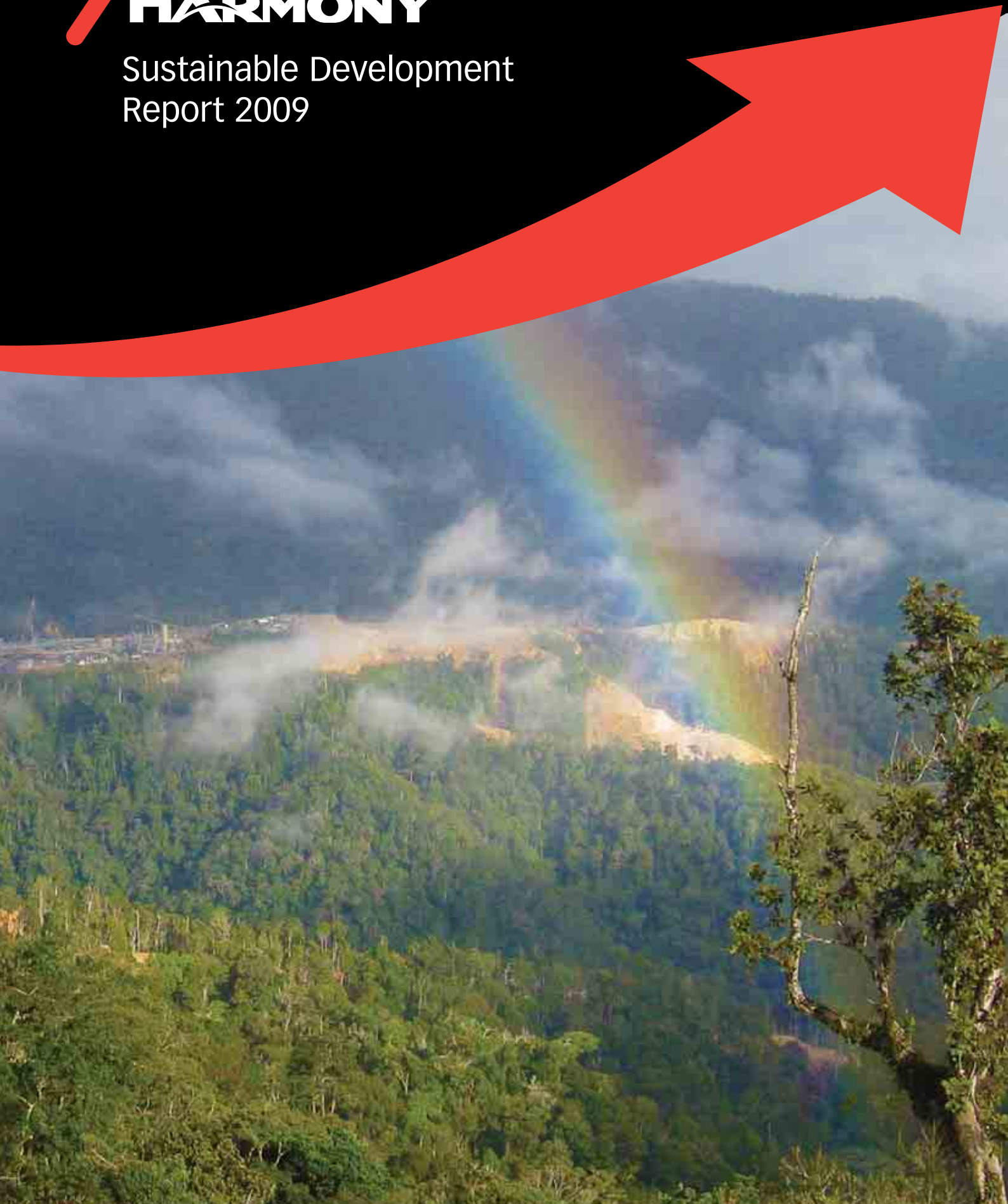




HARMONY™

Sustainable Development
Report 2009



About this report 2009

This Sustainable Development Report covers the 2009 financial year, from 1 July 2008 to 30 June 2009 (FY09), and reports on the Harmony group's broader impacts on society. This report is compiled on an annual basis - the previous Sustainable Development Report was published for the 2008 financial year (FY08).

Our Sustainable Development Report has been prepared in accordance with the G3 guidelines of the Global Reporting Initiative (GRI). The principles contained within the G3 guidelines were used for guidance in defining the report content, defining quality and setting boundaries. See page 83 for the GRI content index. For ease of reference, the location of key performance indicators are also shown on the pages on which they appear.

External auditors, PricewaterhouseCoopers (PwC), were appointed to assure certain key performance indicators contained in this report and a statement of independent assurance appears on page 10. In line with GRI requirements, Harmony has declared a B+ application level, the same level declared in FY08. Harmony is committed to incremental improvements in its disclosure and continues to put in place improved data collation methods and systems so as to be able to move towards an A+ level of reporting in time. An index in respect of Mining Charter reporting (in line with the Minerals and Petroleum Resources Development Act (MPRDA)) may be found on page 86.

This report has been structured to address the three spheres of sustainable development – economic, social and environmental performance – all within the context of good governance and management control. Through a process of consultation with stakeholders – internally and externally – and our own risk management processes, we have identified our sustainability priorities during the year under review, and these are reported on pages 12 to 17. Note that corporate governance is addressed comprehensively in the Annual Report.

Our stakeholder groups are varied and have been identified on both a formal and informal basis; they include employees, their families and union representatives, shareholders, government departments and regulators, communities, business partners and suppliers, non-governmental organisations (NGOs) and community-based organisations (CBOs). Stakeholder engagement forms part of operational management and is reported on throughout this document.

No significant changes to the group structure have been effected during the year, although the sale of the Randfontein Cooke assets and the creation of Rand Uranium (Pty) Ltd (Rand Uranium) (in which Harmony has a 40% interest) came into effect in FY09. Data relating to Randfontein (for example environmental data) is therefore only included for the first month of the year. No significant restatements have been effected during the reporting period. This report covers those operations in which Harmony has a significant interest and which the company manages. Information is provided on the Morobe Mining Joint Venture (MMJV) where this is available, in which Harmony has a 50% interest.

In addition to this Sustainability Report, Harmony has also:

- ▶ Published an Annual Report that has been prepared in accordance with the International Financial Reporting Standards (IFRS), the South African Companies Act, the Listings Requirements of the JSE Limited and the guidelines of the King Report on Corporate Governance 2002 (King II).
- ▶ Filed with the US Securities and Exchange Commission (SEC) the requisite Annual Report on Form 20-F, in compliance with the listings regulations of that country.
- ▶ Posted all three of these documents on the company's website at www.harmony.co.za.

In addition to these annual company documents, the website hosts a range of other publications, announcements, and presentations that will be of interest to stakeholders.

For further information on our sustainability reporting, please contact:

Khanya Maluleke Telephone: +27 11 411 2019, Fax: +27 11 411 2070, E-mail: khanya.maluleke@harmony.co.za

Forward-looking statements

Statements in this report include "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance.

Forward-looking statements are generally identified by the words "expect," "anticipates," "believes," "intends," "estimates" and other similar expressions. All forward-looking statements involve a number of risks, uncertainties and other factors, and Harmony cannot give assurances that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements.

Although Harmony's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Harmony, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Certain of these risks and uncertainties are discussed in the Annual Report on pages 166 to 175 and in the Form 20-F that Harmony has filed with the SEC. The Form 20-F may be downloaded from the company's website at www.harmony.co.za.

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Vision

To create an outstanding company by generating sustainable earnings that fund dividends and growth.

Mission

- ▶ Through sound asset portfolio management and operational efficiency, create the necessary platform to grow organically.
- ▶ Exploit opportunities to conclude strategic partnerships and acquisitions as market conditions allow.

Key features

- ▶ Solid operational performance and turnaround at operations
 - 1.5 million ounces of gold produced in FY09.
- ▶ 22 people lose their lives at work.
- ▶ Leading safety indicators improve.
- ▶ Progress with ISO14001 and Cyanide Code implementation, but slower than planned. Dedicated environmental executive appointed.
- ▶ Illegal mining activities end in tragic deaths. This issue is being collaboratively and constructively dealt with.

- ▶ Good progress with skills development and succession planning.
- ▶ Harmony admitted to JSE's SRI Index for third successive year.
- ▶ On track to meet growth target – 2.2 million ounces by FY12/13.

