RISK FACTORS

In addition to the other information included in this annual report, the considerations listed below could have a material adverse effect on Gold Fields' business, financial condition or results of operations, resulting in a decline in the trading price of Gold Fields' ordinary shares or ADSs. The risks set forth below comprise all material risks currently known to Gold Fields. These factors should be considered carefully, together with the information and financial data set forth in this document.

Changes in the market price for gold, and to a lesser extent copper and silver, which in the past have fluctuated widely, affect the profitability of Gold Fields' operations and the cash flows generated by those operations.

Gold Fields' revenues are primarily derived from the sale of gold that it produces. The Group's policy is to not to engage in long-term systemic gold price hedging, though hedges are sometimes undertaken to protect cash flows at times of significant expenditure, for specific debt servicing requirements and to safeguard the viability of higher cost operations. For example, during 2018, the Company undertook short-term, tactical hedging of the oil price, the copper price and the U.S. dollar and Australian dollar gold prices to protect cash-flow primarily due to the high levels of project capital expenditure incurred during 2018 and the volatility in commodity prices and exchange rates. The Company continued with the gold hedging policies in Australia and Ghana during 2019 and also extended them to the Rand gold price to protect South Deep's cash-flow. Altogether, approximately 1 million oz of gold production in each of 2019 and 2020 has been hedged. There can be no assurance that the use of hedging techniques will always be to our benefit. Hedging instruments that protect against the market price volatility of commodities, for example, oil, may prevent us from realising the full benefit from subsequent decreases in market prices with respect to oil, which would cause us to record a mark-to-market loss, thus decreasing our profits. Similarly, gold hedging instruments may prevent us from realising the full benefit of subsequent increases in the gold price, which would cause us to record a mark-to-market loss, thereby decreasing our profits. The total realised hedging loss for 2019 was U.S.$132 million. Gold Fields' net hedge liability as at 31 December 2019 was U.S.$126.5 million, which is expected to reverse in fiscal 2020. In addition, hedging contracts are subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant non-performance could have a material adverse effect on our financial condition, results of operations and cash flows.

Where no hedges are in place, Gold Fields is exposed to changes in the gold price, which could lead to reduced revenue should the gold price decline. After falling 45 per cent. between September 2011 and December 2015, when it hit a low of U.S.$1,060 per ounce, the gold price has generally recovered reaching U.S.$1,517 per ounce at the end of fiscal 2019. As at 30 March 2020, it was U.S.$1,618 per ounce, as trading in the metal remains volatile amid global political, social, health-related and economic uncertainties. See "*Annual Financial Report—Management's Discussion and Analysis of the Financial Statements—Revenues*". The market price for gold has historically been volatile and is affected by numerous factors over which Gold Fields has no control, such as general supply and demand, speculative trading activity, political uncertainties and global economic drivers.

Should the gold price decline below Gold Fields' production costs, it may experience losses and should this situation continue for an extended period, Gold Fields may be forced to curtail or suspend some or all of its growth projects, operations and/or reduce operational capital expenditures. Gold Fields might not be able to recover any losses it incurred during, or after, such events. A sustained period of significant gold price volatility may impact Gold Fields' ability to continue with existing operations or make other long-term strategic decisions. Furthermore, while depressed gold prices generally provide an opportunity to acquire assets at lower prices, the few quality in-production assets then demand premium prices, adversely affecting Gold Fields' ability to undertake new capital projects. The use of lower gold prices in reserve calculations and life of mine (LoM) plans could also result in material impairments of Gold Fields' investment in mining properties or a reduction in its reserve estimates and corresponding restatements of its reserves and increased amortisation, reclamation and closure charges.

In Peru, copper accounts for a significant proportion of the revenues at Gold Fields’ Cerro Corona mine, although copper is not a major element of Gold Fields’ overall revenues. Over the period from 2011 to 2019, the price of copper has declined from an average price of U.S.$8,836 per tonne to an average price of U.S.$6,020 per tonne in 2019. As at 30 March 2020, the price of copper was U.S.$4,763 per tonne. In addition, when Gold Fields’ Salares Norte project becomes operational, silver will be expected to contribute approximately 10 per cent. of the revenues at the Salares Norte project, despite silver not being expected to become a major contributor to Gold Fields’ overall revenues. Between 2011 and 2019, the price of silver has declined from an average of U.S.$35.32 per tonne to an average of U.S.$16.21 per tonne in 2019. As at 30 March 2020, the price of silver was U.S.$13.97 per ounce. A variety of factors have and may depress global copper and silver prices and a decline in copper and silver prices, which have also fluctuated widely, would adversely affect the revenues, profit and cash flows of the Cerro Corona mine and the Salares Norte project, respectively.

Because gold is sold in U.S. dollars, while a significant portion of Gold Fields’ production costs are in Australian dollars, Rand and other non-U.S. dollar currencies, Gold Fields’ operating results and financial condition could be materially harmed by a material change in the value of these non-U.S. dollar currencies.

Gold is sold throughout the world in U.S. dollars. Gold Fields’ costs of production are incurred principally in U.S. dollars, Australian dollars, Rand and other currencies. Recent volatility in the Rand (including strengthening in fiscal 2016 and 2017 followed by depreciation in fiscal 2018 and 2019) and the Australian dollar against the U.S. dollar (including strengthening in fiscal 2017 before depreciating in fiscal 2018 and 2019) made our reported costs in South Africa and Australia and results of operations less predictable than when exchange rates are more stable. As a result, any significant and sustained appreciation of any of these non-U.S. dollar currencies against the U.S. dollar may materially increase Gold Fields’ costs in U.S. dollar terms, and increase costs in Rand or Australian dollar terms, which could materially adversely affect Gold Fields’ business, operating results and financial condition.

Conversely, inflation in any of the countries in which it operates could increase the prices Gold Fields pays for products and services and could have a material adverse effect on Gold Fields’ business, operating results and financial condition if not offset by increased gold prices.

Gold Fields has experienced, and may continue to experience, difficulties, operational delays, cost pressures and impact from labour relations following its restructuring at the South Deep operation in South Africa.

South Deep has had a number of operational challenges since Gold Fields acquired it in 2006. The key challenge has been the difficulty in transitioning the mine from a conventional mining operation and mind set to a low grade, bulk mechanised mining operation. South Deep (which represented 58 per cent. of Gold Fields’ mineral reserves as at 31 December 2019) is a complex and unique mine, that has faced persistent issues that needed to be addressed in a holistic manner, which include:

- ensuring the health and safety of our people;
- overall labour productivity which is below industry average;
- a poorly defined management operating system (Management Operating System) and associated execution tactics that led to consistent failure to meet mining and production targets;

- poor equipment reliability, aging infrastructure and productivity impacted by poor maintenance practices and operational conditions;
- extensive infrastructure and support services required to underpin mining activities, which have been operated sub-optimally;
- a unique and complex mining method, including long hole stoping mining at between 2,500 and 3,000 metre depth with attendant challenging geotechnical and ground conditions requiring extensive support; and
- rising operating and overhead costs without the commensurate output levels which are not aligned with the profile of a low grade, bulk mechanised mining operation.

In addition, structural inflation in South Africa continues to cause operating costs to rise.

Since 2006, there have been numerous interventions to address these challenges, including optimising the mining method, extensive training and skills development, changing shift and work configurations, and outsourcing functions, the mine continued to make losses. Given the extensive investment that Gold Fields has made through 2018 (approximately R34.56 billion, including R22.3 billion in acquisition costs), management determined that the mine could no longer sustain these cash losses and that the cost structure and operating model needed to be realigned with the lower level of production.

During late 2017 and 2018, South Deep completed its organisational restructuring plan through a series of restructuring interventions commencing with a 25 per cent. reduction in management (47 employees) followed by a voluntary retrenchment programme (261 employees) and culminating with a retrenchment exercise impacting 1,102 employees and 460 contractors. This retrenchment exercise resulted in a strike action commenced by the South Deep branch of the National Union of Mineworkers (NUM) from 2 December 2018 until 13 December, ahead of the signing of a formal settlement agreement between Gold Fields and NUM on 21 December 2018. As part of the settlement agreement, the parties agreed to renegotiate and modernise the collective and other agreements, which govern the working relationship between the two parties, and to engage in a facilitated relationship building programme to improve the relationship between the NUM branch leadership and South Deep management. Despite the progress achieved with respect to Gold Fields' relationship with organised labour at South Deep, there can be no guarantee that labour relations at South Deep will not deteriorate destabilise in the future.

The restructuring at South Deep had a significant negative impact on morale and consequently productivity and output during 2018 and the early part of 2019. This was also compounded by low mobile equipment reliability and productivity, the intersection of active geological features (faults and dykes) in the high-grade corridor 3 and poor ground conditions in the composites (far western part of the orebody) slowed production rates.

A key component of the restructuring exercise was to build the leadership and managerial capacity of our front-line and middle manager leaders and embed a top to bottom Management Operating System. As a result, the "Siyhapambili" programme was developed and implemented during 2019 and will continue to be supported during 2020. While we have seen improvement in the capability and performance of our front-line and middle management at South Deep, there can be no guarantee that this programme will lead to the expected improvements in operations or that these improvements will be sustained.

Failure by South Deep to maintain focus on the issues noted above in an increasingly complex social-political landscape may result in the operation not achieving its expected production level or the reduced costs contemplated by the restructuring. in a timely manner or at all. The actions taken by South Deep to address the above issues may not yield the expected results. In addition, further labour destabilisation, poor labour relations and low morale may have a negative impact on production levels and costs. Any of the above could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Mining companies are increasingly required to provide benefits to affected communities. Failure to comply with these requirements can result in legal suits, additional operational costs, investor divestment and loss of "social licence to operate", which could adversely impact Gold Fields' business, operating results and financial condition.

Many mining companies face increasing pressure over their "social licence to operate", which can be understood as the acceptance of the activities of these companies by stakeholders. While formal permission to operate is ultimately granted by host governments, many mining activities require social permission from host communities and influential stakeholders to carry out operations effectively and profitably.

These businesses are under pressure to demonstrate that, while they seek a satisfactory return on investment for shareholders, the environment, human rights and other key sustainability issues are responsibly managed and stakeholders, such as employees, host communities and the governments of the countries in which they operate, also benefit from their commercial activities. The potential consequences of these pressures and the adverse publicity in cases where companies are believed not to be creating sufficient social and economic benefit or are perceived to not be responsibly managing other sustainability issues may result in additional operating costs, higher capital expenditures, reputational damage, active community opposition (possibly resulting in delays, disruptions and stoppages), allegations of human rights abuses, legal suits, regulatory intervention and investor withdrawal.

In order to maintain its social licence to operate, Gold Fields may need to design or redesign parts of its mining operations to minimise their impact on such communities and the environment, either by changing mining plans to avoid such impact, by modifying operations, by changing planned capital expenditures or by relocating the affected people to an agreed location. Anti-mining sentiments in some of the communities in which Gold Fields operates have been exacerbated by high unemployment and violent crime rates, forced resettlement of residents, artisanal and small-scale mining, rights of indigenous or native populations, government service delivery failure, environmental incidents and blasting. If any of our projects are delayed as a result of Gold Fields failing to attain community support, or due to any other community-related disruptions, such projects could decrease in value or we may be unable to maintain or bring such projects into production.

Responsive measures may require Gold Fields to take costly and time consuming remedial measures, including the full restoration of livelihoods of those impacted. In addition, Gold Fields is obliged to comply with the terms and conditions of all the mining rights it holds in South Africa. To this end, the Social and Labour Plan (SLP) provisions of our mining rights must take into account local economic development, among other obligations. See "*—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which are the subject of dispute—South Africa*". Gold Fields also undertakes social and economic development spending in Australia, Chile, Ghana and Peru, both voluntarily and as a condition of its mining rights. See "*Integrated Annual Report—Value Creation For Our Communities—Socio-economic Development Investments*". In addition, as Gold Fields has a long history of mining operations in certain regions or has purchased operations which have a long history, issues may arise regarding historical as well as potential future environmental or health impacts in those areas.

The cost of measures and other issues relating to the sustainable development of mining operations has placed significant demands on our resources and could increase capital and operating costs and have a material adverse impact on Gold Fields' reputation, business, operating results and financial condition.

Gold Fields is subject to various regulatory costs, such as mining taxes and royalties, changes to which may have a material adverse effect on Gold Fields' operations and profits.

In recent years, governments (often with support from communities, non-governmental organisations (NGOs) and/or trade unions) in several jurisdictions have sought and, in some cases, have implemented greater cost imposts on the mining industry, including through the imposition of additional taxes and royalties. Such resource nationalism, whether in the form of cost imposts, interference in project management, mandatory social investment requirements, local content requirements or creeping expropriation, could impact the global mining industry and Gold Fields' business, operating results and financial condition.

In December 2017, the African National Congress (ANC) resolved to pursue a policy of expropriating land without compensation, provided, among other things, that such expropriation does not undermine economic growth and job creation. On 27 February 2018, the National Assembly of South Africa (National Assembly) assigned the Constitutional Review Committee (CRC) to review section 25 of South Africa's Constitution and other relevant clauses to enable the state to expropriate land in the public interest without compensation. On 15 November 2018, the CRC issued a report which recommended amending section 25 of South Africa's Constitution to make explicit that the expropriation of land without compensation is a legitimate option for land reform.

The CRC's report was adopted by South Africa's Parliament (Parliament) on 4 December 2018 and in December 2019, the draft South African Constitution Eighteenth Amendment Bill (Draft Constitution Eighteenth Amendment Bill), which introduced legislation to amend section 25 of South Africa's Constitution, was published for public comment. The Draft Constitution Eighteenth Amendment Bill authorises the state to expropriate land for the purposes of land reform, including any improvements to land, without the need of providing compensation. It further provides that national legislation must be enacted to establish the specific circumstances under which a court may determine that land may be expropriated without compensation. In order to adopt the Draft Constitution Eighteenth Amendment Bill, two-thirds of the National Assembly must vote in favour of the amendment and it must also be approved by at least six out of the nine provinces of the National Council of Provinces. The provincial hearings commenced in February 2020 and Parliamentary hearings are expected to be held in 2020.

In 2019, prior to the introduction of the Draft Constitution Eighteenth Amendment Bill, a draft expropriation bill (Draft Expropriation Bill) was published for public comment by the South African Minister for Public Works (Minister for Public Works), which would allow the state to expropriate land without compensation where doing so would be for a public purpose or in the public interest. In determining to expropriate land without compensation, this legislation would also require the consideration of "all relevant circumstances", which include, among other things, whether the land is held purely for speculative purposes, is owned by the state or is abandoned. The Draft Expropriation Bill has not been progressed and is unlikely to be finalised before section 25 of South Africa's Constitution has been amended.

The Mineral and Petroleum Resources Development Act, 2002 (MPRDA) provides a statutory right of access for the mining right holder to the mining area for the purposes of conducting mining operations and does not require the holder to own the land on which it conducts operations. Once a mining right is granted, a landowner cannot refuse a lawful mining right holder the right to conduct its mining operations. In addition, the landowner is not entitled to compensation from the mining right holder for the use of the land for mining operations conducted in terms of the MPRDA.

