediately.</li><li>2. Continued employment for employees, albeit they may be offered revised terms of employment, and in liquidation this is not provided.</li><li>3. Employees' pay-outs during a liquidation are capped at R32 000, but in a business rescue, employees will be entitled to a retrenchment package as per the Labour Act</li></ol>
HOW ARE EMPLOYEES AFFECTED DURING THE BUSINESS RESCUE?	
How long will I still be employed for?	All employment contracts in place at the time a company commence with business rescue proceedings remain valid. This includes the terms and conditions of employment.
Does my current working structure change?	Your current working structure will remain unchanged. Any changes to your working structure will be communicated to you by your line manager.
Will my salary/wages be paid on time?	Your monthly/weekly payment is still the same. Any changes will be communicated to you timeously.
Are there any changes to my allowances and advances?	The payment of allowances and advances remains unchanged. Any changes will be communicated to you timeously.

<p>Will PAYE, UIF, SDL, medical aid, pension, garnishee, funeral cover and any other 3<sup>rd</sup> party payments be paid?</p>	<p>There is an obligation on the company to pay it over to the third parties. As long as the company deducted the amount from your salary, the company is responsible and liable to pay these amounts.</p>
<p>Where do I get my IRP5?</p>	<p>There are no changes to the current process.</p>
<p>What changes should I as an employee anticipate during business rescue proceedings?</p>	<p>It is important for all employees to be mindful of the following for any company which commence business rescue proceedings:</p> <ol style="list-style-type: none"> <li>1. The primary cause for a company going to business rescue is its inability to pay its debts as they fall due, hence the moratorium on the payment of creditors.</li> <li>2. Employees may also be owed monies for any unpaid or partially paid salaries and wages,</li> <li>3. Once appointed, the Business Rescue Practitioner (“BRP”) will advise employees of the first meeting of employees (date, time and agenda).</li> <li>4. An employees’ committee may be constituted at this meeting,</li> <li>5. The BRP will advise employees of their rights during the company’s business rescue proceedings.</li> <li>6. Business rescue proceedings <b>may</b> involve a restructuring of the business, which restructuring may have implications for employees including either retrenchments or changes to terms and conditions of employment.</li> <li>7. Any proposed changes to employment will be dealt with in terms of the Labour Relations Act and, where appropriate, subject to any bargaining council agreements applicable to the company.</li> </ol>