Corporate profile

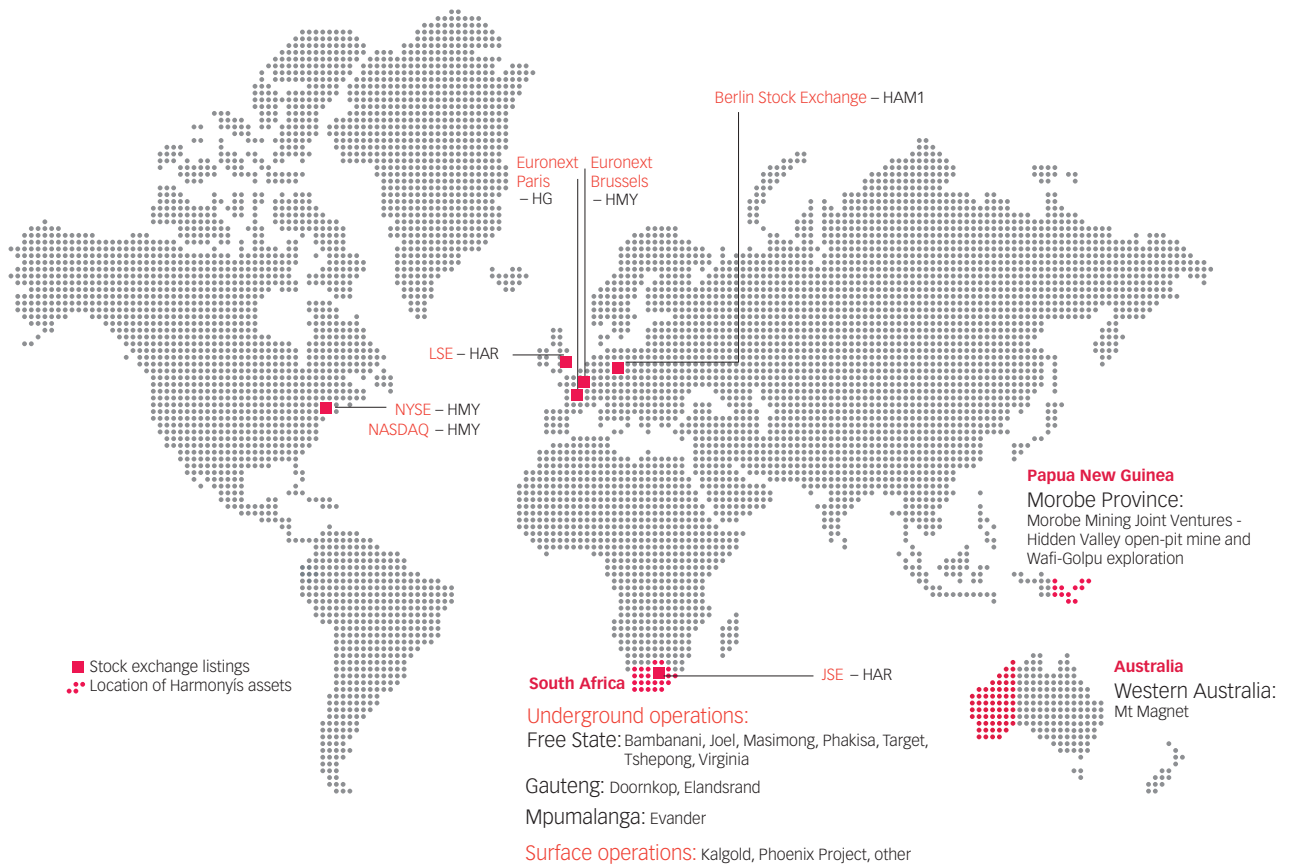
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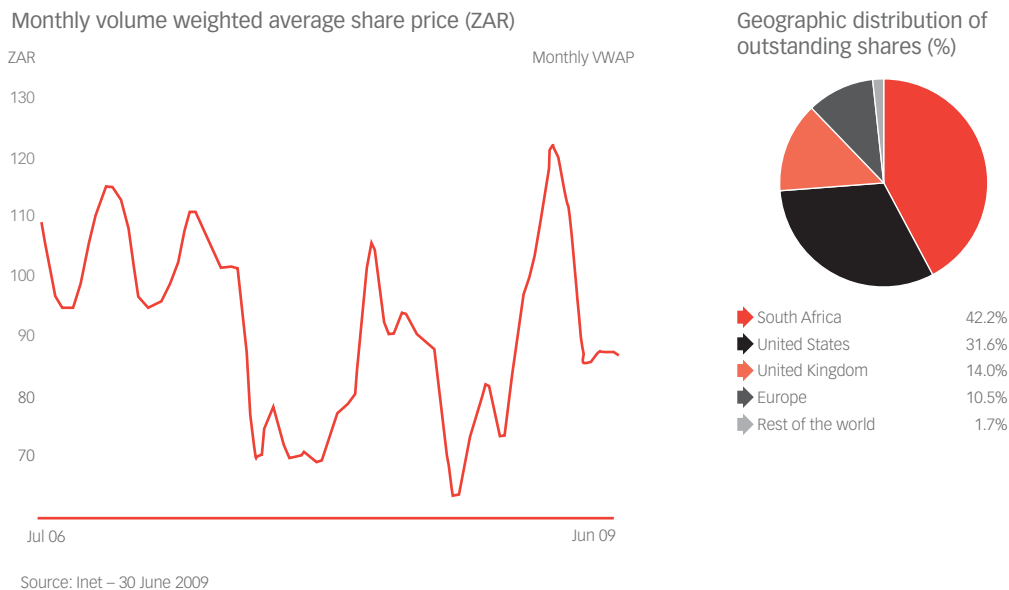
JSE indices that Harmony qualifies for:

Index code	Index name
J100	JSE Socially Responsible Investment
J140	FTSE/JSE Shariah Top 40
J143	Shariah All Share
J150	Gold Mining
J177	Mining
J200	Top 40 - (Tradeable)
J203	All Share
J20U	Top 40 - (Tradeable)
J210	Resource 20
J258	SA Resources
J260	RAFI 40
J263	Rafi All Share
J283	Capped Rafi All Share
J300	Capped Top 40 Index
J303	Capped All Share Index
J331	Growth Index
J400	Shareholder Weighted Top 40
J403	Shareholder Weighted All Share
J510	Basic Materials



Location of Harmony's assets and stock exchange listings





Harmony today

Harmony Gold Mining Company Limited (Harmony), one of the world's largest gold mining companies, operates primarily in South Africa, exploiting the gold-bearing reefs of the Witwatersrand Basin. These South African operations include 10 underground and two surface operations.

In Papua New Guinea (PNG), Harmony has a 50% interest in the Morobe Mining Joint Ventures (MMJV), which includes Hidden Valley, an open-cast gold and silver project which began production in June 2009, the Wafi-Golpu project, and exploration tenements covering an area of more than 3 000km². Harmony entered into a joint venture with Newcrest Mining Limited (Newcrest) in FY09 to assist in the development of Harmony's Morobe Province assets. Newcrest brings additional technical support and capacity to the joint ventures, as well as financial contributions.

Harmony's exploration portfolio focuses principally on highly prospective areas in PNG and the Wafi-Golpu project in particular. Exploration activity has been resumed in South Africa and includes the Evander South Project where a pre-feasibility study has already been completed and a two-phase drilling programme is now under way.

Harmony's corporate headquarters are located in Randfontein, South Africa.

In FY09, Harmony produced 1.46 million ounces of gold (FY08: 1.6 million ounces). At year-end (30 June 2009), the company employed 45 685 people, largely in South Africa, of whom 38 295 were full-time employees and 7 390 contractors (FY08: 48 676 people, including contractors).

Significant capital expenditure in recent years has been aimed at accessing the group's extensive resources and to extend the lives of its mines. As at 30 June 2009, Harmony reported ore reserves of 48.2 million ounces and mineral resources of 215.7 million ounces.

Strategy

Harmony's strategy is to produce 2.2 million ounces of gold by FY12/FY13. Capital expenditure has been committed to increase production at existing operations, further the development of current projects and advance scoping studies to ensure the future production pipeline.

Our challenge going forward is to meet our targets and objectives and, more specifically, to deliver consistent production results, to curb costs and to create and deliver value to shareholders.

Shareholder information

Harmony is a publicly listed company. The group's primary listing is on the JSE Limited (share code: HAR) in South Africa. Harmony's ordinary shares are also listed on stock exchanges in London (HRM), Paris (HG) and Berlin (HAM1), and are quoted in the form of American Depositary Receipts on the New York and NASDAQ exchanges (HMY), and as International Depositary Receipts on the Brussels exchange (HMY). A detailed investor relations section is available in the Annual Report.

Letter to stakeholders from the CEO

2009





Letter to stakeholders from the CEO, Graham Briggs

Dear stakeholder

Sustainable development is not just a buzz word or fad for Harmony. It is an integral part of the way in which we conduct our business, and is directly linked to the governance processes that we have in place. As a resources company operating in developing economies in South Africa and PNG, our responsibilities are far greater than those simply to our shareholders. Our stakeholders are broad and many, and they have varying interests. We have tried to address these through this report, but welcome further dialogue on those issues that we have not addressed.

While we have placed greater emphasis on developing our strategies in support of our objectives, in setting quantifiable targets, and in better methods of data collation, we have at the same time become more acutely focused on those issues that are most critical to the group.

We have, on pages 12 to 17, indicated our sustainability priorities during the year under review. In some areas we have enjoyed success, while in others we have been less successful. I am confident though that, on the whole, we have made progress.

Disappointments

Looking back on the year, there have been four areas of disappointment:

- ▶ The most significant is that 22 Harmony employees lost their lives at work at our South African operations. Not a single accident is acceptable to us. Our leadership team has been personally involved in driving our programme to eliminate accidents in our workplaces, both through the adoption of and adherence to standards and to the changing of a mindset (at all levels) that accidents in deep level underground mining are inevitable. Overcoming both of these issues cannot be done by management, employees or the regulators acting on their own; it will require the partnership and co-operation of all parties.
- ▶ An area of significant concern for us has been illegal mining at our operations in the Free State, and the tragic death of 91 people engaged in these activities in FY09. Clearly, from an economic perspective illegal mining activities place a strain on operations, not only in economic value lost but also the additional strain placed on infrastructure and the risk posed by these activities to employees and rescue workers. More importantly though, is the cost of health and well-being of the individuals and their families who are locked into an unforgiving spiral of criminal activity and who place their lives at risk. The tragic reality is that the individuals at greatest personal risk gain the least and are inevitably trapped into a life of crime. We are working closely with the Department of Mineral Resources (DMR), the South African Police Services (SAPS), the National Prosecuting Authority (NPA), communities, local councils and unions in combating criminal mining and have tightened up controls significantly at all our operations. But, when stakes are as high as they are in this case we will, I fear, continue to struggle with this issue for some time to come, both as an individual mining company and as an industry.
- ▶ The higher-than-expected sediment impacts in the Watut River in PNG have given rise to serious concern within and outside the company. The mine's Environmental Impact Statement (EIS) predicted sediment loads in the Watut River during construction but, as it has taken longer than expected to reach hard rock at the mine which will be used to construct the interim waste dumps, the construction of stable waste dumps has been delayed resulting in a continued high sediment load in the Watut River. Construction of the interim waste dumps has been prioritised, with specific resources allocated to the project to ensure speedy progress. This will reduce the sediment load in the river, and allow the current sedimentation to flush out. In addition, mining activities which contributed to the increased sediment load have been stopped. The MMJV commissioned further impact assessments so that we could better understand the impact of these sediment loads on the river. These studies show that the increased sediment load in the Watut River (of which the mine is one source) has resulted in a change in the course of a section of the lower Watut River, and a die-back of vegetation in that area as a result of flooding. Although these changes in the river course occur naturally over time, the mine's contribution to the sediment load in the lower Watut River has speeded

Letter to stakeholders from the CEO cont.