The Draft Constitution Eighteenth Amendment Bill or any related expropriation legislation resulting in the expropriation of land, including the Draft Expropriation Bill, on which Gold Fields operates or relies on would disrupt operations, which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

In South Africa, the President appointed the Davis Tax Committee to look into and review the current mining tax regime. The committee's first interim report on mining, which was released for public comment on 13 August 2015, proposed no changes to the royalty regime but recommended the discontinuation of the upfront capital expenditure write-off regime in favour of an accelerated capital expenditure depreciation regime. In addition, the report recommended retaining the so-called "gold formula" for existing gold mines only, as new gold mines would be unlikely to be established in circumstances where profits are marginal or where gold mines would conduct mining of the type intended to be encouraged by the formula. The committee also recommended the phasing out of additional capital allowances available to gold mines in order to bring the gold mining corporate income tax regime in line with the tax system applicable to all taxpayers. For a description of the gold formula, see "*Annual Financial Report—Management's Discussion and Analysis of the Financial Statements—Income and Mining Taxes—South Africa*". On 12 December 2016, following a period of public comment, the committee issued its second and final report to the Minister of Finance, which largely reaffirmed its initial recommendations. The final reports were published on 13 November 2017. The South African National Treasury will continue to consider the committee's final recommendations. It is not clear at this stage which, if any, of the recommendations will be adopted as legislation.

In Ghana, the ownership of land on which there are mineral deposits is separate from the ownership of the minerals. On 1 January 2017, in line with the development agreements concluded between Gold Fields and the government of Ghana (the Development Agreements), Gold Fields' royalty rate changed from a flat 5 per cent. of revenue to a sliding scale royalty based on the price of gold, starting at a rate of 3 per cent. on a gold price below U.S.$1,300 per ounce. The Development Agreements also resulted in a reduction in the corporate tax rate from 35 per cent. to 32.5 per cent., effective 17 March 2016. The Asanko Gold Mine, which includes its associated properties and exploration rights in Ghana (Asanko), does not have a development agreement with the government of Ghana.

The government of Ghana has a right to a 10 per cent. free-carried interest in mining leases. In addition, stool/land rents of approximately U.S.$3 to U.S.$3.2 per acre are (depending on the exchange rate) payable to the government of Ghana. Further, under the Ghanaian Minerals and Mining Act, the Ghanaian Minister of Lands and Natural Resources (Ghanaian Minister of Lands and Natural Resources) has the right of pre-emption over all minerals obtained in Ghana and products derived from the refining or treatment of these minerals. On 31 July 2018, the Ghanaian Minister of Lands and Natural Resources informed the Ghanaian Chamber of Mines (the Ghanaian Chamber) of the government of Ghana's intention to exercise its right of pre-emption to acquire up to 30 per cent. of all gold mined in Ghana. The discussions between the Ghanaian Chamber and the government of Ghana are ongoing and it is unclear what effect this action will have at this stage. See "*—Environmental and Regulatory Matters—Ghana—Mineral Rights*".

In Peru, the general corporate income tax rate was increased from 28 per cent. to 29.5 per cent. with effect from 1 January 2017. In turn, the dividends income tax rate applicable to non-resident shareholders has reduced from 6.8 per cent. to 5 per cent. Since July 2012, mining companies have also been required to pay an annual supervisory contribution to the Supervisory Body of Investment in Energy and Mining (*Organismo Supervisor de la Inversion en Energia y Mineria,* or the OSINERGMIN), as well as to the Assessment and Environment Supervising Agency (*Organismo de Evaluacion y Fiscalizacion Ambiental,* or the OEFA). See "*—Environmental and Regulatory Matters—Peru—Mining Royalty and Other Special Mining Taxes and Charges*''. In addition, a consultation law was enacted on 7 September 2011, requiring the government to consult with indigenous or native populations on legislative or administrative proposals that may have an impact on their collective rights. See "*—Environmental and Regulatory Matters—Peru—Mining Royalty and Other Special Mining Taxes and Charges*".

In Chile, following an outbreak of social unrest, in February 2020, the Chilean Congress approved a tax reform bill aimed at raising an additional U.S.$2.2 billion per year. The majority of the tax increases apply to individuals and do not impact Gold Fields directly. Gold Fields anticipates that the Salares Norte project will be subject to the current 27 per cent. corporate tax rate in Chile, and that any dividends paid by the Salares Norte project to Gold Fields will be subject to the current 35 per cent. withholding tax rate in Chile. Further, it is anticipated that the 27 per cent. corporate tax paid will fully count as a credit against the withholding tax levied, resulting in an effective dividend withholding tax rate of approximate 8 per cent. The Chilean government has also announced a review of all exemptions and special tax regimes in Chile, and further changes to the Chilean tax system is expected. It is unclear at this stage what effect any future changes to the Chilean tax regime will have on Gold Fields.

Australia operates a state-based royalty regime, and a federal income tax regime. Each of Gold Fields' Australian mines are located in the state of Western Australia, which imposes a 2.5 per cent. royalty on the value of gold produced. In the 2017 budget of the state of Western Australia, the Western Australian government announced an increase to the mineral royalty rate for gold to 3.75 per cent. This proposal was met with significant co-ordinated opposition by the gold industry and was not successfully passed by the Western Australian Legislative Council in either the first or second attempt by the government of Western Australia. The 2018-2019 and 2019-2020 budgets of the state of Western Australia did not provide for an increase in the royalty on gold, maintaining the existing rate of 2.5 per cent. While the current Treasurer of Western Australia has signalled that the state government of Western Australia does not intend to further pursue royalty changes, the risk remains that the government of Western Australia will seek to impose royalty increases in the future.

The Australian federal government levies corporate income tax at the rate of 30 per cent., or 27.5 per cent. for base rate entities. Additionally, integrity measures have been passed by the Australian Parliament effective from 1 July 2017 to ensure that the lower corporate tax rate will be limited to only those companies with aggregated turnover less than A$50 million and no more than 80 per cent. passive income. Furthermore, there is currently a proposal to reduce the corporate tax rate to 25 per cent. over time for base rate entities. The proposed law will permit a reduction in the tax rate for base rate entities to 26 per cent. for the income year ending in 2021 and to 25 per cent. for the income year ending in 2022 and later. The Australian federal government has abandoned its proposal to reduce the corporate tax rate from 30 per cent. to 25 per cent. for other corporate entities.

The effect of these, or impositions of additional restrictions, obligations, operational costs, taxes or royalty payments could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which is the subject of dispute.

Gold Fields' right to own and exploit mineral reserves and deposits is governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of Gold Fields' reserves and deposits are located in countries where mining rights could be suspended or cancelled should it breach its obligations in respect of the acquisition and exploitation of these rights.

In all of the countries where Gold Fields operates, the formulation or implementation of governmental policies on certain issues may be unpredictable. This may include changes in laws relating to mineral rights and ownership of mining assets and the right to prospect and mine, and, in extreme cases, nationalisation, expropriation or nullification of existing rights, concessions, licences, permits, agreements and contracts.

South Africa

Gold Fields' operations in South Africa are subject to legislation regulating the exploitation of mineral resources through the granting of rights required to prospect and mine for minerals. This includes broad-based black economic empowerment (BEE) legislation designed to effect the entry of Historically Disadvantaged Persons, as defined in the MPRDA (Historically Disadvantaged Persons), into the mining industry and to increase their participation in the South African economy.

The MPRDA provides that the mineral resources of South Africa belong to the nation and the state (as custodian of the nation's resources), which is entitled to grant prospecting and mining rights. Amendments to the regulations to the MPRDA introducing changes to consultation and other administrative related requirements required of mining right and prospecting right holders, none of which are expected to impact the operations of Gold Fields, were published for implementation on 27 March 2020. In May 2010, the Department of Mineral Resources and Energy (the DMRE) approved the conversion of the South Deep old order mining right into a new-order mining right. The duration of the South Deep mining right is 30 years.

The South African Minister of Mineral Resources and Energy (South African Minister of Mineral Resources and Energy) may suspend or cancel Gold Fields' existing mining rights, or refuse to grant applications for new mining rights by Gold Fields, should Gold Fields be deemed not to be in compliance with the requirements under the MPRDA, as read with South Africa's mining industry empowerment requirements. If the South African Minister of Mineral Resources and Energy were to determine that Gold Fields is not in compliance with these requirements, Gold Fields may be required to engage in remedial steps, including changes to its ownership structure and management and actions that may require shareholder approval.

In particular, South Africa's changing BEE policies may adversely affect Gold Fields's mining rights and its ability to conduct operations. Mining rights are linked to compliance with various empowerment obligations, including the Broad-Based Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2018 (2018 Mining Charter) which was published and became effective on 27 September 2018, as amended by the notice published in the South African Government Gazette (South African Government Gazette) on 19 December 2018 and read with the Implementation Guidelines for the 2018 Mining Charter (Implementation Guidelines) published on the same date.

The 2018 Mining Charter effectively repealed the previous Broad-Based Socio-Economic Empowerment Charter for the Mining Industry published in 2004 (2004 Mining Charter), as amended in 2010, and the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry published in 2017 (2017 Mining Charter).

Some of the salient features of the 2018 Mining Charter are:

- Existing right holders who have achieved a minimum of 26 per cent. BEE shareholding shall be recognised as compliant for the duration of the mining right.
- Existing right holders whose BEE partners exited prior to the commencement of the 2018 Mining Charter shall be recognised as compliant for the duration of the mining right (the once empowered, always empowered principle).
- The once empowered, always empowered principle will not be applicable to the renewal and transfer of a mining right.
- A pending application lodged and accepted prior to the commencement of the 2018 Mining Charter will be processed in terms of the previous mining charters (i.e. 26 per cent. BEE shareholding), subject to the mining right holder increasing BEE shareholding to 30 per cent. within a period of five years from the effective date of the mining right.
- A new mining right must have a minimum of 30 per cent. BEE shareholding distributed in the following manner:
  - a minimum of 5 per cent. non-transferable carried interest to qualifying employees;
  - a minimum of 5 per cent. non-transferable carried interest or "equity equivalent benefit" to host communities; and

  - a minimum of 20 per cent. effective ownership in the form of shares to a BEE entrepreneur, 5 per cent. of which must preferably be for women.

- Employment equity targets for Historically Disadvantaged Persons are prescribed at board: 50 per cent. (20 per cent. women); executive management: 50 per cent. (20 per cent. women); senior management: 60 per cent. (25 per cent. women); middle management: 60 per cent. (25 per cent. women); junior management: 70 per cent. (30 per cent. women) and a minimum 1.5 per cent. of all employees must be employees with disabilities. A period of five years is provided for mining companies to align with the employment equity targets and a five-year plan indicating progressive implementation of the provisions of the employment equity targets must be submitted to the DMRE within six months of the publication of the 2018 Mining Charter.

- 70 per cent. of total mining goods procurement spend must be on South African manufactured goods (defined as goods with a minimum of 60 per cent. local content during the assembly or manufacturing of the product in South Africa. The calculation of local content excludes profit mark-up, intangible value such as brand value and overheads). The 70 per cent. must be distributed as follows:

  - 21 per cent. must be procured from a Historically Disadvantaged Person-owned or controlled company (defined as an entity in which Historically Disadvantaged Persons hold at least 51 per cent. of exercisable voting rights and economic interest);

  - 5 per cent. must be procured from women or youth owned and controlled company; and

  - 44 per cent. must be procured from a BEE Compliant Company (defined as a company with a minimum of BBBEE level 4 status in terms of the BBBEE Codes, and a minimum 25 per cent. plus one vote ownership by Historically Disadvantaged Persons).

- 80 per cent. of the total spend on services by mining companies must be sourced from South African companies. The 80 per cent. total services procurement spend must be apportioned as follows:

  - 50 per cent. must be spent on services supplied by Historically Disadvantaged Person-owned and controlled companies;

  - 15 per cent. must be spent on services supplied by women and controlled companies;

  - 10 per cent. must be spent on services supplied by a BEE-compliant company; and

  - 5 per cent. must be spent on services supplied by youth.

- A period of five years is provided for right holders to align with procurement targets a five-year plan indicating progressive implementation of the provisions of the employment equity targets must be submitted to the DMRE within six months of the publication of 2018 Mining Charter.

- The implementation guidelines outline processes, procedures, forms and templates to facilitate compliance with the requirements of the 2018 Mining Charter and do not introduce any new requirements.

On 26 March 2019, the Mineral Council of South Africa (MCSA) filed an application in the Gauteng Division High Court of South Africa (the Gauteng Division High Court) for the judicial review and setting aside of certain clauses of the 2018 Mining Charter. The MCSA has engaged in ongoing attempts to reach a compromise with the Minister of Mineral Resources and Energy on certain provisions that are problematic for the industry, and which would be detrimental to its sustainability. The MCSA has delayed bringing the application in the hope that those discussions would be successful but, given the peremptory 180-day time bar imposed by the South African Promotion of Administrative Justice Act, the MCSA was obliged to launch the review proceedings, despite the fact that the discussions are ongoing and may be successful in the future.

The application aligns with the MCSA’s previously stated view that most aspects of the 2018 Mining Charter represent a reasonable and workable framework. However, the MCSA’s application contends that the 2018 Mining Charter does not fully recognise the continuing consequences of previous empowerment transactions, particularly in relation to mining right renewals and transfers of such rights. According to the MCSA, this constitutes a breach of the declaratory order on the matter issued by the North Gauteng High Court in April 2018. The ultimate outcome of the review application and ongoing discussions with the South African Minister of Mineral Resources and Energy remain uncertain.

Gold Fields continues to support the collaborative and consultative process of engagement with the South African Minister of Mineral Resources and Energy and other stakeholders in this regard. If Gold Fields decides to renew the South Deep Mining Right (which will in accordance with its terms expire in 2040), Gold Fields may, on the current wording of the 2018 Mining Charter, be required by the DMRE to conclude a further BEE transaction.

Gold Fields cannot guarantee that it will meet all the targets set out by the 2018 Mining Charter. For example, if the 2018 Mining Charter were to be implemented in its current form, there is no assurance that the goods, services and supplies in South Africa would be sufficient to allow Gold Fields to meet the new targets. More specifically, Gold Fields may not be able to meet the requirement that 70 per cent. of total mining goods procurement spend be on South African-manufactured goods due to an insufficient number of suppliers in South Africa with heavy equipment. For an overview of the Group’s performance against the 2018 Mining Charter in 2019, see “*Integrated Annual Report—Government Relations—Mining Charter Scorecard*”.

The MPRDA requires, among other things, that mining companies submit SLPs, which set out their commitments relating to human resource development, labour planning and socio-economic development planning to the DMRE. In April 2013, Gold Fields submitted a new SLP for South Deep (the 2013 SLP) to replace its original SLP submitted in 2010. Although the 2013 SLP was never approved by the DMRE, South Deep was annually measured on the 2013 SLP by the DMRE, which expired in December 2017. Gold Fields submitted a new SLP for the 2018 to 2022 period in December 2017 (the 2018 SLP) and it was approved by the DMRE in June 2019.

There is currently uncertainty whether mining companies are, in addition to its required compliance with the MPRDA, required to comply with the BBBEE Act, 2003 (the BBBEE Act) and the BBBEE Codes of Good Practice issued thereunder (the BBBEE Codes), which apply generally to other industries in South Africa. The MPRDA does not require mining companies to comply with the BBBEE Act and the BBBEE Codes. The 2018 Mining Charter reflects the DMRE’s attempts at alignment notwithstanding the questionable need to do so.

If the DMRE were to determine that Gold Fields is not in compliance with the MPRDA, for any reason, including ownership by Historically Disadvantaged Persons, Gold Fields may challenge such a decision in court. Any such court action may be expensive and there is no guarantee that Gold Fields’ challenge would be successful.

There is no guarantee that any steps Gold Fields has already taken or might take in the future will ensure the retention of its existing mining rights, the successful renewal of its existing mining rights, the granting of applications for new mining rights or that the terms of renewals of its rights would not be significantly less favourable than the terms of its current rights, including in relation to empowerment transactions. For example, the 2018 Mining Charter provides that the continuing consequences of previous empowerment transactions does not apply to renewals of existing mining rights. This is being challenged by the MCSA as part of its application for the judicial review and setting aside of certain clauses of the 2018 Mining Charter. The mining industry’s position is that empowerment is relevant to the grant of a mining right for the initial period and successive empowerment transactions for any further renewal period is not required in terms of the MPRDA. The MCSA has also argued that requiring empowerment transactions for renewal of existing mining rights is a breach of the declaratory order on the matter issued by the North Gauteng High Court in April 2018. It remains uncertain how the MCSA's application will be decided.

In connection with its mining rights in South Africa, Gold Fields may be required to increase participation by Historically Disadvantaged Persons in senior positions, upgrade housing and accommodation and allocate additional resources for the development of the mine community, human resources, sustainability, procurement and enterprise. Gold Fields may also be required to make further adjustment to the ownership structure of its South African mining assets, including increasing the ownership of Historically Disadvantaged Persons, in order to meet the 2018 Mining Charter requirements, particularly for purposes of obtaining the successful renewal of its existing mining rights or otherwise. Any such additional measures could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Ghana

Gold Fields Ghana Limited (Gold Fields Ghana) has two major mining leases in respect of its mining operations, namely the Tarkwa property lease and the Teberebie property lease. There are three mining leases under the Tarkwa property lease, all of which were granted in 1997 and will expire in 2027, and two mining leases under the Teberebie property lease, which were granted between 1988 and 1992, and expired in 2018. The Minerals Commission approved Gold Fields Ghana's application for an extension of the Teberebie leases to 2036 and the Ghanaian Minister of Lands and Natural Resources approved the extension of the lease to 2036 on 12 November 2018. Gold Fields Ghana has fully paid for the fees associated with the extension. Abosso Goldfields Limited (Abosso) holds the mining lease in respect of the Damang mine which was granted in 1995 and expires in 2025, as well as the mining lease in respect of the Lima South pit that was granted in 2006 and expired in 2017 but remains valid until the application for the extension of the term is determined. On 18 December 2017, the Ghanaian Minerals Commission made a favourable recommendation to the Ghanaian Minister of Lands and Natural Resources for the extension of the Lima South lease for 10 years. Gold Fields has paid the applicable fees for the grant of the extension and signed its portion of the mining lease. The Ghanaian Minister of Lands and Natural Resources is expected to sign the extension on behalf of the government of Ghana after which it will be submitted to the Ghanaian Parliament for ratification. For further information, see "*—Environmental and Regulatory Matters—Ghana—Mineral Rights*".

Failure by Gold Fields to comply with mineral rights legislation or to renew mining leases in any of the jurisdictions in which it operates may cause it to lose the right to mine, fail to acquire new rights to mine and may have a material adverse effect on Gold Fields' business, operating results and financial condition.

Further, Gold Fields may, in the future, incur significant costs as a result of changes in the interpretation of existing laws and guidelines or the imposition of new laws, whether relating to the mining industry or otherwise. For example, during 2018 the Ghanaian government issued a letter to the mining sector requiring all gold companies, including Gold Fields, to sell up to 30 per cent. of their gold production to the Government with a view to refining it and adding value to the metal locally. The Chamber is continuing to engage with the Government through a joint committee which is looking at mutually beneficial strategies to add value to the country's gold resources. It is possible that Gold Fields will challenge the Government's position in court, which may be expensive and there is no guarantee that the challenge would be successful. If finalised, the Government's right of pre-emption may have a material adverse effect on Gold Fields' business, operating results and financial condition.

To the extent that Gold Fields seeks to replace its annual mineral reserve and resource depletion and grow its reserve and resource base to extend the life of operations through exploration and project development, it may experience challenges associated with its mining projects.

In fiscal 2019, three out of Gold Fields' eight non-South African mines (excluding Salares Norte and the Asanko JV (as defined below)) reported higher mineral reserves after accounting for annual production depletion and all other influencing factors.

In order to replace its mineral reserves and resources at its international operations or expand its operations and reserve and resource base, Gold Fields expects to rely, in part, on discovery from exploration for gold, and other metals associated with gold, as well as its ability to develop mining projects. Exploration for gold and other metals associated with gold is speculative in nature, involves many risks and is frequently unsuccessful. Gold Fields' exploration strategy is based on maintaining exploration momentum at relevant operations with appropriate annual funding which ensures programmes retain traction and that high potential targets are advanced timeously. To the extent that ore bodies are to be developed, it can take a number of years and substantial expenditures from the initial phases of drilling and discovery until production commences, during which time the economic feasibility of production may change. In addition, to the extent Gold Fields participates in the development or operation of a project through a joint venture or any other multi-party commercial structure, such as the Gruyere Gold Mine (Gruyere) in Western Australia in which Gold Fields holds a 50 per cent. interest (through Gold Fields' subsidiary), there could be disagreements, legal or otherwise, or divergent interests or goals among the parties, which could jeopardise the success of the project. There can be no assurances that Gold Fields will be able to replace its reserves and resources through exploration, project development or otherwise and, if Gold Fields is unable to replace its reserves and resources, this could erode future planned cash flow and have a material adverse effect on its business, operating results and financial condition.

Furthermore, significant capital investment is required to achieve commercial production from exploration efforts. There is no assurance that Gold Fields will have, or be able to raise, the required funds to engage in these activities or to meet its obligations with respect to the exploration properties in which it has or may acquire an interest.

To the extent that Gold Fields makes acquisitions, enters into other business combination transactions or enters into joint ventures, it may experience problems in executing the acquisitions, combinations or joint ventures or managing and integrating the acquisitions, combinations or joint ventures with its existing operations.

In order to maintain or expand its operations and reserve and resource base, Gold Fields may seek to enter into joint ventures, enter into other business combination transactions or to make acquisitions of selected precious metal producing companies or assets. For example, in November 2016, Gold Fields entered into a 50:50 unincorporated joint venture with Gold Road Resources (Gold Road) for the development and operation of the Gruyere operation in Western Australia. See "*—Additional Information on the Company—Gold Fields' Mining Operations—Australasia—Gruyere*". In addition, in 2018, Gold Fields entered into a joint venture under which Gold Fields' subsidiary acquired a 45 per cent. stake in Asanko Gold Ghana Limited (the Asanko JV), which holds a 100 per cent. interest in Asanko. Pursuant to the joint venture, Asanko Gold, Inc. (Asanko Gold) holds a 45 per cent. interest in the Asanko JV and the Ghanaian government holds 10 per cent. of the Asanko JV as a free carried interest. See "*—Additional Information on the Company—Gold Fields' Mining Operations—West Africa Operations—Asanko JV*". Any such acquisitions, combinations or joint ventures may change the scale of the Company's business and operations and may expose it to new geographic, geological, political, social, strategic, operating, financial, legal, third-party, regulatory and contractual risks. There can be no assurance that any acquisition, combination or joint venture will achieve the results intended, and, as such, could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields may experience unforeseen difficulties, delays or costs in implementing its business strategy and projects (particularly at Damang and Salares Norte), including any strategic projects, cost-cutting initiatives, divestments and other initiatives and any such strategy or project may not result in the anticipated benefits.

The ability to grow the business will depend on the successful implementation of Gold Fields' existing and proposed strategic initiatives, such as the reinvestment of Damang, the achievement of a 15 per cent. free cash flow margin at a gold price of U.S.$1,300 per ounce and the successful construction of the Salares Norte project. See "*Integrated Annual Report—CEO Report—Our Operating Environment*". The Damang reinvestment and the Salares Norte Project, are exposed to all of the risks described in "*—To the extent that Gold Fields seeks to replace its annual mineral reserve and resource depletion and grow its reserve and resource base to extend the life of operations through exploration and project development, it may experience challenges associated with its mining projects*".

The successful implementation of the Company's strategic initiatives depends upon many factors, including those outside its control. For example, the successful achievement of a 15 per cent. free cash flow margin at a gold price of U.S.$1,300 per ounce will depend on, among other things, prevailing market prices for input costs.

Gold Fields may also prove unable to deliver on production targets and other strategic initiatives. Unforeseen difficulties, delays or costs may adversely affect the successful implementation of Gold Fields' business strategy and projects, and such strategy and projects may not result in the anticipated benefits. For example, the reinvestment in the Damang mine may not yield the extension of reserves or life of mine expected. Any such difficulties, delays or costs could prevent Gold Fields from fully implementing its business strategy, which could have a material adverse effect on its business, operating results and financial condition.

Gold Fields is in the process of implementing initiatives, notably in relation to its Damang mine which include its strategic restructuring, including the reduction of marginal mining, cost-efficiency initiatives, increased brownfield exploration, production planning and cost-cutting. Any future contribution of these measures to profitability will be influenced by the actual benefits and savings achieved and by Gold Fields' ability to sustain these ongoing efforts. Strategic restructuring and cost-cutting initiatives may involve various risks, including, for example, labour unrest and operating licence withdrawal. The risk is elevated in South Africa and Ghana, given Gold Fields' mining rights obligations. See "*—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which is the subject of dispute*".

With respect to the Salares Norte project, Gold Fields may face cost overrun, delays to its planned commencement date or difficulties in achieving the expected technical parameters once operational, any of which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

In addition, these initiatives may not be implemented as planned; turn out to be less effective than anticipated; only become effective later than anticipated; or not be effective at all. Depending on the nature of the outcomes of the initiatives, they, individually or in combination, may have a material adverse effect on Gold Fields' business, operating results and financial condition.

As part of its strategy, Gold Fields has disposed of certain of its exploration and development assets, such as the Arctic Platinum Project, which was sold to CD Capital Management in 2018. With respect to any further dispositions, Gold Fields may not be able to obtain prices that it expects for assets it seeks to dispose of or to complete the contemplated disposals in the timeframe contemplated or at all.

Any of the above could have a negative impact on Gold Fields' business, operating results and financial condition.

Gold Fields' mineral reserves are estimates based on a number of technical and economic assumptions, which, if proven inaccurate or changed, may require Gold Fields to lower its estimated mineral reserves.

The mineral reserves stated in this annual report are estimates based on assumptions regarding, among other things, Gold Fields' costs, expenditures, commodity prices, exchange rates, geology models, resource estimation models, mining methods, mining equipment, mining rates and metallurgical and mining recovery assumptions, which may prove inaccurate due to a number of factors, many of which are beyond Gold Fields' control. The mineral reserves are also based on reasonable assumptions related to the availability of power and water and also on the ability to maintain the licensing and permitting required to support the LoM plans. In the event of Gold Fields adversely revises any of the assumptions that underlie its mineral reserves reporting, Gold Fields may need to revise its mineral reserves. See "*—Additional Information on the Company—Reserves of Gold Fields as at 31 December 2019*".

Among other items, Gold Fields recently executed a restructuring at South Deep. See "*—Gold Fields has experienced, and may continue to experience, difficulties, operational delays, costs pressures and impact from labour relations following its restructuring at the South Deep operation in South Africa*". The South Deep LoM plan was revised in response to the restructuring, the implementation of the new operating model and application of updated production rates, modifying factors and costs. The result was a 12 per cent. reduction in the mineral reserve at South Deep to 32.81Moz as at 31 December 2018 (a reduction of 4.58Moz). The change was primarily the result of increased cut-off grade, updated geo-structural and related geotechnical loss factors, increased stoping loss factors and exclusion of the VCR ore body from the reserve pending confirmation of an appropriate mechanised mining method. As at 31 December 2019, the mineral reserve at South Deep was 32.82Moz, effectively flat versus 2018.

South Deep's operational performance in 2019, which was based on a revised operational plan aligned to the latest mining footprint and key business objectives and costs, has demonstrated traction on the mine's core strategic project themes, key performance indicators and enablers which are integral to facilitating delivery on the production ramp up over the next five years. This aspect was emphasised in 2019 as pivotal to establishing that the operation has the capacity to execute and deliver the production ramp up in the LoM plan, which in turn is core to validating the current reserve statement. South Deep's 2020 performance will continue to be assessed in this context to monitor that sufficient progress is shown on the required productivity and cost improvements to maintain support for the LoM plan.

Although the 2018 restructuring was intended to sustainably build up production at the mine, there can be no assurance that the ongoing implementation of the restructuring will not result in lower than expected long-term steady state production volumes, cost fluctuations, reduced reported mineral reserves and life of mine, or other associated issues at South Deep.

The reduction of reserves held by the Company, including due to any of the above could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*—Additional Information on the Company—Reserves of Gold Fields as at 31 December 2019— Methodology*".

Actual and potential supply chain shortages and increases in the prices of production inputs may have a material adverse effect on Gold Fields operations and profits.

Gold Fields' operating results may be affected by the availability and pricing of raw materials and other essential production inputs, including fuel, steel and cyanide and other reagents. The price and quality of raw materials may be substantially affected by changes in global supply and demand, along with weather conditions, governmental controls and other factors. A sustained interruption in the supply of any of these materials would require Gold Fields to find acceptable substitute suppliers and could require it to pay higher prices for such materials. Any significant increase in the prices of these materials will increase the Company's operating costs and affect production considerations.

The price of oil has been volatile, fluctuating between U.S.$74.57 and U.S.$54.91 per barrel of Brent Crude in 2019. As at 30 March 2020, the price of oil was at U.S.$22.76 per barrel of Brent Crude.

In June 2019, the Ghanaian operations entered into fixed price ICE Gasoil cash settled swap transaction for a total of 123 million litres of diesel, representing 50 per cent. of annual fuel consumption, for the period January 2020 to December 2022. The average swap price is U.S.$575.97 per metric tonne (equivalent U.S.$75.81 per barrel). At the time of the transactions, the average Brent swap equivalent over the tenor was U.S.$59.21 per barrel. At 31 December 2019, the mark-to-market value on the hedge was nil.