2009

up this process. The MMJV has committed to expanding its monitoring programme to quantify the impacts coming from the mine and other sources, taking remedial action wherever possible, and working with the government to assess fair compensation for those affected.

- ▶ Another area of disappointment has been the slower-than-anticipated implementation of both ISO14001 and the Cyanide Code in South Africa. While our environmental team has continued to pursue both of these standards, efforts and imperatives in FY09 have been focused on the operational issues. This is an area of increased attention in FY10.

Highlights

There have been numerous positives during the year:

- ▶ Probably the most significant is the fact that as a group we have continued to deliver on our turnaround strategy and have largely cleared our debt – all of this in the midst of a major global recession. More importantly, we have not had to embark on any major restructuring or resizing programmes, and given the potential socio-economic ramifications that this could have entailed, our management and employees deserve credit for that.
- ▶ Another highlight has been that, notwithstanding the fatal accidents, our underlying safety performance has improved, with key indicators showing the fruits of the safety programmes we have put in place. Again, in this regard, credit must be given to our management and employees, and to the joint management/union health and safety committees on our mines. I would like to give particular recognition to Kalgold (12 years without a fatal accident), Joel (two years without a fatal accident) and Evander 2 & 5 Shafts, which won the Safety Achievement Flag presented by the Mine Health and Safety Council. Safety performance in PNG has continued to be world-class.
- ▶ On the human capital front, I am pleased to report the appointment of three new executive members, Leon le Roux as Executive: Risk Management and Engineering, Matthews Dikane as Executive: Legal and Compliance, and Melanie Naidoo-Vermaak as Executive: Environmental Management; as well as four new general managers. We have also made substantial progress in continuing to boost the depth of management at our operations, particularly in the technical and engineering disciplines.
- ▶ Our fight to combat both tuberculosis (TB) and HIV & AIDS continued during the year, and we have seen positive outcomes in both the number of voluntary counselling and testing (VCT) encounters reported and the effectiveness of our highly active anti-retroviral therapy (HAART) programmes. Our participation in an internationally recognised TB research programme, being undertaken by the Aurum Institute for Health Research, has seen us contribute to some fundamental new research in this area. While new infection levels in these two critical illnesses continued to rise during the year, we have embarked on a new strategy that we believe will undermine these diseases and deliver more positive outcomes in the year ahead. In PNG, our efforts to combat the impact of malaria on our employees and communities, continued. A new health care strategy has been developed for the SA operations and will be implemented in FY10. This strategy is aimed at improving the effectiveness of our well-being programme, improving hospital optimisation, and transforming the current centralised health care service provision towards a comprehensive, site-based health care service profile.
- ▶ In PNG, we have continued to make good progress with the employment of landowners at our operations, and in ensuring economic development and benefit flows through to these landowner communities in a sustainable fashion. Over the past three years, the MMJV has awarded contracts worth K60 million per year (R185 million) to the landowner company NKW Holdings Limited (NKW). The major contracts are for catering, fuel, haulage, general freight, plant hire, security, labour hire and bus services. These landowner groups – Nauti, Kwembu and Winima – are the sole shareholders in NKW. The cash flow from NKW is intended to provide seed capital to encourage individual landowners to start small businesses, and already eight sub-contracts have been awarded.

Governance

We are very fortunate to have an energetic and committed Sustainable Development Committee, chaired by Modise Motloba, and supported by senior and operational management. We also have an Empowerment Committee in place, chaired by Joaquim Chissano, and again supported by senior and operational management. The Empowerment Committee specifically deals with our compliance with South African minerals legislation and PNG-regulated targets, as well as our own transformation imperatives. These committees have played a valuable role in providing guidance and counsel to Harmony in respect of sustainability and transformation issues during the year.

While we have chosen again to produce a separate Sustainable Development Report, we remain highly cognisant of the fact that sustainability is, and must be, a core part of our business. We recognise international trends and the revisions to both the King II report embodied in King III and the new South African Companies Act. In particular, we note the imperative to integrate sustainability reporting into our mainstream financial reporting. We have, however, chosen not to send the full Sustainable Development Report to all shareholders, but to make it available on our website in the spirit of conserving natural resources. Providing a printed copy of our Sustainable Development Report to all shareholders would have used an additional 2.7 tonnes of paper, 190 kilograms of ink, and would have required the postage and freighting of more than 7 500 additional documents.

This Sustainable Development Report has been developed in accordance with the G3 guidelines of the GRI. Key performance indicators (KPIs) in this report have been assured by external auditors PwC. As required by GRI, we have declared a B+ level of reporting, which has been third-party verified by PwC. Finally, we are pleased to have been admitted to the Socially Responsible Investing (SRI) index of the JSE for the third consecutive year. We have also responded to the Carbon Disclosure Project (CDP) on our assessment of the risks and opportunities posed by climate change and our carbon emissions.

Feedback welcome

We welcome feedback from our stakeholders. For convenience, a feedback form is included on page 81 of this report, and is available in an online format on our website at www.harmony.co.za.



Graham Briggs

Chief Executive Officer
Harmony Gold Mining Company Limited
26 October 2009



Report of independent assurance



2009

Independent Assurance Report to the Directors of Harmony Gold Mining Company Limited

Introduction

We have been engaged by the directors of Harmony Gold Mining Company Limited ("Harmony") to perform an independent assurance engagement in respect of certain Identified Sustainability Information included in Harmony Gold Mining Company's Sustainable Development Report 2009 for the year ended 30 June 2009 ("the Report"). This assurance report is produced in accordance with the terms of our engagement letter dated 21 July 2009.

Scope and subject matter

The following Identified Sustainability Information reported in the Report was selected for an expression of limited assurance:

- ◆ HDSA procurement expenditure in South African Rand (Page 16 & 22).
- ◆ Total number of significant environmental incidents (Page 72).
- ◆ Total energy consumption in GJ (Page 73).
- ◆ Total CO₂ emissions in tonnes (Page 76).
- ◆ Total amount of water used for primary activities in m³ (Page 76).
- ◆ Total cyanide usage in tonnes (Page 79).
- ◆ Total number of fatalities (Page 3, 7, 12, 30 & 32).
- ◆ Lost Time Injury Frequency Rate (LTIFR) (Page 12, 30 & 32).
- ◆ Total number of new noise induced hearing loss (NIHL) cases reported (Page 38).
- ◆ Total number of new tuberculosis (TB) cases identified (Page 40).
- ◆ Total number of new silicosis cases identified (Page 39).
- ◆ Harmony's assertion that it has achieved a B+ Global Reporting Initiative (GRI) application level (Inside front cover and page 9).

Our responsibilities do not extend to any other information.

Responsibilities of the directors

Harmony's directors are responsible for the preparation and presentation of the Identified Sustainability Information in accordance with internal corporate policies and procedures, and the Global Reporting Initiative (GRI) new generation (G3) guidelines.

Responsibility of the independent assurance provider

Our responsibility is to conduct a limited assurance engagement and, based on our assurance procedures, report our conclusions to the directors.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance engagements other than audits or reviews of historical financial information issued by the International Auditing and Assurance Standards Board. This Standard requires inter alia that we comply with ethical requirements.

Summary of work performed

Our procedures included examination, on a test basis, of evidence relevant to the Identified Sustainability Information. It also included an assessment of the significant estimates and judgements made by the directors in the preparation of the Identified Sustainability Information.

Our work consisted of:

- ◆ Reviewing processes that Harmony has in place for determining the Identified Sustainability Information included in the Sustainable Development Report.
- ◆ Obtaining an understanding of the systems used to generate, aggregate and report the Identified Sustainability information at the sampled operations.
- ◆ Conducting interviews with management at the sampled operations and at corporate head office.
- ◆ Evaluating the data generation and reporting processes against the reporting criteria.
- ◆ Performing key controls testing.
- ◆ Testing the accuracy of data reported on a sample basis.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion. Harmony's internal corporate reporting criteria and the Global Reporting initiative's (GRI) new generation (G3) guidelines were applied for evaluating the Identified Sustainability Information. The "Glossary of terms and acronyms" (page 87) provides detail on the applied definitions of the Identified Sustainability Information.

Inherent limitations


Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements.

Conversion factors used to derive CO₂ emissions and energy used from fuel and electricity consumed, is based upon information and factors derived by independent third parties. Our assurance work has not included an examination of the derivation of those factors and other third party information.

We have not carried out any work on data reported for prior reporting periods, nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the Identified Sustainability Information.

Conclusion

In our opinion, nothing has come to our attention causing us to believe that the Identified Sustainability Information for the year ended 30 June 2009 is misstated in any material respects.



PricewaterhouseCoopers Inc.