In June 2019, the Australian operations entered into fixed price Singapore 10ppm Gasoil cash settled swap transactions for a total of 75.0 million litres of diesel, representing 50 per cent. of annual fuel consumption, for the period January 2020 to December 2022. The average swap price is U.S.$74.0 per barrel. At the time of the transactions, the average Brent swap equivalent over the tenor was U.S.$57.4 per barrel. At 31 December 2019, the mark-to-market value on the hedge was U.S.$1.0 million.

There can be no assurance that the use of hedging techniques will always be to our benefit. Hedging instruments that protect against the market price volatility of commodities, in this case oil, may prevent us from realising the full benefit from subsequent decreases in market prices with respect to oil, which would cause us to record a mark-to-market loss, thus decreasing our profits. Hedging contracts also are subject to the risk that the other party may be unable or unwilling to perform its obligations under these contracts. Any significant non-performance could have a material adverse effect on our financial condition, results of operations and cash flows.

Furthermore, the price of steel has also been volatile. Steel is used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a mine.

Fluctuations in oil and steel prices may have a significant impact on operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable.

Gold Fields' operations are subject to environmental and health and safety regulations, which could impose additional costs and compliance requirements and Gold Fields may face claims and liability for breaches, or alleged breaches, of such regulations and other applicable laws.

Gold Fields' operations are subject to various environmental and health and safety laws, regulations, permitting requirements and standards. For example, Gold Fields is required to secure estimated mine closure liabilities. In 2019, Gold Fields' total gross mine closure liability was U.S.$436 million. The funding methods used to make provision for the required portion of these mine closure cost liabilities, in accordance with in-country legislation, are as follows:

- South Africa: contributions to environmental trust funds and guarantees;
- Ghana: reclamation bonds underwritten by banks, and restricted cash;
- Australia: an annual levy to the state of Western Australia of 1 per cent. of the total mine closure liability which goes into a State-administered fund known as the Mine Rehabilitation Fund, which is used to rehabilitate legacy sites or sites that have been prematurely closed or abandoned. As a consequence, Gold Fields' Australian operations self-fund all mine closure liabilities; and
- Peru: based on Peruvian legislation, management expects mine operations to obtain yearly bank guarantee letters that represent a percentage of the total mine closure liability, in order to support compliance with legal obligations related to closure activities.

Gold Fields may in the future incur significant costs to comply with such environmental and health and safety requirements imposed under existing or new legislation, regulations or permit requirements or to comply with changes in existing laws and regulations or the manner in which they are applied. If there is a breach of laws, Gold Fields may also be subject to litigation and other costs as well as actions by authorities relating to environmental and health and safety matters, including mine closures, the suspension of operations and prosecution for industrial accidents as well as significant penalties and fines for non-compliance. These costs could have a material adverse effect on Gold Fields' business, results of operations and financial condition. See "*—Additional Information on the Company—Environmental and Regulatory Matters*".

In 2014, the Peruvian government established a three-year moratorium on the application of fines by OEFA and other punitive sanctions against persons and entities operating in Peru, prioritising instead the imposition of corrective measures. This moratorium expired on 13 July 2017. The expiry of the moratorium increases the chances that Gold Fields' Peruvian operations could be subject to greater focus by regulators on compliance with its environmental obligations.

Gold Fields' South African operations are subject to numerous environmental, health and safety laws and regulations, which establish certain operational requirements and standards. The principal health risks associated with Gold Fields' mining operation in South Africa arise from occupational exposure and potential community environmental exposure to silica dust, noise and certain hazardous substances, including toxic gases and radioactive particles. The most significant occupational diseases affecting Gold Fields' workforce include lung diseases, such as silicosis, tuberculosis, a combination of the two and chronic obstructive airways disease (COAD), as well as noise-induced hearing loss (NIHL). Employees have sought and may continue to seek compensation for certain illnesses, such as silicosis, from their employer under workers' compensation legislation and also, at the same time, in civil actions under common law (either as individuals or as a class) as is the case with the silicosis individual and class action lawsuits. Such actions may also arise in connection with the alleged incidence of such diseases in communities proximate to Gold Fields' mines.

In 2014, a consolidated application was brought against several South African mining companies, including Gold Fields, for certification of a class action on behalf of current or former mineworkers (and their dependants) who had allegedly contracted silicosis and/or tuberculosis while working for one or more of the mining companies listed in the application. In May 2016, the South African South Gauteng High Court (the High Court) ordered, among other things, the certification of a silicosis class and a tuberculosis class. The High Court ruling did not represent a ruling on the merits of the cases brought against the mining companies.

On 3 May 2018, a group of the above South African mining companies, including Gold Fields, (the Gold Working Group) concluded a settlement agreement with the attorneys representing claimants in the silicosis and tuberculosis class action litigation (the Settlement Agreement). The Settlement Agreement provides meaningful compensation to eligible workers (or their dependants) suffering from silicosis and/or tuberculosis and who worked in the Gold Working Group's mines between March 1965 and December 2019. The High Court, Gauteng Local Division, approved the Settlement Agreement on 26 July 2019 and it became effective on 10 December 2019.

Gold Fields has provided for the estimated cost of the above settlement based on actuarial assessments and the provisions of the Settlement Agreement. At 31 December 2019, the provision for Gold Fields' share of the settlement of the class action claims and related costs amounts to U.S.$21 million (R297 million. The nominal value of this provision is U.S.$29 million (R408 million), however, the ultimate outcome of this matter remains uncertain, with the number of eligible workers successfully submitting claims and receiving compensation being uncertain. The provision is consequently subject to adjustment in the future. See "*Annual Financial Report—Notes to the consolidated financial statements—Note 35. Contingent liabilities*". The payment of compensation for the claims could have a material adverse effect on Gold Fields' business, reputation, results of operations and financial condition. In addition, Gold Fields may incur significant additional costs arising out of these issues, including costs relating to the payment of fees, increased levies or other contributions in respect of statutory compensation funds or other funds established and expenditures arising out of its efforts to remediate these matters or to resolve any outstanding claims or other potential action.

The DMRE can and does issue, in the ordinary course of its operations, instructions, including Section 54 orders, following safety incidents or accidents to partially or completely halt operations at affected mines. It is also Gold Fields' policy to halt production at its operations when serious accidents occur in order to rectify dangerous situations and, if necessary, retrain workers. In 2019, South Deep had one fatality following a series of seismic events and 12 serious injuries. In fiscal 2019, 7 Section 54 and 4 Section 55 instructions were issued following visits by the DMRE, which resulted in partial stoppages in different areas of the mine and negatively impacted production. These stoppages were issued as a result of either perceived or actual unsafe working conditions, inadequate safety procedures or untrained personnel. In addition, there can be no assurance that the unions will not take industrial action in response to such accidents which could lead to losses in Gold Fields' production. Any additional stoppages in production, or increased costs associated with such incidents, could have a material adverse effect on Gold Fields' business, operating results and financial condition. Such incidents may also negatively affect Gold Fields' reputation with, among others, employees and unions, South African regulators and regulators in other jurisdictions in which Gold Fields operates.

In Western Australia, significant increases in monetary and criminal penalties for breaches of existing workplace health and safety legislation were introduced in fiscal 2018. In addition, in fiscal 2019, the Work Health and Safety Bill (WHS Bill) was introduced in the Australian Parliament. The WHS Bill will apply to a number of industries including the mining industry and will replace the existing provisions of the occupational safety legislation, together with the Mines Safety and Inspection Act and its counterpart in the petroleum industry. The new legislation will be supported by a number of industry specific regulations, including those specific to the mining industry. In addition, the new laws will impose more extensive workplace health and safety obligations on Gold Fields' operations in Western Australia, including introducing personal responsibility on directors and officers to ensure the Company is complying with its health and safety obligations. Breaches of any such obligations by the Company or its directors or officers may result in criminal liabilities. The new laws will also introduce a new offence of industrial manslaughter for workplace fatalities, which, in the event of a conviction, carries a significant penalty of up to 20 years' imprisonment for individuals and fines of up to A$10 million for corporate entities. The WHS Bill and the industry specific regulations are expected to be enacted in the second half of 2020 and become operational in 2021, with an appropriate transitional period

Gold Fields could incur significant costs as a result of pending or threatened litigation, which could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*Annual Financial Report—Notes to the consolidated financial statements—Note 35. Contingent liabilities*". Further, any new regulations, potential litigation or any changes to the health and safety laws which increase the burden of compliance or the penalties for non-compliance may cause Gold Fields to incur further significant costs and could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*—Additional Information on the Company—Environmental and Regulatory Matters*".

Due to the nature of mining and the extensive environmental footprint of the operations, environmental and industrial accidents and pollution may result in operational disruptions such as stoppages which could result in increased production costs as well as financial and regulatory liabilities.

Gold mining by its nature involves significant risks and hazards, including environmental hazards and industrial and mining accidents. These may include, for example, seismic events, fires, cave-ins and blockages, flooding, discharges of gases and toxic substances, contamination of water, air or soil resources, radioactivity and other accidents or conditions resulting from mining activities including, among other things, blasting and the transport, storage and handling of hazardous materials. While Gold Fields did not experience any level 3 environmental incidents during 2019, there were 37 level 2 environmental incidents during this period. In 2018, Gold Fields experienced two level 3 environmental incidents, including in Peru when in December 2018, water containing tailings from the Cerro Corona Tailing Storage Facility (TSF) flowed through an authorised diversion pipe to La Hierba creek reaching the Tingo river. The flow to La Hierba creek was stopped three hours after the Gold Fields became aware of it and the remediation process, including clean-up of the area, commenced on 17 December 2018. The cleaning process was formally completed on 6 January 2019 and the rest of the remediation works were completed in at the end of 2019. The National Water Authority (ANA) assessed a fine against Gold Fields, and the Assessment and Environmental Control Agency (OEFA) proposed a fine along with certain corrective measures against Gold Fields in connection with this incident. Gold Fields has challenged these fines and measures. As the matters are ongoing, it is difficult to predict their outcome, including their impact on Gold Fields, at this stage. See "*—Additional Information on the Company—Environmental and Regulatory Matters—Peru—Level 3 Environmental Incident*".

The occurrence of any of these hazards or risks could delay or halt production, increase production costs and result in financial and regulatory liability for Gold Fields (including as a result of the occurrence of hazards that took place at the Spin-off operations when they were owned by Gold Fields), which could have a material adverse effect on Gold Fields' business, operating results and financial condition.

If Gold Fields loses senior management or is unable to hire and retain sufficient technically skilled employees or sufficient representation among Historically Disadvantaged Persons in management positions, its business in South Africa may be materially adversely affected.

Gold Fields' ability to operate or expand effectively depends largely on the experience, skills and performance of its senior management team and technically skilled employees. However, the mining industry, including Gold Fields, continues to experience a global shortage of qualified senior management and technically skilled employees. In particular, there is a shortage of mechanised mining skills in the South African gold mining industry. Gold Fields may be unable to hire or retain appropriate senior management, technically skilled employees or other management personnel, or may have to pay higher levels of remuneration than it currently intends in order to do so. Additionally, as a condition of the mining rights at South Deep and in accordance with the employment equity Historically Disadvantaged Persons targets under the 2018 Mining Charter, Gold Fields must ensure that there is sufficient participation among Historically Disadvantaged Persons (including women and employees with disabilities) at the board and all other relevant management levels, and failure to do so could result in fines or the loss or suspension of its mining rights. See "*—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which is the subject of dispute*". Gold Fields is also required to take proactive steps to achieve an equitable representation of Historically Disadvantaged Persons at all occupational levels and to report on the extent to which its plan is being achieved. If Gold Fields is not able to hire and retain appropriate management and technically skilled personnel or is unable to obtain sufficient representation of Historically Disadvantaged Persons at the board level and in management positions or if there are not sufficient succession plans in place, this could have a material adverse effect on its business (including resulting in the imposition of fines and having a negative effect on production levels), operating results and financial position.

Power cost increases may adversely affect Gold Fields' business, operating results and financial condition.

Gold Fields' South Deep mining operation depends upon electrical power generated by the state-owned power provider, Eskom Limited (Eskom). See "*Annual Financial Report—Management's Discussion and Analysis of the Financial Statements—Overview—Costs—South Africa region*". Eskom holds a monopoly on power supply in the South African market, supplying nearly 95 per cent. of the country's electricity needs. The electricity supply industry in South Africa, including Eskom tariffs, is regulated by the National Energy Regulator of South Africa (NERSA). Eskom tariffs are determined through a consultative multi-year price determination (MYPD) process, with occasional tariff increase adjustments under the Regulatory Clearing Account (RCA) mechanism.

In the most recent MYPD process, NERSA granted Eskom tariff increases of 9.42 per cent. (later adding an additional 4.4 per cent.) for the period 2019 to 2020, 8.1 per cent. for the period 2020 to 2021 and 5.22 per cent. for the period 2021 to 2022. The South African government provided Eskom with an additional R69 billion bailout over a three-year period, from 2019 to 2021. Eskom subsequently challenged the MYPD, RCA and NERSA’s treatment of the bailout as a tariff subsidy in South African court. The South African court dismissed the urgent nature of the Eskom submission, but has not decided on the merits of the case. Eskom’s electricity tariffs would increase only if Eskom ultimately receives a favourable judgement from the court on the merits.

In February 2019, the President of South Africa announced the vertical unbundling of Eskom. While full-state ownership will be maintained, the unbundling is expected to result in the separation of the company’s generation, transmission and distribution functions, which will require legislative, and possibly policy reform. The government of South Africa has also developed a policy paper that seeks to enable Eskom to actively participate in renewable energy. It is expected that these processes will take time to implement, causing continued poor reliability of the supply of electricity, instability in prices and a possible increase in the tariff in the future. Eskom’s coal fired power plants have not performed well for a number of years, with national rotational power cuts (load shedding) having been implemented in late 2019 through 2020. Should Gold Fields experience further power tariff increases or power cuts (load shedding), its business, operating results and financial condition may be adversely impacted.

In Australia, Gold Fields’ Agnew mine receives its electricity supply from an energy microgrid, comprising a 16MW gas-fired power station, a 4MW solar farm and a 13MW battery energy storage system. The Granny Smith mine receives its electricity supply from a 24MW gas-fired power station, an 8MW solar farm and a 2MW battery unit. The St. Ives operation obtains electricity pursuant to a contract with BHP Nickel-West that expires in January 2023, which requires St. Ives to procure its own supply of natural gas. The Gruyere mine receives its electricity supply from a 45MW gas fired power station. If any of Gold Fields’ Australian operations were to lose their supply, replacement of this supply may entail a significant increase in costs. Any such increase in costs could have a material adverse impact on Gold Fields’ business and operating results.

In Ghana, Gold Fields’ mines are supplied primarily by power plants operated by Genser Energy Ghana Limited (Genser Energy), an independent power producer. Genser Energy supplies Damang’s total power requirements from a 27.5MW power plant and approximately 95 per cent. of Tarkwa’s power requirements from a 27.5MW power plant. If either of these plants fail or supply insufficient power, Tarkwa and Damang may be required to source additional power from the national grid providers Volta River Authority (VRA) and the Electronic Company of Ghana (ECG), respectively, or may be subject to power disruptions.

On 5 April 2017, the Energy Sector Levies (Amendment) Act, 2017 (Act 946) revised imposed levies with reduction in the public lighting and National Electrification Levy of 3 per cent. and 2 per cent., respectively, charged on electricity consumption by all categories of customers. In March 2018, Ghana’s Public Utilities Regulatory Commission announced a 17.5 per cent. reduction in electricity tariffs for residential consumers, a 30 per cent. reduction for non-residential consumers, a 25 per cent. reduction for special load tariff consumers and a 10 per cent. reduction for mines. However, there is no guarantee that these tariffs will not increase in the future.

Changes in the cost or availability of electricity could increase Gold Fields’ cost of operations and cause production stoppages, which could impact existing profit margins and have a material adverse effect on Gold Fields’ business, operating results and financial condition. See “*—Additional Information on the Company—Environmental and Regulatory Matters*”.

Power stoppages, fluctuations and usage constraints may force Gold Fields to halt or curtail operations.

Eskom reintroduced national rotational power cuts (load shedding) in December 2018. The load shedding rose to Stage 4 (the national grid was short of 4,000MW) in February 2019 and again in March 2019. In December 2019, due to heavy rains and unprecedented number of coal power station failures, load shedding Stage 4 rose to Stage 6 (the national grid was short of 6,000MW). Eskom's inability to fully meet the country's demand has led to, and is expected to continue to lead to, rolling blackouts, unscheduled power cuts and surveillance programmes to ensure non-essential lighting and electricity appliances are powered off. There is no assurance that Eskom's efforts to protect the national electrical grid will prevent a complete national blackout, which would have a material adverse effect on Gold Fields' operations in South Africa.

In addition, in the most recent MYPD process, NERSA granted Eskom tariff increases of 9.42 per cent. (later adding an additional 4.4 per cent.) for the period 2019 to 2020, 8.1 per cent. for the period 2020 to 2021 and 5.22 per cent. for the period 2021 to 2022. The South African government provided Eskom with an additional R69 billion bailout over a three-year period, from 2019 to 2021. Eskom subsequently challenged the MYPD, RCA and NERSA's treatment of the bailout as a tariff subsidy in South African court. The South African court dismissed the urgent nature of the Eskom submission, but has not decided on the merits of the case. Eskom's electricity tariffs would increase only if Eskom ultimately receives a favourable judgement from the court on the merits. As noted above, Eskom is expected to be vertically unbundled, resulting in the separation of the company's generation, transmission and distribution functions. Poor reliability of the supply of electricity and instability in prices are expected to continue through the unbundling process.

Gold Fields has a voluntary load curtailment agreement with Eskom. Under this agreement, Gold Fields is required to reduce demand by up to 25 per cent. of load, depending on the severity of the shortage, for a specified period of time during which the national grid is unable to maintain its load. During February 2019, Gold Fields was required to reduce demand by 10 per cent. three times, 15 per cent. two times and 20 per cent. once. Any further disruption or decrease in the electrical power supply available to Gold Fields' South Deep operation could have a material adverse effect on its business, operating results and financial condition.

In Ghana, although approximately 95 per cent. of Tarkwa's electricity is supplied by an independent power producer, Tarkwa has experienced challenges with frequent power surges from the national grid, which caused some delays in the process plant. On 31 January 2020, Genser Energy expanded the energy supply by an addition 5MW of capacity, with the aim to provide Tarkwa with its total power supply needs. While Damang has been insulated from the national grid's power interruptions due to receiving its total power requirements from an independent power producer, there can be no guarantee that this source of power will not fail or be interrupted. While Gold Fields has taken steps to source power from an independent power producer through on-site gas turbines to complement its self-generated sources, any gas supply chain-related risk specific to the regions where Gold Fields operates could affect Gold Fields' business, operating results and financial condition.

Should Gold Fields continue to experience power fluctuations or usage constraints at any of its operations, then its business, operating results and financial condition may be materially adversely impacted.

Regulation of greenhouse gas emissions and climate change issues may materially adversely affect Gold Fields' operations.

Energy is a significant input and cost to Gold Fields' mining and processing operations, with its principal energy sources being electricity, purchased petroleum products, and natural gas. A number of governments or governmental bodies, including the United Nations Framework Convention on Climate Change, have introduced or are contemplating regulatory changes in response to the potential impact of climate change. Many of these contemplate restricting emissions of greenhouse gases in jurisdictions in which Gold Fields operates.

The South African government introduced a carbon tax under the South African Carbon Tax Act (South African Carbon Tax Act) with effect from 1 June 2019.

The South African Carbon Tax is designed to fix liability on the person who conducts an activity in South Africa that results in greenhouse gas emissions above a certain threshold. The carbon tax design requires the calculation of liability to be based on the sum of “scope 1” greenhouse gas emissions, which result from fuel combustion, industrial processes and fugitive emissions. With respect to South Deep, the applicable greenhouse emitting activities include direct emissions from diesel fired generators, blasting agents, petrol, and South Deep’s sewage water treatment plant. The carbon tax for emissions resulting from liquid fuels such as diesel and petrol is included in the fuel tax regime. Consequently, these emissions are excluded from the greenhouse gas emissions on which carbon tax under the South African Carbon Tax is calculated.

Taxpayers must determine emissions in accordance with the reporting methodology approved by the Department of Environment, Forestry and Fisheries (DEFF).

The first phase of the South African Carbon Tax Act applies to scope 1 emissions from 1 June 2019 to 31 December 2022. Under the first phase, for the period 1 January 2020 to 31 December 2020, the carbon tax rate for tax liable entities is R127 per tonne on the carbon dioxide equivalent (CO_2e) of their net greenhouse gas emissions. However, pursuant to certain allowances under the South African Carbon Tax Act, the effective carbon tax rate will vary from R6 to R50 per tonne of CO_2e emitted. Such allowances include a basic tax-free allowance, an increased tax-free threshold for trade exposed sectors, the recognition of emission reduction efforts, an additional allowance for participating in the national carbon budgeting system and the use of carbon offsets against a carbon tax liability. The South African Carbon Tax Act allows mining companies such as Gold Fields to reduce their carbon tax liability by using offset credits up to a maximum of 10 per cent. of greenhouse emissions. The rate of carbon tax will increase by the consumer prices index (CPI) plus 2 per cent. per year until December 2022. The South African government indicated that a review of the impact of the carbon tax will be conducted before the second phase of the South African Carbon Tax Act is implemented.

In fiscal 2019, South Deep’s scope 1 emissions have been estimated to be 5,960 tonnes of CO_2e (96 per cent. from diesel, 3.2 per cent. from blasting agents and 0.5 per cent. from petrol). Based on these emissions, Gold Fields’ expected tax expense for 2019 is U.S.$15,000.

The introduction of the carbon tax is not expected to have an immediate impact on the price of electricity. However, should Eskom be allowed to pass on the cost of the tax from its diesel-related emissions to customers, electricity tariffs may rise significantly. Further, other commodities that South Deep consumes may see price increases as the tax is passed through the market.

In August 2015, the Australian government committed to reduce greenhouse gas emissions by 26 to 28 per cent. below 2005 levels by 2030 (the Target). In December 2017, the Australian government conducted a review into national climate change policies and concluded that it is on track to meet the Target through policies such as: the voluntary carbon abatement scheme known as the “Emissions Reduction Fund” and accompanying ‘Safeguard Mechanism’ which encourages large emitters to keep their emissions within historical levels; and the Renewable Energy Target, which is designed to deliver 33,000 gigawatt hours of additional renewable electricity generation by 2020. This was supplemented in 2019 by the Australian government’s “Climate Solutions Package”, directing further funding towards existing and new initiatives to ensure that Australian meets its 2030 emissions reduction targets. There remains ongoing political uncertainty regarding future climate change policy and emissions target levels in Australia.

In addition, a number of other regulatory initiatives are underway in countries in which Gold Fields operates that seek to reduce or limit industrial greenhouse gas emissions. These regulatory initiatives will be either voluntary or mandatory and are likely to impact Gold Fields’ operations directly or by affecting the cost of doing business, for example by increasing the costs of its suppliers. Inconsistency of regulations may affect both Gold Fields’ decision to pursue opportunities in certain countries and its costs of operations. Furthermore, additional, new and/or different regulations in this area, such as the imposition of stricter limits than those currently contemplated, could be enacted, all of which could have a material adverse effect on Gold Fields’ business, financial condition, results of operations and prospects. In April 2018, Peru released a climate change framework law seeking collaboration between the government and the private sector, which regulation was approved in 2019 (the Climate Change Framework). The Climate Change Framework is intended to realise Peru's nationally determined contribution by reducing emissions by up to 30 per cent. by 2030. The Climate Change Framework also seeks to meet a 20 per cent. carbon reduction goal through the energy, industry, and waste sectors. Assessments of the potential impact of this and other future climate change regulations are uncertain, given the wide scope of potential regulatory change in countries in which Gold Fields operates.

Furthermore, the high variability in local weather patterns and extreme weather events caused by climate change have led to the higher risk of inundation from pits flooding, lack of water supply from extended droughts and extreme temperatures. Each of these potential physical impacts of climate change could disrupt Gold Fields' operations and adversely impact its business, operating results and financial condition.

Our high debt levels pose risks to our viability and may make us more vulnerable to adverse economic and competitive conditions, as well as other adverse developments.

Gold Fields carries significant debt relative to its shareholder equity. As of 31 December 2019, Gold Fields' consolidated debt was U.S.$1.8 billion. U.S.$0.7 billion of Gold Fields' consolidated debt securities becomes due over the 12 months following 31 December 2019.

Gold Fields' significant levels of debt can adversely affect it in several respects, including:

- limiting its ability to access the capital markets;
- exposing it to the risk of credit rating downgrades, which would raise its borrowing costs and could limit its access to capital;
- hindering its flexibility to plan for or react to changing market, industry or economic conditions;
- making it more vulnerable to economic or industry downturns, including interest rate increases;
- increasing the risk that it will need to sell assets, possibly on unfavourable terms, to meet payment obligations;
- increasing the risk that it may not meet the financial covenants contained in its debt agreements or timely make all required debt payments; or
- affecting its ability to service the interest on its debt.

The effects of each of these factors could be further intensified if Gold Fields increases its borrowings. As Gold Fields continuously reviews its funding and maturity profile, it expects to consider additional opportunities to access the international U.S. dollar bond markets primarily to refinance its debt facilities. A sustained and negative movement in the price of gold will negatively impact Gold Fields' ability to repay its debt. Any failure to make required debt payments could, among other things, adversely affect Gold Fields' ability to conduct operations or raise capital, which could have a material adverse effect on Gold Fields' business, operating results or financial condition.

Gold Fields utilises information, communication and technology systems on which it records personal data. Failure of these systems, or the failure to protect personal data, could significantly impact Gold Fields' operations and business.

Gold Fields utilises and is reliant on various internal and external information, communication and technology system applications to support its business activities, in particular SAP, mining activity applications and other applications. Damage or interruption of Gold Fields' information, communication and technology systems, whether due to accidents, human error, natural events or malicious acts, may lead to important data being irretrievably lost, exposed or damaged, thereby adversely affecting Gold Fields' business, prospects and operating results.

The information security management system protecting Gold Fields' information, communication and technology infrastructure and network may be subject to security breaches (e.g. cyber-crime or activists) or other incidents that can result in misappropriation of funds, increased health and safety risks to people, disruption to our operations (as a result of the increasing interface between operational technology and information technology), environmental damage, loss of intellectual property, disclosure of commercially or personally sensitive information, legal or regulatory breaches and liability, other costs and reputational damage.

Although Gold Fields aims to follow the established best practices in relation to cybersecurity (e.g. attaining the ISO 27001 cybersecurity certification for corporate and regional offices and mining operations in 2019) and while no material losses related to cyber security breaches have been discovered, given the increasing sophistication and evolving nature of this threat, Gold Fields cannot rule out the possibility of them occurring in the future. An extended failure of critical system components, caused by accidental, or malicious actions, including those resulting from a cyber security attack, could result in a significant environmental incident, commercial loss or interruption to operations.

In addition, the interpretation and application of consumer, privacy and data protection laws in South Africa, the United States and elsewhere are uncertain and evolving. It is possible that regulators may interpret and apply these laws in a manner that is inconsistent with Gold Fields' data processes and practices. Complying with these various laws is complex and could cause Gold Fields to incur substantial costs or require it to change its business practices in a manner adverse to its business. For example, on 25 May 2018 the General Data Protection Regulation (GDPR) came into force. The GDPR is a European Union-wide framework for the protection of personal data being processed in the EU. The GDPR enhances existing legal requirements through several new rules, including stronger rights for data subjects, cross-border transfer of information, mandatory data breach notification requirements, and an increase in penalties and fines for non-compliance. Failure to comply with the GDPR may lead to substantial penalties and fines. Confidentiality breaches have historically been a great risk for the mining sector.

In Australia, Gold Fields' data practices must comply with the Privacy Act 1998 (Cth) (Australian Privacy Act) and state-based surveillance laws. The Australian Privacy Act regulates the way an individual's personal information is handled. Under the Australian Privacy Act, there is a mandatory scheme requiring entities to report data breaches to the Office of the Australian Information Commissioner (OAIC) and affected individuals if the breach is likely to result in serious harm to an individual whose personal information is involved. In 2019, the Commonwealth Attorney-General and Minister for Communications in Australia announced plans to amend the Australian Privacy Act to provide a new regime of increased penalties for privacy breaches and giving the OAIC greater enforcement powers. These proposed amendments have not yet been enacted.

South Africa's upcoming data protection legislation, the Protection of Personal Information Act, 2013 (POPI) is enacted but not yet in force. Only certain provisions enabling the appointment of the Information Regulator to regulate, perform functions and exercise powers in connection with POPI and the making of regulations are in force. Once a commencement date has been announced, and if not amended, organisations will have 12 months within which to become compliant with POPI. The current indication is that POPI will come into effect in by the end of the first half of fiscal 2020. As with the GDPR, failure to comply with POPI may lead to significant penalties and fines.

Gold Fields' operations are subject to water use licences, which could impose significant costs and burdens.

Gold Fields operations are subject to water use licences and regulations that govern each operation's water usage and that require, among other things, mining operations to achieve and maintain certain water quality limits regarding all water discharges. Gold Fields is required to comply with these regulations under its permits and licences and any failure to do so could result in the curtailment or halting of production at the affected locations. Gold Fields continues to use measures to remove underground water to permit the routine safe functioning of South Deep.

An amended Water Use Licence was issued to South Deep by the Department of Human Settlements, Water and Sanitation (DHSWS) in December 2018. South Deep has implemented a water and environmental management strategy in an effort to satisfy the conditions of its water use licence and other relevant water and environmental regulatory requirements. However, there can be no assurance that Gold Fields will be able to meet all of its water and environmental regulatory requirements, primarily due to the inherent uncertainties related to certain requirements of the legislation, which are subject to ongoing discussions between government and the mining industry through the MCSA. Any constraint on the water supply to South Deep could result in delays on the ramp-up of that operation.