Director: Wessie van der Westhuizen

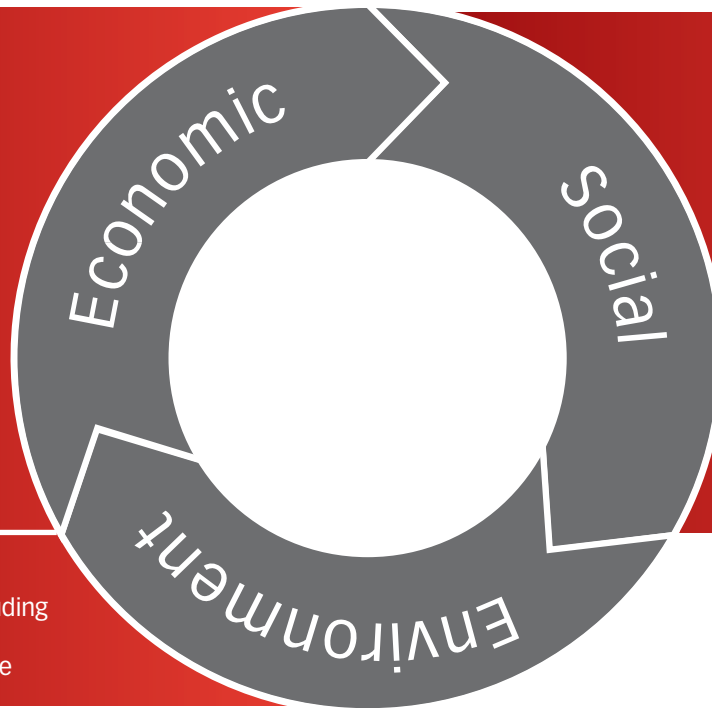
Johannesburg

12 October 2009

Sustainable development priorities

2009

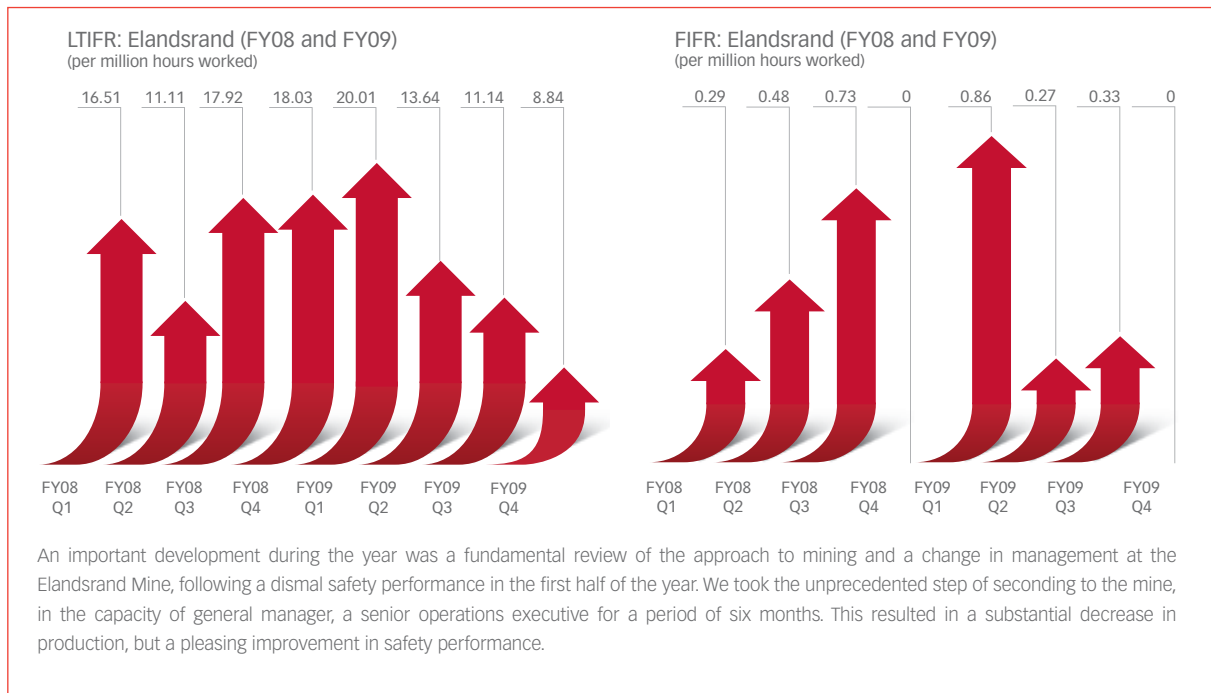
Our Sustainable Development Report has been developed in alignment with the requirements of GRI, through management processes, an analysis of stakeholders' concerns and our integrated risk management process. While we have addressed the main issues raised by GRI, we are focused on addressing and managing our sustainability priorities.



Ensuring employee safety and eliminating fatal accidents

Ensuring employee safety and eliminating fatal accidents is a priority for all senior and operational management. Our performance in FY09 was unsatisfactory as there were 22 fatalities. This is of great concern and regret to the company. Yet, we have also seen promising improvements in key performance indicators that reflect the increasing and absolute emphasis placed on safety and health by the company. Significant improvements were reported in both the lost time injury frequency rate (LTIFR) and all injury frequency rate (AIFR). The LTIFR improved to 9.35 per million hours worked, while the AIFR improved by 24% year-on-year to 18.73 per million hours worked.

An analysis of the fatal accidents that occurred during the year showed a high degree of non-compliance with standards and an increasing proportion of accidents in non-mining related occupations. With this in mind, the company is focusing its emphasis in FY10 on further instilling a culture and mindset of safety, hence the emphasis on behaviour-based safety initiatives, and on service-related disciplines. We are confident that we can mine safely without accidents, and are committed to achieving this. See page 30 for further information on safety and health management and performance.



Sustaining our business during the global economic downturn

The impact of the global financial crisis has had far-reaching implications for the global and South African economies. While the market for gold has continued to display strength during the year, the relative strength of the rand against the US dollar has partly undermined the revenues achieved by the group. Key factors felt by the company include:

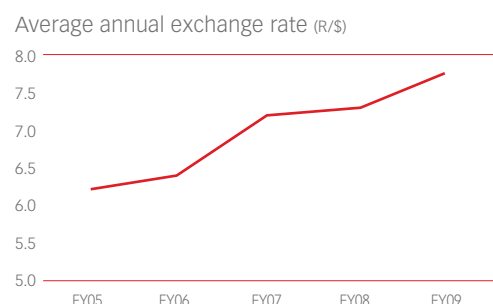
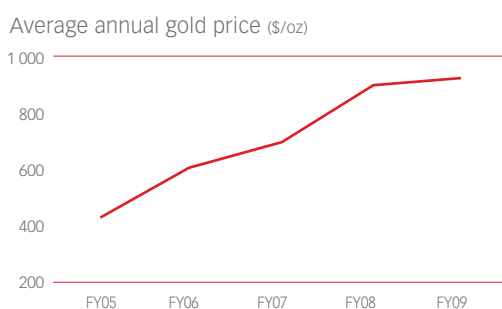
- ◆ Inflationary pressures experienced in almost all areas of the company’s business, but particularly in respect of input costs and certain consumables (electricity, steel).
- ◆ The tightening debt and equity markets, which place pressure on ratings and on the accessibility of cash for development.
- ◆ Share price fluctuations as global investment houses themselves face redemptions.

Harmony has developed strategies to address these issues.

- ◆ Costs are being aggressively managed and contained – overall production costs rose by 9.8% during the year.
- ◆ We have rid ourselves of both short- and long-term debt.
- ◆ Our share price has continued to reflect the faith that investors have shown in our group relative to our peers.

Further, we have successfully managed to raise funding twice in this very tight market, and have successfully concluded two major transactions.

For further information see the economic performance and governance section on page 18 and the Annual Report.



Sustainable development priorities cont.

2009





Developing our employees' skills and attracting and retaining quality people

The skills crisis in South Africa has not abated despite the recent economic downturn, with pressure continuing to be placed on the recruitment, development and retention of skilled employees. This is particularly critical in respect of the recruitment and retention of historically disadvantaged South Africans (HDSAs) and women in mining in South Africa, as well as the recruitment and training of local landowners in PNG.

Harmony's leadership has remained stable, with no resignations from the board and executive for two consecutive years. Three new appointments have recently been made at executive level (risk management, legal and compliance, and environmental management) so as to bolster this executive team further. We have appointed four new talented and experienced mine managers, and are placing considerable emphasis on succession planning at all levels.

Our programmes to develop and attract university and young school leavers through learnerships, bridging programmes and bursaries continued, as well as extensive in-house and external training programmes.

In PNG we have made excellent progress in recruiting and training local landowner communities, particularly women, and equipping them with skills and expertise.

Our turnover level (at 18% for FY09) is above that of FY08 (14%). In FY10, we will continue to invest both money and effort in this area, with some R92 million allocated to training and development in FY09.

For further information on Harmony as an employer, see page 48.



Investing in our business to secure tomorrow's gold

Harmony as a group pays a great deal of attention to the long-term sustainability of our business. Many of the operations currently within the group were acquired from other producers and would, if they had still been held by their previous owners, be moth-balled or closed. Harmony has, therefore, played a significant role in the preservation of the gold mining industry in South Africa, particularly in the Free State, and remains a significant employer – employing 45 685 people (employees and contractors) in FY09.

In PNG, Harmony has been instrumental in the development of the gold mining industry in Morobe Province, which is fast becoming a new and exciting global gold 'province'.

Over the past two years, Harmony has invested more than R8.4 billion (\$933 million) to develop its assets – through the establishment of new infrastructure and the extension and development of old infrastructure. In this way the company has significantly extended its reserves and resources and its life-of-mine, and aims to increase production to 2.2 million ounces by FY12/13. This strategic focus on tomorrow's gold will ensure the sustainability of the company for at least a further three decades and beyond, and ensure continued significant direct employment and indirect economic benefits.



Fully implementing employee well-being programmes

Employee health and well-being is critical, both from the company's perspective and that of the employee. A new health care strategy was developed during the year to address this issue, both in the short- and long-term, taking into account occupational health issues (such as noise induced hearing loss and occupational lung diseases (OLD), TB and HIV & AIDS), as well as high levels of absenteeism and lower than desired levels of productivity. This new strategy involves the decentralisation of occupational health and health care facilities, taking these closer to the workplace and making them more accessible to employees.

A new strategy to improve attention given to both TB and HIV & AIDS, which together place a significant health care burden on the company and individual employees, will be implemented in the coming year. Given the close relationship between these two illnesses (where some 70% of individuals identified with TB are HIV-positive), the company has decided to increase the CD4 count at which HAART is administered to employees (so as to prevent employees from becoming AIDS-ill) and to focus on VCT programmes so as to identify those who are HIV-positive as early as possible and to encourage them to receive treatment.



Transforming our working places

In South Africa, we remain fully committed to delivery against the Social and Labour Plans (SLPs) that were submitted and accepted by the DMR, and for which compliance reports are submitted on an annual basis in support of our mining licences. These SLPs detail the company's programmes and progress towards specific targets in respect of employment equity (page 54) and training and development

Sustainable development priorities cont.

2009

(page 57), affirmative procurement (page 22), beneficiation (page 25) and local economic development (page 63), among others.