Gold Fields is also required to obtain a water licence from the Australian Department of Water and Environmental Regulation (DWER) to extract water for its mining activities. A water licence is granted subject to conditions and limitations with which the licence holder must comply. Contravening the conditions of a water licence is an offence and can lead to the licence being cancelled or suspended. A water licence can also be cancelled or suspended in various other circumstances, including where the Minister for Water of Western Australia is of the opinion that the cancellation or suspension is necessary or desirable to protect the water resource or associated environment from unacceptable damage. Gold Fields has obtained the necessary water extractions licences to support its operations in Australia.

Further, a water quality discharge standard was introduced in Peru, which contained several stringent requirements and mines were given three years to submit their plans for adaption. La Cima has been engaging with the water authority on the water quality discharge standard since its introduction and in March 2017, La Cima submitted its plan for adaptation to the new maximum allowable limits and water quality discharge standard to the Peruvian Ministry of Energy and Mining (MEM). In December 2019, the MEM provided La Cima with comments on its response plan and Gold Fields subsequently submitted a reply to MEM for approval. The approved plan must be implemented by La Cima to comply with the ECA within three years of approval

While Gold Fields continues to conduct diligence to comply with the water use and water quality discharge standards, there is no guarantee that it will always be compliant. For example, discharge from the water treatment plant at the Tarkwa Mine contains salts which is required to be disposed of. In spite of Gold Fields' efforts to treat the salts, there is no guarantee that an environmental incident will not occur, which could result in fines, penalties and sanctions by the competent authorities. There is no guarantee that Gold Fields will be able to successfully treat these or other issues, which could result in fines, sanctions and penalties from the component authorities. Any failure on Gold Fields' part to achieve or maintain compliance with the requirements of its water use licences with respect to any of its operations could result in Gold Fields being subject to substantial claims, penalties, fees and expenses; significant delays in operations; or the loss of the relevant water use licence, which could curtail or halt production at the affected operation and have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields has experienced and may experience further acid mine drainage related pollution, which may compromise its ability to comply with legislative requirements or result in additional operating or closure cost liabilities.

Acid mine drainage (AMD) and acid rock drainage (ARD, together with AMD, Acid Drainage or AD) are caused when certain sulphide minerals in rocks are exposed to oxidising conditions (such as the presence of oxygen, combined with water). AD can occur under natural conditions or as a result of the sulphide minerals that are encountered and exposed to oxidation during mining or during storage in waste rock dumps, ore stockpiles or tailings dams. The acidic water that forms usually contains iron and other metals if they are contained in the host rock.

AD generation, and the risk of potential long-term AD issues, specifically at Gold Fields' Cerro Corona, Damang and South Deep mines, is ongoing. Immaterial levels of surface AD generation also occur at Gold Fields' Tarkwa and St. Ives mines. The AD issues at Damang are confined to the Rex open pit. Any AD which is currently generated is contained on Gold Fields property at all operations where it occurs and is managed as part of each mine's operational water management strategy. The relevant regulatory authorities are also kept appraised of the Group's efforts to manage AD through various submissions and other communications.

Gold Fields continues to investigate technical solutions at its South Deep, Damang and Cerro Corona mines to better inform appropriate strategies for long-term AD management (mainly post-closure), as well as to work towards a reliable cost estimate of these potential issues. None of these studies have allowed Gold Fields to generate a reliable estimate of the total potential impact on the Group. In addition, there can be no assurance that Gold Fields will be successful in preventing or managing long-term potential AD issues at these operations.

Gold Fields' mine closure cost estimate (namely environmental rehabilitation cost provisions) for fiscal 2019 contains those aspects of AD management (namely tailings facilities, waste rock dumps, ore stockpiles and other surface infrastructure), which management has been able to reliably estimate. However, there could be no guarantee that Gold Fields' current cost estimate, including the cost of AD treatment and other types of post-closure water treatment, reflects all relevant factors and, as such, the actual closure costs may be higher.

No adjustment for any effects on the Company that may result from potentially material (mainly post-closure) AD impacts at South Deep, Damang and Cerro Corona, has been made in the consolidated financial statements, other than through the Group's normal environmental rehabilitation cost provisions.

The existence of material long-term AD issues at any of Gold Fields' operations could cause it to fail to comply with its water use licence requirements and could expose Gold Fields to fines, additional operating costs and other liabilities. In certain areas where Gold Fields operates, AD could also cause scarcity of water which can affect the continued process of mining and cause production curtailment and mine closures, any of which could have a material adverse effect on Gold Fields' business, production, operating results and financial condition.

Gold Fields faces continued geotechnical challenges, which could adversely impact its production and profitability.

Gold Fields and the mining industry are facing continued geotechnical challenges due to ageing of certain mines and a trend toward mining deeper pits and more complex, often deeper underground deposits. This leads to higher pit walls, more complex underground environments and increased exposure to geotechnical instability and hydrological impacts. As Gold Fields operations are maturing, the open pits at many of its sites are getting deeper and it has experienced certain geotechnical failures at some of its mines.

For Gold Fields' open pit operations, no assurances can be given that unanticipated adverse geotechnical and hydrological conditions, such as landslides and pit wall failures, will not occur in the future or that such events will be detected in advance. Further, Gold Fields' underground operations are also maturing, and mining is at deeper levels which may be more prone to seismicity. This is of particular concern at South Deep and the Wallaby underground operation at Granny Smith. At South Deep, there were 27 damaging seismic incidents in 2019 (a 4 per cent. increase from 2018), which resulted in a fatality and the injury of six other employees. Gold Fields endeavours to use industry best practices in seismological monitoring and analysis in addition to the use of dynamic capable ground support in these operations. However, in Gold Fields' underground operations, no assurances can be given that unanticipated adverse geotechnical and hydrological conditions, such as mine seismicity and inrushes, will not occur in the future or that such events will be detected in advance.

Gold Fields has appointed an external geotechnical review board (the Geotechnical Review Board) to help implement industry best practice geotechnical design, monitoring, mine design, extraction sequencing, and ground support implementation. Gold Fields also cannot guarantee that any recommendations by the Geotechnical Review Board will be implemented effectively or that the ongoing monitoring of Gold Fields' mines will not be interrupted. Geotechnical instabilities and mine induced seismicity can be difficult to predict and are often affected by risks and hazards outside of Gold Fields' control, such as severe weather and rainfall, which may lead to periodic floods, mudslides, and wall instability, which may result in slippage of material with respect to geotechnical conditions and, in relation to seismicity, the regional extraction rate or mining on the same geological structure as the neighbouring mine, which may lead to higher than anticipated seismic activity, which may result in damage to infrastructure and prevent access to the affected mining areas.

Geotechnical failures and seismic activity could result in limited or restricted access to mine sites, suspension of operations, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could have a material adverse impact on Gold Fields' reputation, business, operating results and financial condition.

Economic, political or social instability in the countries or regions where Gold Fields operates may have a material adverse effect on Gold Fields' operations and profits.

In fiscal 2019, 10 per cent., 35 per cent., 42 per cent. and 13 per cent. of Gold Fields' gold-equivalent production was in South Africa, Ghana, Australia and Peru, respectively. In fiscal 2020, Gold Fields announced its intention to begin construction on the Salares Norte project in Chile. Changes or instability in the economic, political or social environment in any of these countries or in neighbouring countries could affect investment in Gold Fields.

High levels of unemployment, particularly among the youth, and a shortage of critical skills in South Africa, despite increased government expenditure on education and training, remain issues and deterrents to foreign investment. The volatile and uncertain labour and political environments, which severely impacts the local economy and investor confidence, has led, and may lead, to further downgrades in national credit ratings, making investment more expensive and difficult to secure. See "*—Gold Fields' operations and profits have been and may continue to be adversely affected by union activity and new and existing labour laws*" and "*—A further downgrade of South Africa's credit rating may have an adverse effect on Gold Fields' ability to secure financing*". This may restrict Gold Fields' future access to international financing and could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Furthermore, while the South African government has stated that it does not intend to nationalise mining assets or mining companies, certain political parties have stated publicly and in the media that the government should embark on a programme of nationalisation. Any threats of, or actual proceedings to, nationalise any of Gold Fields' assets, could halt or curtail operations, resulting in a material adverse effect on Gold Fields' business, operating results and financial condition and could cause the value of Gold Fields' securities to decline rapidly and dramatically, possibly causing investors to lose the entirety of their respective investments.

Following a general election in 2019, Cyril Ramaphosa was re-elected as President of South Africa. In 2019, Australia held a federal election as a result of which Scott Morrison was elected as Prime Minister of Australia. In addition, in 2018, Pedro Pablo Kuczynski resigned as Peru's president following allegations of corruption and was replaced by Martin Vizcarra. It is not certain what if any other political, economic or social impacts the newly elected, appointed or re-elected governments will have on South Africa, Australia or Peru, respectively, or on Gold Fields specifically. National elections are scheduled to take place in Peru and Ghana in 2020. It is not certain what, if any, political, economic or social impacts the upcoming national elections will have on Peru or Ghana, respectively, or on Gold Fields specifically.

Peru’s local authorities (the regional governor, the provincial mayor and the district mayor) have expressed concern regarding the lack of clean and values-based mining within their communities. In addition, engagement with community stakeholders, including in Peru and South Africa, can pose challenges to local management and any inability to properly manage these relationships may have a negative impact on our production or associated costs. There is also the potential for social instability or protests regarding mining activity in the communities near Gold Fields’ South Deep, Cerro Corona, Damang and Tarkwa mines relating to, among other things, community investment, unemployment, environmental concerns, service delivery by local government or other issues.

In addition, several parts of Chile, including Santiago, have been experiencing extended civil unrest since October 2019. As Gold Fields has taken the decision to begin construction on the Salares Norte project in Chile, any unrest may delay or halt such construction which could have a material adverse effect on Gold Fields’ business, operating results and financial condition.

Occurrence of any of the above mentioned developments could result in Gold Fields experiencing opposition or disruptions in connection with any of its operations. Such opposition or disruptions to any of Gold Fields’ operations, in particular if it has an adverse impact or costs or causes any stoppages (including as a result of any protests aimed at government and other mining operations that affect operations) could have a material adverse effect on Gold Fields’ business, operating results and financial condition.

A further downgrade of South Africa’s credit rating may have an adverse effect on Gold Fields’ ability to secure financing.

Prior to 2018, the challenges facing the mining industry and other sectors, among other factors, had resulted in the downgrading of South Africa’s sovereign credit rating to non-investment grade by Standard & Poor’s and Fitch Ratings. Since 2018, on 23 March 2018, Moody’s affirmed its Baa3 sovereign credit rating for South Africa and upgraded its outlook to stable, listing the beginning of reform under president Ramaphosa. On 26 May 2018, Standard & Poor’s affirmed its non-investment sovereign credit rating for South Africa of BB with a stable outlook and on 23 November 2018 kept South Africa’s sovereign credit ratings unchanged at non-investment grade. On 26 July 2019, Fitch Ratings affirmed its sub-investment grade sovereign credit rating of BB+ for South Africa and downgraded its outlook from stable to negative. On 3 April 2020, Fitch Ratings downgraded South Africa’s sovereign credit rating to BB with a negative outlook. On 27 March 2020, Moody’s downgraded South Africa’s sovereign credit rating to the non-investment grade rating of Ba1 with a negative outlook, citing the continuing deterioration in fiscal strength and structurally very weak growth.

The recent downgrading of South Africa’s credit rating by Moody’s to non-investment grade and the continued status of South Africa’s sovereign credit rating as non-investment grade by Standard & Poor’s, Moody’s or Fitch Ratings may adversely affect the South African gold mining industry and Gold Fields’ business, operating results and financial condition by making it more difficult to obtain external financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available. The recent downgrades of South Africa’s sovereign credit rating could also have a material adverse effect on the South African economy as many pension funds and other large investors are required by internal rules to sell bonds once two separate agencies rate them as non-investment grade. Any such negative impact on the South African economy may adversely affect the South African gold mining industry and Gold Fields’ business, operating results and financial condition.

Gold Fields may suffer material adverse consequences as a result of its reliance on outside contractors to conduct some of its operations.

A portion of Gold Fields’ operations in South Africa, Ghana, Australia and Peru are currently conducted by outside contractors. In Ghana, Gold Fields has transitioned to contract mining at the Damang and Tarkwa mines. Gold Fields’ operations at sites utilising contractors or contract mining are subject to a number of risks, some of which are outside Gold Fields’ control, including contract risk, execution risk, litigation risk, regulatory risk and labour risk. Mining contractors are also vulnerable to issues relating to commerciality, liquidity and solvency, which may result in the need for mining operators such as Gold Fields to provide additional financial support to mining contractors. For example, in February 2020, Gold Fields approved an advance payment, recoverable over 36 months, of approximately U.S.$68 million to one of the mining contractors at its operations in Ghana for the purchase of mining equipment. Despite any financial assistance measures taken by Gold Fields, to the extent contract mining becomes non-commercial or our existing contract mining service providers become insolvent, this could impact the operating and financial results of our West Africa operations. In turn, this may trigger a revised mining strategy to ensure sustainability at our West Africa operations.

In addition, Gold Fields may incur liability to third parties as a result of the actions of its contractors. The occurrence of one or more of these risks could have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*Integrated Annual Report—Managing and Growing our People—Workforce Profile*".

Due to ageing infrastructure at our operations, unplanned breakdowns and stoppages may result in production delays, increased costs and industrial accidents.

Once shafts or processing plants reach the end of their planned lifespan and begin operating under extended life of mine conditions, additional maintenance, condition monitoring and care is required. The infrastructure in all of our operating regions fall into this category. Although Gold Fields has comprehensive strategies in place to address these issues, including maintenance and process plant optimisation projects, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have a material adverse effect on Gold Fields' business, operating results and financial condition.

The failure to modernise operations may have a material adverse effect on Gold Fields' business.

Gold Fields' business is increasingly dependent on its ability to modernise its operations, including operating models, IT systems and digital technology. Improvements to these systems are necessary for Gold Fields to increase its resource to reserve conversion, reduce costs, decrease power consumption and reduce environmental impact, among other things.

Modernisation of its operations require Gold Fields to adopt new technologies, new organisational structures and new skills. It also requires Gold Fields to manage its technology development and costs. Among other things, Gold Fields will likely have to form partnerships with original equipment manufacturers over whom Gold Fields does not have operational control.

Implementation of new technologies and systems is capital intensive and there is no guarantee that the use of new technologies and systems will deliver the intended benefits. Initiatives to modernise Gold Fields' operations may cause operational disruptions, IT failures, safety system failures, increased costs, lower productivity and other challenges.

Gold Fields' competitors are also undertaking modernisation initiatives which may result in it becoming more difficult for Gold Fields to compete if it fails to update its operations. Failure to modernise its operations may also make it more difficult for Gold Fields to effectively convert resources to reserves, reduce costs and attract employees with critical skills. This may also have negative effects on the reputation of the company.

Any of the above could have a material adverse effect on Gold Fields' business, operating results or financial condition.

The effects of the regional re-watering may have a material adverse effect on Gold Fields' South Deep operation.

On 31 August 2016, Sibanye Stillwater Limited (formerly Sibanye Gold Limited) announced that it would be closing its Ezulwini (Cooke 4) shaft. As a part of this process, Sibanye-Stillwater filed an application for closure and the cessation of dewatering from the mine with the DMRE. There have been various iterations of Sibanye-Stillwater's application since 2017, with the most recent submission for authorisation to the DMRE made on September 2019. Gold Fields has taken a proactive approach in relation to Sibanye-Stillwater's application, filing its comments and objections thereon throughout the process. Gold Fields is opposed to the cessation of pumping by Sibanye-Stillwater, and as such continues, to engage with Sibanye-Stillwater and other stakeholders to find an appropriate and effective solution to develop an alternative pump and treat solution.

In June 2019, Sibanye-Stillwater brought an application in a South African court against seven respondents, including South Deep, in relation to the cessation of dewatering from Cooke 4. Gold Fields opposed this application and filed a counter application seeking to ensure that Sibanye-Stillwater remain responsible for the pumping and dewatering of Cooke 4 water until the DMRE has issued a closure certificate (or until such longer period as required by statute). The ultimate outcome of this matter, including its impact on South Deep, remains uncertain. However, the cessation of pumping by Sibanye-Stillwater and dewatering of Cook 4 could have a material adverse effect on Gold Fields' business, operating results and financial condition.

The failure of a dam at a tailings storage facility could negatively impact Gold Fields' business, reputation and results of operations.

Mining companies face inherent risks in their operation of tailings storage facilities. Tailings storage facilities are structures built for the containment of fine mining waste, known as tailings. This waste, which consists mainly of material that is extracted during mining but not used in the production of metals, must be disposed of in an appropriate manner so as not to impact the safety of the workforce and communities or cause environmental damage. However, the use of tailings storage facilities exposes Gold Fields to certain risks, among them seepage of decanted tailings water or AMD (as discussed in "*—Gold Fields has experienced and may experience further acid mine drainage related pollution, which may compromise its ability to comply with legislative requirements or results in additional operating or closure cost liabilities*") and the failure of a dam at a tailings storage facility. Tailings storage facilities designed with upstream constructed embankments may present greater risk, particularly where the facility is located in a high seasonal rainfall area and where the embankments are constructed using reclaimed tailings materials. For example, in January 2019, the dam of a Brazilian mining company's tailings storage facility (not associated with Gold Fields) failed, releasing muddy tailings downstream, reaching and flooding certain communities, causing multiple deaths and extensive property and environmental damage in the surrounding area. This dam failure followed another similar incident in Brazil in 2015 and in Canada in 2014. The dam failure in 2019 resulted in the immediate stoppage of that company's mining operations pursuant to an order by government authorities. The occurrence of a dam failure at one of Gold Fields' tailings storage facilities could also lead to the loss of human life and/or extensive property and permanent environmental damage, leading to the need for a large expenditure on contingencies and on recovering the regions and people affected and the payment of penalties, fines or other money damages.

Gold Fields maintains measures to manage its dams' safety, including compliance with the International Council on Mining and Metals' Tailings Governance Position Statement and undertakes routine reviews by independent international consulting companies. However, Gold Fields cannot guarantee the effectiveness of its designs, construction quality or regular monitoring throughout its operations or that these measures will prevent the failure of one or more of its tailings dams or that such potential failure will be detected in advance. Gold Fields also cannot guarantee that its partners maintain similar safety precautions or monitoring systems on their tailings storage facilities. For example, Gold Fields is working with Lepanto Mining on the Far Southeast project in the Philippines, which has a tailings storage facility located in a region with high seismic activity and frequent typhoons. There is no assurance that the safety measures will prevent the failure of the dam at the tailings storage facility.

The failure of a dam at a tailings storage facility could lead to multiple legal proceedings and investigations, which could include securities class actions, criminal proceedings and public civil actions (against the company and/or individuals) for significant amounts of damages. Furthermore, the elimination of the "conventional" practice of storing wet tailings (e.g. alternatively filtering, "dry" stacking and compacting the tailings) could require the research, development and deployment of new technologies, which could lead to additional large expenditures. As a result of the recent dam failures or as a result of future dam failures, additional environmental and health and safety laws and regulations may be forthcoming globally, including in jurisdictions where Gold Field operates, which may ban or curtail any storage of wet tailings or the construction or use of upstream tailings dams. In addition, changes in industry standards, laws and regulations may impose more stringent conditions in connection with the licensing process of projects and operations and increased criminal and civil liability for companies, officers and contractors. For example, the ICMM, the United Nations Environment Programme (UNEP) and the Principles for Responsible Investment (PRI) have co-convened global tailings review to establish an international tailings standard (Global Tailings Standard).

The occurrence of any of the above mentioned such risks could have a material adverse effect on Gold Fields' business, operating results and financial condition.

An actual or alleged breach or breaches in governance processes, or fraud, bribery and corruption may lead to public and private censure, regulatory penalties, fines and/or sanctions and loss of licences or permits and may impact negatively upon our empowerment status and may damage Gold Fields' reputation.

Gold Fields operates globally in multiple jurisdictions and with numerous and complex frameworks, and its governance and compliance processes may not prevent potential breaches of law or accounting or other governance practices. Gold Fields' operating and ethical codes, among other rules, codes, standards and guidance, may not prevent instances of fraudulent behaviour and dishonesty, (internally or by associated third-parties), nor guarantee compliance with legal and regulatory requirements.

For example, legislation in Peru effective as of 1 January 2018 created criminal liabilities for companies in connection with crimes of transnational active bribery and active bribery of domestic public officials or servants. Pursuant to this legislation, companies must establish a criminal compliance system, which Gold Fields has already implemented.

To the extent that Gold Fields suffers from any actual or alleged breach or breaches of relevant laws, including South African anti-bribery and corruption legislation or the U.S. Foreign Corrupt Practices Act of 1977 (the FCPA) under any circumstances, they may lead to investigations and examinations, regulatory and civil penalties, fines and/or sanctions, litigation, public and private censure and loss of operating licences or permits and may impact negatively upon our empowerment status and may damage Gold Fields' reputation. The occurrence of any of these events could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' operations and profits have been and may continue to be adversely affected by union activity and new and existing labour laws.

Over recent periods, there has been an increase in union activity in some of the countries in which Gold Fields operates. Any union activity that affects Gold Fields could have a material adverse impact on its operations, production and financial performance.

In South Africa, a recent increase in labour unrest has resulted in more frequent industrial disputes and extended negotiations that have negatively affected South Africa's sovereign debt rating and subsequently the credit ratings of a number of the country's leading mining companies, including Gold Fields. In 2018, the trade unions at Gold Fields' South Deep mine in South Africa under took a strike action in response to a proposed restructuring at the mine. See "*—Gold Fields has experienced, and may continue to experience, difficulties, operational delays, cost pressures and impact from labour relations following its restructuring at the South Deep operation in South Africa*". There can be no guarantee that future negotiations will not be accompanied by further strikes, work stoppages or other disruptions.

Furthermore, guidelines and targets have been provided to facilitate compliance with the open-ended broad- based socio-economic empowerment requirements espoused in Section 2 of the MPRDA and in the 2018 Mining Charter. See *"—Gold Fields' mineral rights are subject to legislation, which could impose significant costs and burdens and which impose certain ownership requirements, the interpretation of which is the subject of dispute*". The ongoing implementation and enforcement of these requirements, including as a result of any changes thereto following the announced review, may be contentious.

In Peru, Gold Fields' operations recently have been, and may in the future be, impacted by increased union activities, often resulting from restructurings, and new labour laws. In June 2019, a three-year deal labour agreement was concluded for fiscal 2019 to fiscal 2022 at Cerro Corona, which included an average salary increase of 5 per cent. over the period.

While Gold Fields seeks to strengthen its relationship with the labour unions in the regions where it operates, there can be no guarantee that labour unions will not undertake strikes or "go-slow" actions during periods of resistance to Gold Fields' operational decisions, impacting the Group's operations and those of other related industries and suppliers.

Gold Fields' direct employees in Ghana are currently not unionised, however, this may change should employees decide to join a union pursuant to the Ghanaian Labour Act and related labour laws or if Gold Fields shifts its direct employees to a contract mining model. Approximately 6 per cent. of our contractors in Ghana are unionised.

In Australia, Gold Fields concluded a new enterprise agreement with their employees in July 2018, which expires in April 2022 (the Enterprise Agreement). During the term of the Enterprise Agreement, Gold Fields is not exposed to lawful industrial action, including strike activity, though unlawful industrial action remains a possibility.

There are also a number of current legal disputes before the High Court in Australia in relation to labour laws. These include matters regarding "casual" employees and calculation of personal leave entitlements. Depending on the decisions in these matters, Gold Fields may have an unanticipated liability to its employees in respect of these issues. There is also a proposal by the Australian Federal Minister for Industrial Relations to introduce legislation in May 2020 which would introduce criminal liability for offences against Australia labour laws, where those offences involve the underpayment of employee entitlements. See *"—Gold Fields' operations are subject to environmental and health and safety regulations, which could impose additional costs and compliance requirements and Gold Fields may face claims and liability for breaches, or alleged breaches, of such regulations and other applicable laws"*.

In the event that Gold Fields experiences further industrial relations related interruptions at any of its operations or in other industries that impact its operations, or increased employment-related costs due to union or employee activity, these may have a material adverse effect on its business, production levels, operating costs, production targets, operating results, financial condition, reputation and future prospects. In addition, lower levels of mining activity can have a longer term impact on production levels and operating costs, which may affect operating life. Mining conditions can deteriorate during extended periods without production, such as during and after strikes, and Gold Fields will not re-commence mining until health and safety conditions are considered appropriate to do so.

Existing labour laws (including those that impose obligations on Gold Fields regarding worker rights) and any new or amended labour laws may increase Gold Fields' labour costs and have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' insurance coverage may not adequately satisfy all potential claims in the future.

Gold Fields has an insurance programme, however, it may become subject to liability against which it has not insured, cannot insure or has insufficiently insured, or be able to insure the amount needed due to lack of capacity by insurers in the market, including those in respect of past mining activities. In addition, Gold Fields' property and business interruption insurance and liability may not cover a particular event at all or be sufficient to fully cover Gold Fields' losses, including, without limitation, as a result of natural disasters, public health emergencies and other events that could disrupt our operations, such as COVID-19. See "*—HIV/AIDS, tuberculosis and the spread of other contagious diseases, such as coronavirus (COVID-19), contagious diseases pose risks to Gold Fields in terms of lost productivity and increased costs*". In addition, Gold Fields may be unable to attain insurance coverage for such disruptions. Further, Gold Fields' existing property and liability insurance contains exclusions and limitations on coverage. For example, should Gold Fields be subject to any regulatory or criminal fines or penalties, these amounts would not be covered under its insurance programme. Should Gold Fields suffer a major loss, future earnings could be affected. In addition, Gold Fields' insurance does not cover loss of profits. Further, insurance may not continue to be available at economically acceptable premiums. As a result, in the future, Gold Fields' insurance coverage may not cover the extent of claims against it or any cross-claims made.

Gold Fields' financial flexibility could be materially constrained by South African exchange control regulations.

South Africa's exchange control regulations (the Exchange Control Regulations) restrict the export of capital from South Africa, the Republic of Namibia, and the Kingdoms of Lesotho and Swaziland, known collectively as the Common Monetary Area (the CMA). Transactions between South African residents (including companies) and non-residents of the CMA are subject to exchange controls administered by the Financial Surveillance Department of the South African Reserve Bank (SARB). As a result, Gold Fields' ability to raise and deploy capital outside the CMA is restricted. These restrictions could hinder Gold Fields' financial and strategic flexibility, particularly its ability to fund acquisitions, capital expenditures and exploration projects outside South Africa. See "*—Additional Information on the Company—Environmental and Regulatory Matters—South Africa—Exchange Controls*".

Theft of gold and copper bearing materials and production inputs, as well as illegal and artisanal mining, occur on some of Gold Fields' properties, are difficult to control, can disrupt Gold Fields' business and can expose Gold Fields to liability.

A number of Gold Fields' properties have experienced illegal and artisanal mining activities and theft of gold and copper bearing materials and copper cables (which may be by employees or third parties). These activities could lead to future interference with Gold Fields' operations and result in conflict situations that present a security threat to property and human life. Most recently, in December 2019, a group armed with assault weapons carried out an attack at the South Deep operation in South Africa, resulting in the theft of approximately U.S.$500,000 in gold concentrate.

Illegal and artisanal mining is associated with a number of negative impacts, including environmental degradation and human rights abuse. Effective local government administration is often lacking in the locations where illegal and artisanal miners operate because of rapid population growth and the lack of functioning structures which can create a complex and unstable social environment. In Ghana, the government lifted its ban on small scale mining, effective 17 December 2018. The ban was imposed at the beginning of 2017 in an attempt to regularise the small-scale mining sub-sector. The government also indicated its intention to withdraw military personnel who were deployed to mining concessions to provide security and help prevent encroachment by illegal miners. The withdrawal was to be effective at the end of January 2019. To fill the void that would be created by the absence of the military, the Ghanaian Chamber is negotiating a security agreement with the Ghana Police Service, on behalf of its members.

The activities of illegal and artisanal miners could lead to depletion of mineral reserves, potentially affecting the economic viability of mining certain areas and shortening the lives of the operations as well as causing possible operational disruption, project delays, disputes with illegal miners and communities, pollution, damage to property, personal injury or death. It is possible that mine owners may be held responsible for the actions of such illegal miners or for any damages, injuries or fatalities that occur due to their actions.

Furthermore, the environmental, social, safety and health impacts of illegal and artisanal mining are frequently attributed to formal mining activities, and it is often assumed that illegal and artisanal-mined gold is channelled through large-scale mining operators. These misconceptions negatively impact the reputation of Gold Fields and of the industry. The occurrence of any of these events could have a material adverse effect on Gold Fields' business, operating results and financial condition.

Gold Fields' tenements in Australia are subject to native title claims and include Aboriginal heritage sites, which could impose significant costs and burdens.

Native title and Aboriginal cultural heritage legislation protects the claims, determined rights and cultural heritage sites of Aboriginal people in relation to land and waters throughout Australia in certain circumstances. Native title claims could require costly negotiations with the registered claimants or native title holders and could have implications for Gold Fields' access to or use of its tenements and, as a result, have a material adverse effect on Gold Fields' business, operating results and financial condition. Similarly, there are risks that if Aboriginal cultural heritage sites are damaged or materially altered as a result of current or future operations, Gold Fields could be subject to criminal and/or civil penalties under relevant legislation. See "*—Additional Information on the Company—Environmental and Regulatory Matters—Australia—Land Claims*".

Compensation may be payable to native title holders in respect of Gold Fields' Australian operations.

The Native Title Act 1993 (Cth) allows native title holders (i.e. Aboriginal people who have secured a determination of native title) to seek compensation for any extinguishment or impairment of their native title rights and interests which occurred following the commencement of the Racial Discrimination Act (1975) (Cth). The Commonwealth, States and Territories are generally responsible for any native title compensation for acts (such as the granting of land and mining tenures) attributable to them. However, this liability may be passed on to third parties (including the holders and former holders of mining tenure) either contractually or by legislation.