Implementation of these programmes is not without its challenges. Key amongst the challenges we face are the recruitment and retention of HDSAs into management. Historic inequity in the education system has limited the size of the pool of adequately educated and experienced individuals and consequently, competition amongst employers is fierce. These issues apply equally to women in the industry, whose retention is exacerbated by their physical disposition, a lack of relative physical strength in an industry that still requires this, legislation that requires women who are pregnant be removed from the underground environment, and cultural and historical barriers (that limit their ability to be placed and accepted underground). Despite the challenges, Harmony has seen some significant successes in the development of women and HDSAs in its areas of operation as a result of its bridging and bursary programmes. In respect of women in core mining activities, programmes are in place, developed in close consultation with unions, to overcome decades of historical barriers so that women may have equal access to careers in this industry (page 54).

In PNG, we have made excellent progress in the recruitment, training and development of local land owners in line with the agreements in place with the authorities and local communities. In particular, success has been recorded with the employment of women landowners (page 55).

Another area where emphasis is being placed is on affirmative procurement – that is procurement with companies that are largely owned by HDSAs and are therefore deemed to be Black Economic Empowerment (BEE) companies. In FY09, Harmony increased its expenditure with BEE companies to R3 190 million, around 45% of total discretionary expenditure. This BEE spend includes expenditure with parastatals. Excluding parastatals, this figure was 27%. Challenges in this area persist, however, and include the fact that, while it is relatively easy to appoint BEE companies to supply goods and services in certain areas, in other areas these companies still have a lack of skills, track record and ability to deliver into large contracts. Harmony also guards against those companies who are not truly empowered. Business development centres are being set up in our areas of operation to assist BEE entrepreneurs, both in setting up appropriately, but also in matching them with tenders and assisting them in responding to tenders (page 26).

In PNG, the Morobe Mining Joint Venture has met all the requirements of the Memorandum of Agreement (MOA) on the Hidden Valley Project, and will continue to develop and offer business development opportunities specifically for the landowner communities (see page 64).





Sustaining local economic development and corporate social investment

Harmony has comprehensive corporate social investment and local economic development programmes in place that address high-priority community needs at both a regional and local level. Education, health care, leadership development and beneficiation have remained strategic corporate social investment priorities in South Africa, where Harmony's long-term association with a number of critical interventions and initiatives have helped to sustain and grow them over a number of years.

Local economic development projects have been identified and progressed in line with our SLPs and in conjunction with local municipalities to meet their own Integrated Development Plans. The identification of projects, and indeed their progress, is not directly and only in the hands of the company, and some delays and lack of progress have been experienced. In fact, the viability of some projects remains under question. Harmony continues to work closely with the DMR and local municipalities in addressing this critical issue (page 63).

In PNG, the company has made a number of commitments to both local landowners and the authorities in terms of job creation, skills development, local economic development and corporate social investment. Delivery against these commitments will continue to increase at the MMJV while it ramps up to full production.



Improving our environmental performance

This financial year was a landmark for Harmony as the company embarked on its holistic and goal-oriented approach to environmental management. This follows the setting of key strategic environmental objectives in FY08. Harmony has continued with its programme to implement the international environmental standard, ISO14001, as the basis for its environmental management system (EMS). Progress on this has been slower than planned or desired, however, owing to the challenges encountered and operational imperatives. Full implementation is planned for FY12.

Progress has also been made with the implementation of the International Cyanide Management Code for the Manufacture, Transport and use of Cyanide in the production of Gold (Cyanide Code). Gap analyses have been completed on three of the four identified plants and full implementation of the Cyanide Code and an external audit of compliance is planned for FY11.

We undertook a more detailed review of our carbon footprint during the year, including an assessment of the risks and opportunities posed by climate change. This is documented in our response to the Carbon Disclosure Project (CDP) and may be found at www.cdproject.net. We understand, though, that we are still at an early stage of fully understanding our emissions and their impact, and that further work remains to be done.

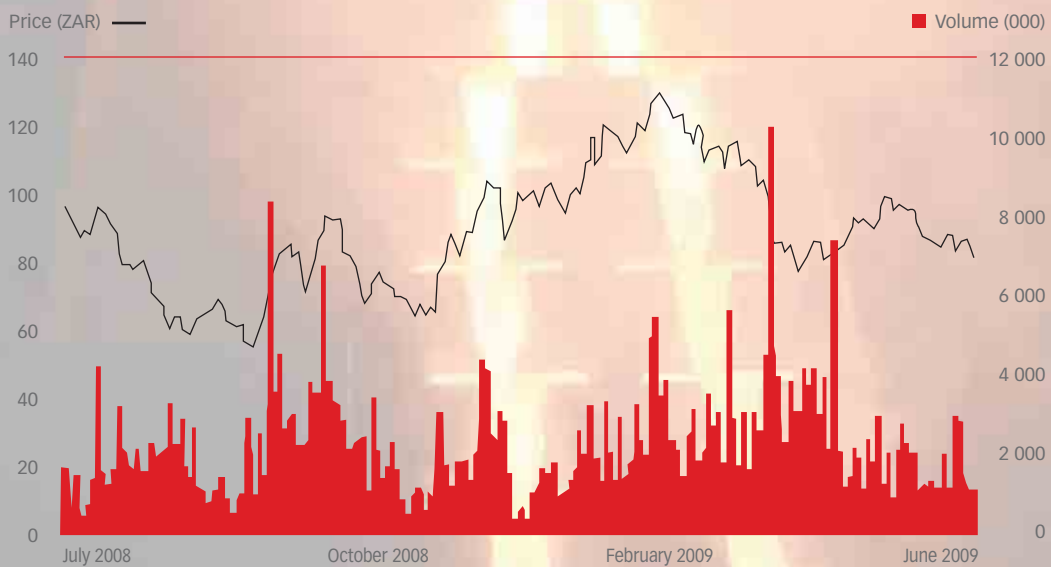


Economic performance and governance

2009

GRI: The economic dimension of sustainability concerns the organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels.

Harmony share price and volumes traded on the JSE



Source: JP Morgan



Economic performance and governance

Harmony's role in the global and South African markets

Harmony is a significant role-player in global markets, in South Africa and in the provinces in which it operates.

- ◆ In global terms, Harmony is the seventh-largest producer (source: JP Morgan), based on statistics published in 2008.
- ◆ Although gold production in South Africa has been declining in recent years, South Africa remains a significant gold producer in global terms, having produced some 33% of new global supply in 2008 (source: JP Morgan). In South Africa, Harmony is the third-largest gold producer; producing 15% of South Africa's gold production in 2008.
- ◆ In the provinces in which Harmony operates (namely Gauteng, North West, Mpumalanga and Free State provinces), it is an important contributor to economic activity and employment. Importantly, Harmony has acquired a number of operations and invested capital at mines and shafts that were closed or due to be closed by their former owners. This is particularly the case in the Free State, where Harmony is one of the few major mining companies operating in an area that was formerly a flagship gold-producing region.

Another indication of our economic contribution is both the direct and indirect employment created by the group. In 2008, Harmony employed 45 685 people – approximately 28% of the individuals employed in the gold mining industry in South Africa.

Harmony's financial performance in FY09

Notwithstanding trying global economic circumstances, Harmony delivered a satisfactory financial performance for the year. Details of this performance on a quarterly basis and for the financial year may be found in quarterly reports and the Annual Report, available on the company's website at www.harmony.co.za.

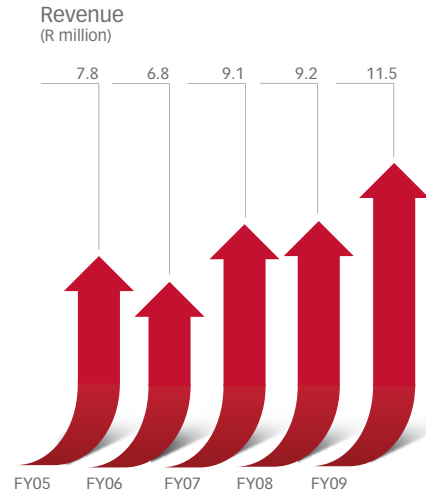
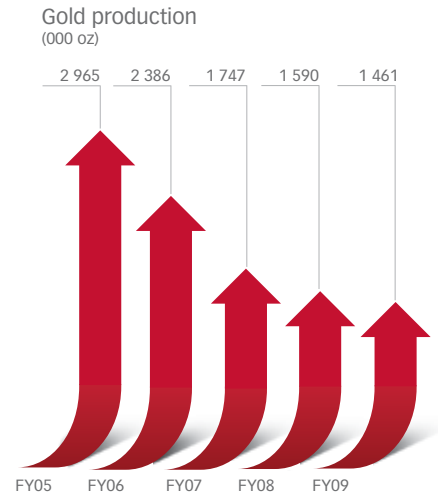
Key features of this financial performance in FY09 are:

- ◆ Total gold production of 1.5 million ounces (45 437 kilograms)
- ◆ Average gold price received of R250 826/kg (\$867/oz)
- ◆ Revenue generated of R11 496 million (\$1 277 million)
- ◆ Capital expenditure of R4 382 million (\$487 million)
- ◆ Net profit for the year of R2 927 million (\$311 million)
- ◆ Operating margin of 33.4%

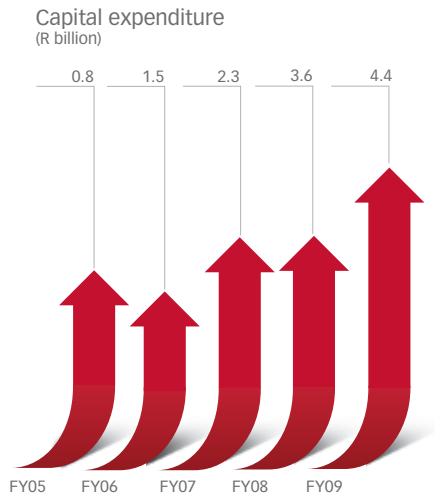
At the end of June 2009, Harmony's market capitalisation was R34.1 billion (\$4.4 billion).