Native title has been recognised over St. Ives, Gruyere and Agnew. Consequently, the native title holders for each of these areas are now entitled to, and there is a reasonable prospect that they will, commence compensation claims (to the extent that such rights have not been waived). As there is no specific timeframe in which such proceedings must be brought, it remains open to the determined native title holders subject to any limitation in relevant native title or other agreements) to commence compensation claims at any time.

To the extent that it is ultimately determined that the State's compensation liability may be passed on to Gold Fields as a holder of mining tenure in a determined native title claim area, Gold Fields may be liable for any native title compensation determined in relation to those tenements. However, until the relevant legislation is fully considered and a sufficient body of compensation claims have worked their way through the Australian courts, the allocation, quantum and timing of this liability will remain uncertain.

An increasing number of compensation claims are expected following the High Court's decision on 13 March 2019 to award compensation of approximately A$2.5 million to native title holders in Timber Creek in the Northern Territory. The decision did not address how compensation is to be assessed where the impact on native title is caused by interests (such as mining leases) which impair native title rights without extinguishing them. This issue will likely be addressed in future decisions of the court. Gold Fields is monitoring this issue and will assess any potential risks associated with this once settled calculation methodologies emerge.

HIV/AIDS, tuberculosis and the spread of other contagious diseases, such as coronavirus (COVID-19), contagious diseases pose risks to Gold Fields in terms of lost productivity and increased costs.

The prevalence of HIV/AIDS in South Africa poses risks to Gold Fields in terms of potentially reduced productivity and increased medical and other costs. Compounding this are the concomitant infections, such as tuberculosis, that can accompany HIV illness, particularly at the end stages, and cause additional healthcare-related costs. If there is a significant increase in the incidence of HIV/AIDS infection and related diseases among the workforce, this may have a material adverse effect on Gold Fields' business, operating results and financial condition. See "*Integrated Annual Report—Managing, Growing and Protecting our People—Occupational Health and Wellness—HIV/Aids*".

Additionally, Gold Fields' operations may be impacted by the spread of contagious diseases such as respiratory diseases, including COVID-19, which was first reported to have surfaced in China in December 2019 and has since spread globally, including to South Africa and other countries where we operate, and has been declared a pandemic by the World Health Organization. The spread of COVID-19 could result in serious illness (including incapacity) or quarantine of Gold Fields' employees and contractors, which may be exacerbated by employees and contractors working in close proximity to each other in underground and surface mines and living in close quarters. In addition, certain underlying health conditions including conditions which compromise the immune system, such as HIV/AIDS, have worsened the outcomes among the individuals infected with COVID-19. Employee or contractor absences due to COVID-19 or other contagious diseases could lead to labour shortages or instability, which could result in disruptions to Gold Fields' production (including potential temporary cessation) and increased operational costs. In addition, any action taken by governments or regulators in response to the spread of contagious diseases such as COVID-19 could have a material impact on our operations and lead to an increase in our costs. For example, many countries, including the countries where we operate, have imposed strict travel-related measures such as travel restrictions and have introduced indefinite border closures, lockdowns, bans on public gatherings, curfews and business shutdowns following the global spread of COVID-19.

In response to the outbreak, Gold Fields has introduced a wide range of measures to reduce the risk of potential infections of people at its operations and limit disruption at its mines. Gold Fields is in full support of the governments' measures and its further actions going forward will be determined by the nature and extent of incidences of infections at its mines and in the countries in which it operates. In line with the directive by the South African government on 23 March 2020, South Deep has been placed on care-and-maintenance during the resultant 21-day lockdown in South Africa. Prior to that directive being announced, Gold Fields had implemented other measures to manage the risk to its people and business, including international business travel restrictions, self-quarantine for people displaying flu-like symptoms and comprehensive hygiene awareness campaigns. The continuation of existing measures or the introduction of additional travel-related restrictions or any other measures, could result in the inability of Gold Fields' suppliers to deliver components or raw materials on a timely basis and may limit or prevent Gold Fields' Management and employees and other important third-parties from traveling to, or visiting, Gold Fields' operations. Further, any lockdowns or mandatory business shutdowns could result in a suspension of Gold Fields' operations and could bring its business to a standstill. Gold Fields' property and business interruption insurance and liability may not cover or be sufficient to fully cover any of Gold Fields' losses resulting from public health emergencies and other events that could disrupt our operations, such as COVID-19. See "*—Gold Fields' insurance coverage may not adequately satisfy all potential claims in the future*".

The full extent to which COVID-19 impacts Gold Fields' operational and financial performance will depend on future developments, which are highly uncertain and cannot be predicted. Any disruption to production or increased operational costs as a result of the spread of contagious diseases, such as COVID-19, HIV/AIDS or tuberculosis, could have a material adverse effect on Gold Fields' business, operating results and financial condition.

We have identified a material weakness in our disclosure controls and internal controls over financial reporting which may adversely affect the accuracy and reliability of our financial statements, and which required us to restate certain items in our financial statements.

In connection with the recording of transactions between cost close (the date the general ledger was closed for reporting purposes) and calendar year end, we did not conduct an effective assessment of the risk that transactions, including cash payments and receipts, could occur between the cost close date and 31 December which could have a material impact, both individually and in aggregate, on financial statement captions and disclosures. Consequently, Gold Fields' Management (Management) failed to design and implement appropriate controls to address this risk. Management's controls only focussed on transactions that occurred outside the normal course of business, and did not consider potentially material transactions that occurred in the normal course of business between the cost close and 31 December of the relevant years. The cost close dates were 21 December 2018, 22 December 2017 and 22 December 2016, respectively.

These deficiencies in internal control over financial reporting resulted in restatements to a number of financial statement captions within the statements of financial position and cash flows. As a result, the errors were corrected by restating each of the affected financial statement line items for prior periods. These control deficiencies created a reasonable possibility that a material misstatement to the consolidated financial statements would not be prevented or detected on a timely basis. As described under "*Controls and Procedures*", management has concluded that these deficiencies constitute a material weakness in our internal control over financial reporting and, accordingly, disclosure controls were not effective as of 31 December 2018.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements would not be prevented or detected on a timely basis.

While the issue relating to the recording of transactions between cost close and the calendar year end was remediated as of the date of filing this report, the control deficiencies that gave rise to the material weaknesses were not operating effectively as of 31 December 2018. If we identify additional material weaknesses in our internal controls over financial reporting or disclosure controls in the future, our ability to analyse, record and report financial information accurately, to prepare our financial statements within the time periods specified by the rules and forms of the SEC or the JSE and to otherwise comply with our reporting obligations under the federal securities laws and the laws of South Africa, will likely be adversely affected. The occurrence of these material weaknesses and any future material weaknesses in our internal controls over financial reporting or other ineffective disclosure controls may adversely affect the accuracy and reliability of our financial statements and disclosure. Any such issue may have a material adverse effect our reputation and business. See "—*Controls and Procedures*".

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields.

Securities laws of certain jurisdictions may restrict Gold Fields' ability to allow participation by certain shareholders in future issues of securities (including ordinary shares) carried out by or on behalf of Gold Fields. In particular, holders of Gold Fields securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of Gold Fields unless a registration statement under the Securities Act is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available thereunder.

Securities laws of certain other jurisdictions may also restrict Gold Fields' ability to allow the participation of all holders in such jurisdictions in future issues of securities carried out by Gold Fields. Holders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisers as to whether they require any governmental or other consents or approvals or need to observe any other formalities to enable them to participate in any offering of Gold Fields securities.

Investors in the United States and other jurisdictions outside South Africa may have difficulty bringing actions, and enforcing judgments, against Gold Fields, its directors and its executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof or under the laws of other jurisdictions outside South Africa.

Gold Fields is incorporated in South Africa. All of Gold Fields' directors and executive officers reside outside the United States. Substantially all of the assets of these persons and substantially all of the assets of Gold Fields are located outside the United States. As a result, it may not be possible for investors to enforce against these persons or Gold Fields a judgment obtained in a United States court predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. In addition, investors in other jurisdictions outside South Africa may face similar difficulties.

Investors should be aware that it is the policy of South African courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the South African legal system, it does not mean that such awards are necessarily contrary to public policy. South African courts cannot enter into the merits of a foreign judgment and cannot act as a court of appeal or review over the foreign court where the recognition and enforcement of a foreign judgement is sought. South African courts will usually implement their own procedural laws. It is doubtful whether an original action based on United States federal securities laws or the laws of other jurisdictions outside South Africa may be brought before South African courts. Further, a plaintiff who is not resident in South Africa may be required to provide security for costs in the event of proceedings being initiated in South Africa. In addition, the Rules of the High Court of South Africa require that documents executed outside South Africa must be authenticated for the purpose of use in South Africa.

Investors should also be aware that a foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which will be enforced by South African courts only if certain conditions are met.

Investors may face liquidity risk in trading Gold Fields' ordinary shares on JSE Limited.

Historically, trading volumes and liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Gold Fields' ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity.

Gold Fields may not pay dividends or make similar payments to its shareholders in the future and any dividend payment may be subject to withholding tax.

Gold Fields pays cash dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available and Gold Fields' capital expenditures (on both existing infrastructure as well as on exploration and other projects) and other cash requirements existing at the time. Under South African law, Gold Fields will be entitled to pay a dividend or similar payment to its shareholders only if it meets the solvency and liquidity tests set out in the Companies Act No. 71 of 2008 (the Companies Act) and Gold Fields' Memorandum of Incorporation (MOI). Given these factors and the Board of Directors' discretion to declare cash dividends or other similar payments, dividends may not be paid in the future. It should be noted that a 20 per cent. withholding tax on dividends declared by South African resident companies to non-resident shareholders or non-resident ADS holders was introduced with effect from 22 February 2017. See "*—Additional Information—Taxation—Certain South African Tax Considerations—Tax on Dividends*".

Gold Fields' non-South African shareholders face additional investment risk from currency exchange rate fluctuations since any dividends will be paid in Rand.

Dividends or distributions with respect to Gold Fields' ordinary shares have historically been paid in Rand. The U.S. dollar or other currency equivalent of future dividends or distributions with respect to Gold Fields' ordinary shares, if any, will be adversely affected by potential future reductions in the value of the Rand against the U.S. dollar or other currencies. In the future, it is possible that there will be changes in South African exchange control regulations, such that dividends paid out of trading profits will not be freely transferable outside South Africa to shareholders who are not residents of the CMA. See "*—Additional Information—South African Exchange Control Limitations Affecting Security Holders*".

Gold Fields' ordinary shares are subject to dilution upon the exercise of Gold Fields' outstanding share options.

Shareholders' equity interests in Gold Fields will be diluted to the extent of future exercises or settlements of rights under the Gold Fields 2012 Share Plan (the 2012 Plan), the Gold Fields 2005 Share Plan (the 2005 Plan), the revised Gold Fields Limited 2012 share plan, (the revised Gold Fields Limited 2012 Share Plan), or the Gold Fields 2018 Long-term Incentive (LTI) Plan (the 2018 LTI Plan) and any additional rights. See "*Annual Financial Report—Remuneration Report—Remuneration policy—Cash-settled Long-term incentive plan*" *and "Annual Financial Report—Notes to the consolidated financial statements —Note 5. Share-based payments*". Gold Fields shares are also subject to dilution in the event that the Board is required to issue new shares in compliance with BBBEE legislation.

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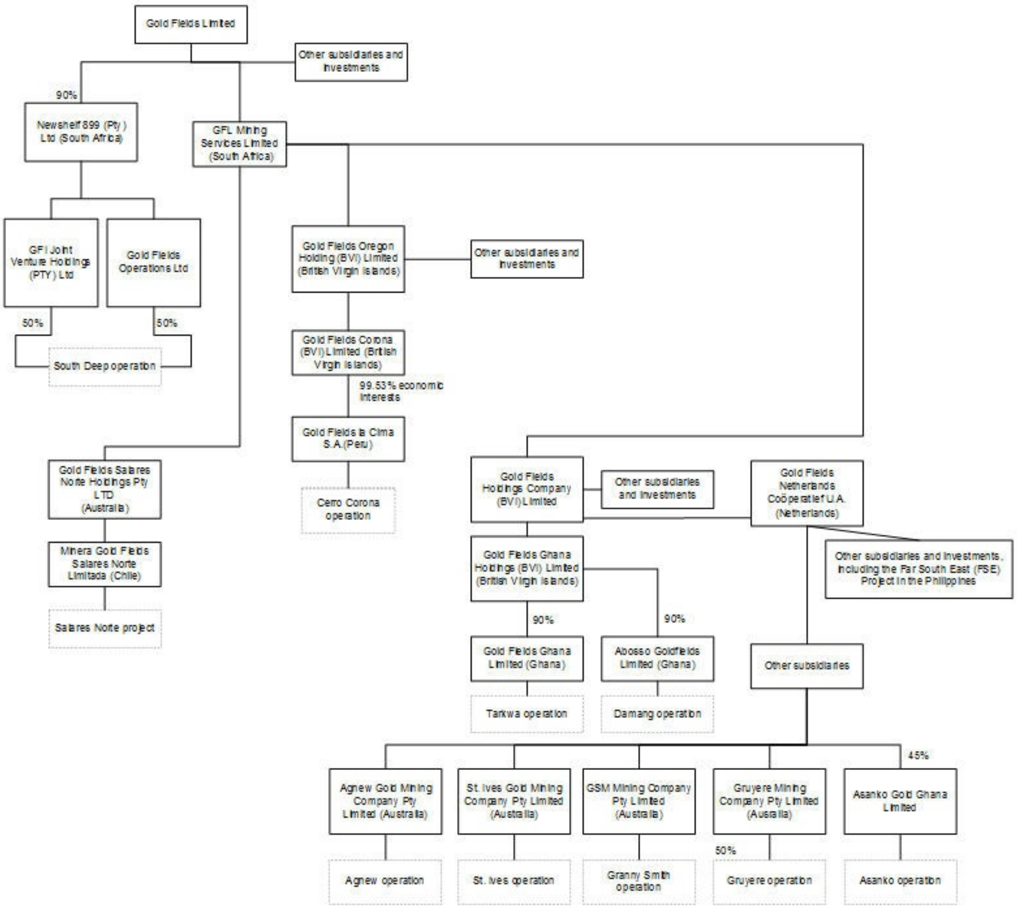
ADDITIONAL INFORMATION ON THE COMPANY

Organisational Structure(1),(2),(3)

Gold Fields is a holding company with its significant ownership interests organised as set forth below.

Group Structure



Notes:

(1) As of 30 March 2020, unless otherwise stated, all subsidiaries are, directly or indirectly, wholly owned by Gold Fields.
(2) Not all other subsidiaries and investments are wholly owned.
(3) Gold Fields is contemplating the restructure of its operating companies in Ghana (Gold Fields Ghana Limited and Abosso Goldfields Limited) which would result in Gold Fields Ghana Limited and Abosso Goldfields Limited being held via one of its Dutch companies, which are held 99.99 per cent. via Gold Fields Holdings Company.