Economic performance and governance cont. 2009

Key financial indicators FY09



FY07: closure of shafts
FY08: sale of Randfontein assets



Value-added statement

Harmony Gold Mining Company Limited and its subsidiaries

Value-added statement for the year ended 30 June 2009

	FY09		FY08	
	Rm	%	Rm	%
Sales of gold	11 496		9 617	
Less: cost of material and services	(3 369)		(4 117)	
Value added from trading operations	8 127	76	5 500	87
Profit on disposal of assets	965	9	129	2
Income from investment	444	4	284	5
Value added by discontinued operations – net *	1 218	11	359	6
Total value added	10 754	100	6 272	100
Distributed as follows:				
Employees (including directors and management)				
Salaries, retirement and other benefits	5 261	49	4 693	75
Providers of capital				
Dividends to shareholders	–	–	6	–
Interest on borrowings	280	3	496	8
Government				
Taxation	335	3	160	3
Total distributions	5 876	55	5 355	86
Retained for re-investment:				
Depreciation and amortisation	1 467	14	846	13
Impairment of assets	484	4	280	5
Profit/(loss) accumulated in the business	2 927	27	(245)	(4)
Total re-invested	4 878	45	881	14
Total distribution including re-investment	10 754	100	6 272	100

* All other amounts in this statement exclude the effect of the discontinued operations.

EC1:
Direct economic value generated and distributed

Payments to government

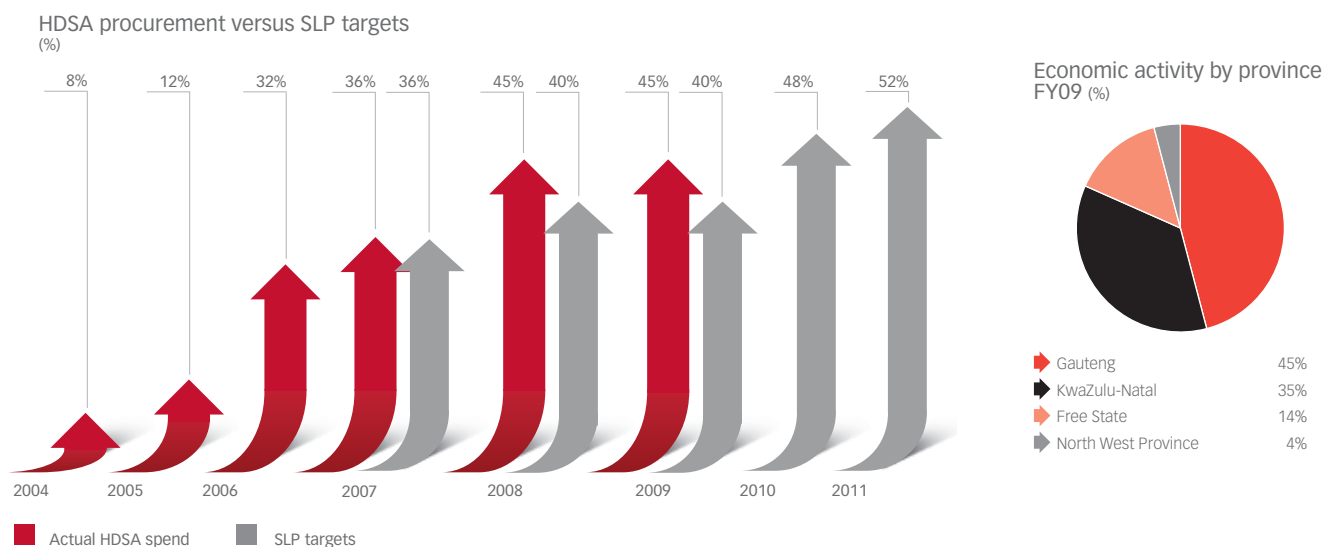
	South Africa (Rm)	PNG (Km)
	FY09	FY09
Total income taxation paid	736	–
Income taxation asset	26	–
Withholding tax (STC)	–	1
Indirect taxes and duties	9	4
VAT/GST paid	500	–
VAT/GST refunded	(1173)	(72)
Employee taxes and other contributions	693	–
Skills development levy paid/refunded (net)	47	–
Total	812	(67)

No significant assistance was received from government, in South Africa or PNG.

EC4:
Significant financial assistance received from government

Economic performance and governance cont. 2009

Affirmative procurement:



Economic transformation and empowerment

Harmony is fully committed to economic transformation and empowerment in both South Africa and PNG. Key areas of interest here are:

- Equity ownership in the company by historically disadvantaged South African (HDSA) interests.** Harmony has achieved compliance with the Mining Charter in respect of equity ownership through partnerships and the sale to HDSA companies of interests in the company and the underlying operations. At the end of June 2009, Harmony estimates that some 36% of its production was attributable to HDSA interests.
- Empowerment and transformation of the procurement base in South Africa,** both in doing business with large HDSA companies, and through the development of small, medium and micro enterprises (SMMEs) that are HDSA-owned, and based in the provinces of operation. A group strategy and policy governs Harmony's procurement processes and expenditure. Preference is given to HDSA companies in the awarding of contracts, and particularly local HDSA companies. (See discussion below.)
- Contracts awarded by Morobe Mining Joint Ventures (MMJV)** to the landowner company NKW Holdings Limited owned by three landowner groups - Nauti, Kwembu and Winima - for catering, fuel haulage, general freight, plant hire, security, labour hire and bus services. The MMJV has met all the requirements of the Memorandum of Agreement (MOA) on the Hidden Valley Project and will continue to offer business development opportunities to landowners as the mine enters its production stage, and more opportunities become available.

Implementing affirmative procurement in South Africa

EC6:
Policy and practice for local spending

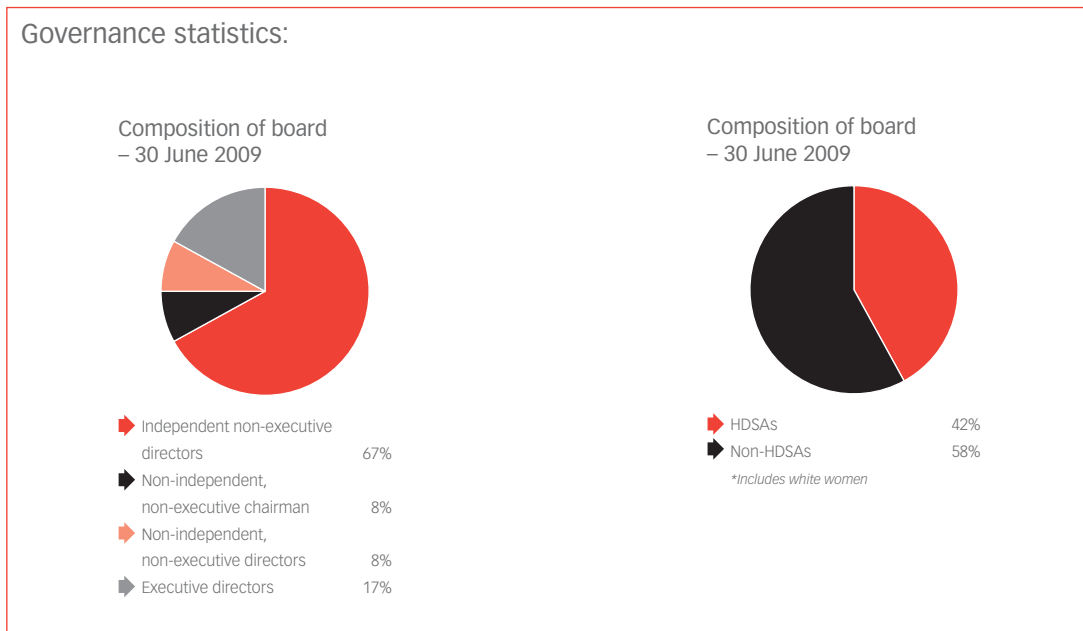
Harmony has made good progress in complying with its SLP obligations, and has met the targets set in its SLPs. See graph above. In FY09, Harmony committed to HDSA procurement expenditure (as a percentage of discretionary expenditure) of 40%; procurement expenditure actually achieved during the year was R3 190 million or 45% (including parastatals). Excluding parastatals, this figure was 27%.

Less satisfactory, however, has been the province in which these HDSA companies are located. Although it is the company's intention to support local suppliers as a matter of preference, this historically, has been a function of the economic activity primarily undertaken in particular provinces. The group's expenditure patterns on a provincial basis reflect this: engineering expenditure is typically undertaken in Gauteng Province, which is an economic hub for these businesses; and Harmony's fuel and timber is sourced from a major supplier in KwaZulu-Natal. The province that is under-represented here is the Free State, the historical primary activity of which (other than mining) has been agriculture.

Harmony has now started reporting on HDSA expenditure segregated according to consumables, capital and services in FY10. Previously, the company's IT systems did not allow for this.

Going forward, Harmony has plans in place both to increase its HDSA/SMME expenditure and to better account for expenditure currently. Only 246 of all vendors have provided certification of their HDSA status and it is therefore likely that this is currently under-reported.

Harmony is progressing towards the Department of Trade and Industry Codes of Practice in respect of procurement towards the DMR mining codes of good practice. The DMR has recently published a draft of the company's 'mining code



of good practice' that provides clarity on many of the issues we have faced. See the discussion on page 66 on PNG landowner initiatives.

Risk management

Harmony has extensive risk management structures in place, supported by an out-sourced internal audit function. Harmony manages all categories of risk identified through a formal risk policy framework. Identified risk factors and their management are covered extensively in the group's Annual Report, on pages 166 to 175, including the primary risks identified. While risk factors are considered from both a financial loss and reputational perspective, the financial loss is clearly more easily quantified. This section on risk management should be read in conjunction with the section on material issues on pages 12 to 17 as a slightly different emphasis is placed on these risks when considered from a sustainability perspective.

Appropriate levels of due diligence and risk management are applied when evaluating all new investments and engaging in significant contracts. Safety, health, environment and human rights risks are considered.

It should be noted that, in compliance with South African environmental legislation and good practice, the precautionary principle is addressed in planning for and developing new projects. The Precautionary Approach requires that risks that are plausible, but not necessarily the result of scientific consensus, be considered when an action or policy may cause severe harm to the public or the environment.

Governance structures

An extensive discussion on corporate governance may be found on pages 152 to 175 of the Annual Report. Further supporting documentation, such as the board charters and company policies, are available on the website. Specific indicators raised by GRI are summarised as follows:

- ◆ Harmony is governed by a unitary board. At the end of June 2009, the Harmony board was made up of 12 members, of whom eight have been determined to be independent non-executives, two are executive directors, one a non-independent, non-executive chairman and one a non-independent, non-executive director. Two of the non-executive directors are women, and four directors are drawn from groups considered to be HDSAs. (Determination of independence has been done in accordance with King II and Sarbanes - Oxley (SOX)).
- ◆ The board is guided in its actions by the board charter which is reviewed on an annual basis. The charter serves as a guide to each member of the board in terms of their purpose and role.
- ◆ The roles of chairman and chief executive are separate and distinct as required by King II. The chairman, however, is not considered to be independent.
- ◆ In considering new appointments to the board, Harmony takes cognisance of the gender and racial mix of the board and believes that it has achieved an acceptable balance.
- ◆ The board considers performance when considering the remuneration of executive management. This includes performance in terms of non-financial indicators including social and environmental performance. The members of the Empowerment Committee and the Sustainable Development Committee are particularly accountable for performance in these areas.

HR1:
Human rights screening of investments

HR2:
Human rights screening of significant suppliers

Economic performance and governance cont. 2009

Evaluating board performance

The board conducts an annual self-assessment on the performance of individual board members. Also considered is the performance of the board as a whole, including on matters relating to the company's economic, social and environmental performance, and its sub-committees (including the Sustainable Development Committee and the Empowerment Committee). These assessments are based on whether the board member displays:

- ◆ expertise;
- ◆ an inquiring attitude;
- ◆ objectivity and independence;
- ◆ judgement;
- ◆ an understanding of Harmony's business, understanding and commitment to the board's duties and responsibilities;
- ◆ a willingness to devote the time needed to prepare for and participate in committee deliberations; and
- ◆ timely responses and attendance at meetings.

This exercise was executed by KPMG in FY09 following interviews by means of interviews and questionnaires. A full report was generated and circulated to the board.

Code of ethics

Harmony's Code of Ethics (at www.harmony.co.za) commits the company, its employees and contractors to a certain set of values to ensure that they are free of conflicts of interest, namely:

- ◆ transparency;
- ◆ trust;
- ◆ accountability;
- ◆ respect;
- ◆ equality; and
- ◆ responsibility.

SO2: Business units analysed for corruption

An Ethics Committee (made up of the company secretary and executive management) meets on a quarterly basis to:

- ◆ monitor ethical behaviour within Harmony's business environment;
- ◆ take measures to ensure that the Code of Ethics is distributed to and signed by all employees of Harmony, and all contracting parties concluding any agreements with Harmony;
- ◆ monitor disciplinary action taken against employees who do not act in accordance with the code;
- ◆ review the gift register;
- ◆ assess the reports received from the White Collar Crime Committee; and
- ◆ evaluate the Code of Ethics on an annual basis.

SO4: Actions taken in response to corruption

Harmony protects the identities of employees who report non-compliance with the Code of Ethics and encourages employees to make use of the company's whistle-blowing or crime line, called the Khuluma line. The crime line is manned 24 hours a day and is managed by an external security contractor. Anonymous calls and faxes as well as e-mails were received in respect of alleged irregularities. All cases were logged and examined by the White Collar Crime Committee. Only one matter warranted further investigation and led to disciplinary action against an employee. A review of the Code of Ethics is currently under way and will be aligned with the provisions of King III.

As part of our comprehensive risk management processes and analyses, all business units are assessed for risks relating to corruption and mitigating measures are put in place. Harmony has a procedure in place for identifying and dealing with irregularities and this is the responsibility of the Security Department. Both fraud and corruption risks are specific headings on our risk register. In total, 103 incidents of fraud and corruption were identified during the year, 40 of these by contractors. By the end of June 2009, 39 cases had been finalised and 64 are still pending. Of the finalised cases, 37 people were dismissed and two received official sanctions.

SO5: Public policy and lobbying

Employees are taken through relevant sections of the Code of Ethics when they return from annual leave. The code is also distributed electronically to all employees with access to e-mail.

At a board level, the board charter considers specifically the issue of conflict of interest, and advises on how this must be dealt with and declared. In line with the Companies Act and JSE listing requirements, directors are required to declare any interests and potential areas of conflict at every board meeting.

SO6: Total value of financial and in-kind contributions to political parties and related institutions

Political donations

A donation of R4 million was made to South African political parties during the current election year in the interests of promoting democracy. The R4 million was allocated to the ruling party and three other political parties in proportion to their performances in the 2004 general election. There were no political donations made in PNG in FY09.

Support for external initiatives

Harmony is involved in public policy development on a wide range of issues through the Chamber of Mines of South Africa. Issues addressed by the Chamber of Mines, with government, labour and civil society as a whole include

collective bargaining, health care, socio-economic development, environment (including climate change), beneficiation, BEE and legislation. Harmony is an active member of the Chamber of Mines and is represented on its governing committee and at leadership committee levels. In FY09, Harmony was also a member of the World Gold Council (WGC), which promotes the interests of gold.

Harmony also participates in the Mine Health and Safety Council (MHSC) a tri-partite government, industry and labour entity, and is supportive of the MHSC safety and health targets. Harmony is a signatory to the Cyanide Code and has adopted international environmental standard ISO14001 as the basis for its environmental management systems. Harmony is a member of the National Business Initiative (NBI) .

Harmony also participates in the Illegal Mining task Team which is addressing the issue of illegal mining. Other members of this task team are: the SAPS, the Department of Justice, the Asset Forfeiture Unit and the Directorate of Public Prosecutions. Working closely with the task team is a Stakeholders' Forum, in which Harmony also takes part. The forum involves community representatives.

Significant legal issues and fines

No significant fines were paid by the company in any of its areas of operation. No actions were brought against the company in respect of anti-competitive behaviour, anti-trust and monopoly practices.

S08:
Monetary value of significant fines and total non-monetary sanctions for non-compliance

There is a pending class action in the United States whereby certain ADR holders are seeking damages against Harmony pertaining to company business practices. Harmony has filed a Motion to Dismiss all claims asserted in the class action case with the court, the plaintiffs have filed an opposing response, and we have subsequently replied to that response. At this point the matter is in the hands of the US court and ruling is expected by the end of the calendar year, although it may be later than that.

An excessive pricing complaint against ArcelorMittal South Africa Limited lodged in 2002 was withdrawn by Harmony and another gold miner in September 2009, following the conclusion of a settlement agreement. The complaint had remained unresolved after several years of litigation. This settlement agreement will permit the gold miners to focus their energies and resources on their core businesses, and represents a satisfactory outcome to the matter for them.

S07:
Legal action for anti-competitive behaviour

Beneficiation

We participate in the Chamber of Mines Working Group on beneficiation which has been established in response to the Mining Charter's consideration of and position on beneficiation. A primary task of this working group is to determine the capacity of the country for beneficiation, the resources required, the support to be given and the economics involved.

Harmony's beneficiation strategy is to be involved in those beneficiation opportunities that will enable the company to offset the value of such beneficiation activities against the company's commitments in terms of the Mining Charter; and that are cost-effective and add value to the company's business and do not divert excessive management time from the core business of gold mining. Read about our support for Project AuTEK on page 62.

Engaging with shareholders and employees

Harmony encourages interaction with stakeholders at all levels and on an ongoing basis. Stakeholder engagement is not the remit of any one individual or department at Harmony, but is the responsibility of line management. For specific stakeholders, such as the financial community (investors), employees and unions, communities and regulatory authorities, support is provided by centralised functions both at a group and operational level.

Harmony communicates and interacts extensively with shareholders, both institutional and retail, and has a comprehensive investor relations programme throughout the year, and in almost all geographic locations where shareholders are based. Shareholders and board members are encouraged to attend the Annual General Meeting, and questions from shareholders are encouraged. In addition to results presentations, conferences, roadshows and the company's quarterly results (and their presentations) are transmitted via tele-conference calls and webcasts, where questions may be asked directly of management. In addition, Harmony's website provides a valuable and immediate portal for information to shareholders, and investors and media frequently ask questions of management via the website. No significant issues were raised by shareholders during the year.

Harmony actively encourages the participation of employees in the business, in the belief that those who are most closely associated with the mining and processing operations are best placed to understand and optimise the business. There is significant interaction between the company and the various recognised unions on both a formal and informal level, particularly on matters that are regulated (such as conditions of service, safety and health), but on other matters too – such as employment equity, HIV & AIDS, and education and training, amongst others. Team-based training initiatives and processes are in place at many operations and efforts were made to reinvigorate these processes, so as to encourage greater sharing of ideas, and communication.

Economic performance and governance cont. 2009

Harmony's procurement strategy – a focus on local empowerment and procurement

Harmony's procurement strategy to effect economic transformation focuses on four main areas:

- procurement from HDSA companies;
- providing particularly local support through procurement in the areas where the company operates and from which its employees are drawn;
- providing support for SMMEs; and
- providing support and opportunities for women through procurement.

A key barrier to the fruition of this strategy is the scarcity of suppliers who are BEE-owned, who are local SMMEs and who seek to empower women. Harmony's response to this dilemma, which has been developed in co-operation with the DMR, was the establishment of Harmony Business Development Centres. The first centre was established in Welkom in the Free State in August 2009. Based on the success of this centre, and including lessons learnt, further centres will be set up in other areas of operation. It is envisaged that these business development centres will become hubs for budding entrepreneurs. Core to the centres' mandate is:

- developing a regional HDSA database;
- developing a database of Harmony's needs;
- matching Harmony's needs with regional HDSA skills and offerings;
- providing assistance in responding to the tender process; and
- providing vendor process selection.

In the second phase of the process, it is planned that possible financing and mentorships could be provided, with the fostering of joint ventures between existing vendors and prospective SMME vendors.

To start the project process off as quickly as possible, with maximum immediate benefit to be gained, Harmony has identified a number of tender areas where SMMEs can be called upon in preference to established vendors, where skills, experience, capacity and stringent quality control do not provide substantial barriers to these SMMEs. These areas include: building and construction, catering, gardening services, transport, laundry, scrap material, waste control/cleaning, carpentry, plumbing, fencing, storage, security, glazing, painting, data capturing, printing, IT/computer services, clothing and legal services.

Important to the process is the need to undertake internal marketing of the programme to create awareness, but also to ensure that tender documents and processes are less arduous and more BEE/SMME-friendly, that there are specific tenders that are set aside for BEE/SMME vendors, that certain procurement targets are set and met, and that there is ongoing monitoring of progress and mentoring of new vendors.





Social performance

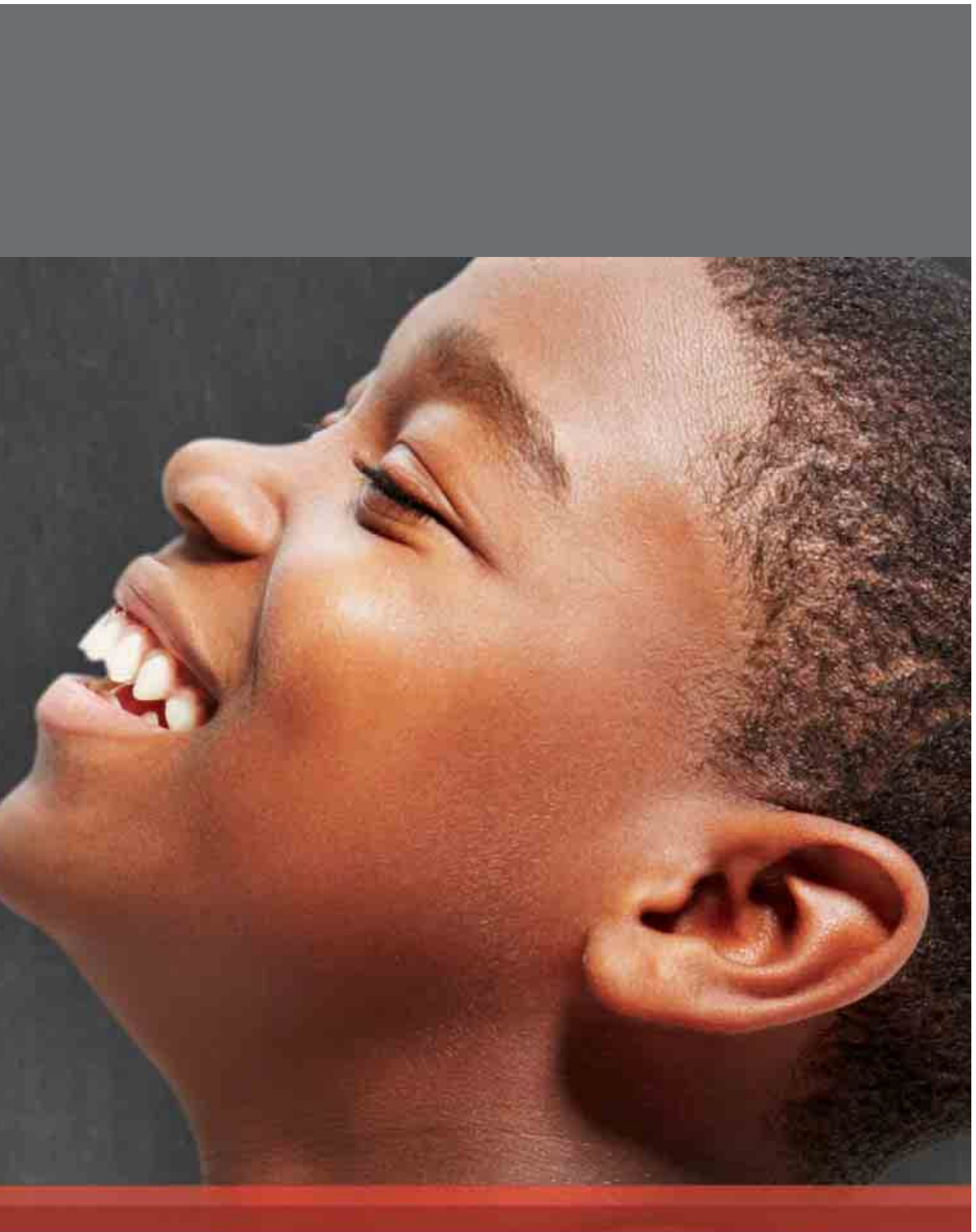
2009

GRI: The social dimension of sustainability concerns the impacts the company has on the social environment in which it operates.

Harmony has identified key performance indicators (KPIs) in respect of safety and health, labour practices and human rights, HIV & AIDS, corporate social responsibility and local economic development. These will be dealt with in greater detail on the pages that follow. In addition, this report addresses product responsibility.

The social performance section of this report covers:

- Safety and occupational health
- HIV & AIDS
- Harmony as an employer
 - labour practices and human rights
- Working with the community
- Taking responsibility for our product



Safety and occupational health

2009

LA7:

Rates of injury, occupational diseases

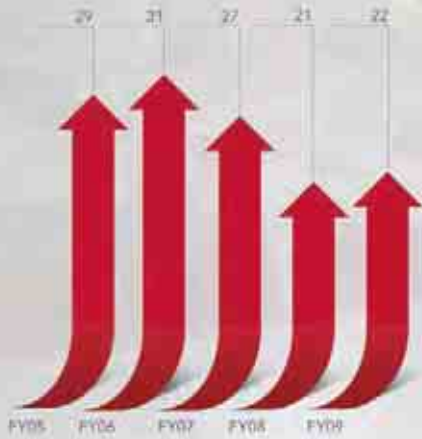
LA9:

Health and safety topics covered in agreements

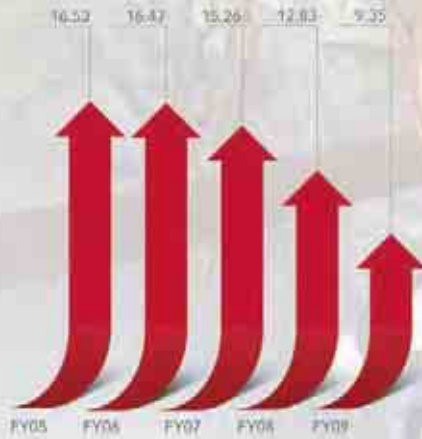


Safety performance

Fatalities: South Africa



LTIFR: South Africa (per million hours worked)



RFIR: South Africa (per million hours worked)





Safety and occupational health

The provision of safe and healthy workplaces remains a key priority for Harmony, as does the elimination of all workplace injuries and work-related ill health effects, and has been an important area of focus during the year. As safety, health care and occupational health are inter-related and inter-dependent, we deal with all three aspects in this section as they represent the full health care risk and burden on the company.

Safety in South Africa

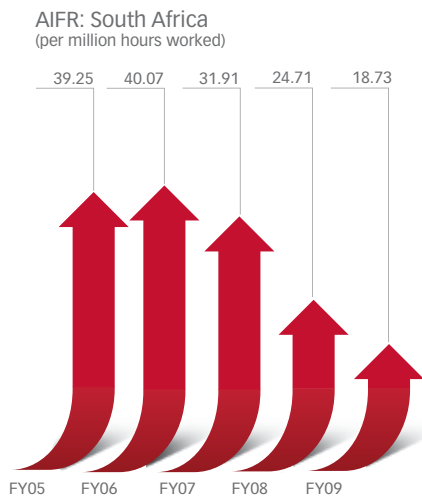
Safety management

Overall oversight of safety performance and high-level setting of targets is undertaken by the Sustainable Development Committee, a committee of the board.

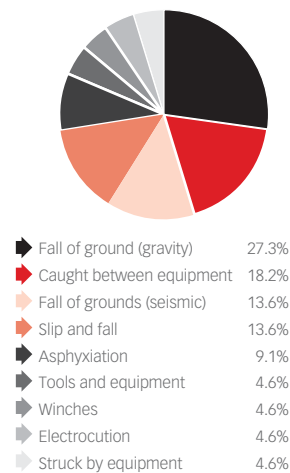
The management of safety is a line management responsibility, undertaken within the framework of a co-operative health and safety management system and supported in terms of strategy by corporate safety and health personnel. These systems are aligned with the Mine Health and Safety Act (the Act) and involve the active participation of management, unions and representatives of the DMR at all levels.

Health and safety committees, made up of both management and elected employee representatives, are in place at all operations in keeping with the Act. These ensure employees' active participation in safety and health management through the appointment of full-time health and safety stewards and part-time health and safety representatives. These committees meet regularly to examine issues such as the provision of personal protective equipment (PPEs), worker representation and participation in safety audits and investigations, training and education, grievance mechanisms, the right to refuse unsafe work, and the setting and achievement of targets and performance. Formal health and safety agreements, in place at all operations, deal with similar issues.

LA9:
Health and safety topics correct in agreements with trade unions



Causes of fatal accidents FY09: South Africa



LA7:
Rates of injury and occupational diseases

Safety and occupational health cont.

2009

Safety performance

It is with deep regret that we report that 22 employees lost their lives in mine-related accidents during FY09 (FY08: 21). The board and management extend their condolences to the families and colleagues of those who have lost their lives. Their names and details are recorded on page 33.

These deaths were despite the significant emphasis that has been placed on safety during the year, and the substantial improvements reported in the lost time injury frequency rate (LTIFR), the reportable injury frequency rate (RIFR) and all injury frequency rate (AIFR). The LTIFR improved to 9.35 per million hours worked, the RIFR improved by 18% to 4.97 per million hours worked, while the AIFR improved by 24% year-on-year to 18.73 per million hours worked.

In total, 33 812 shifts were lost as a result of occupational injury, a 22% improvement on the 42 812 shifts lost the previous year. Shifts lost can be an indicator of the severity of occupational injuries.

An analysis of the fatal accidents showed a high degree of non-compliance with standards and an increasing proportion of accidents in non-mining related occupations. With this in mind, we are focusing our emphasis on further instilling a culture and mindset of safety, hence the emphasis on behaviour-based safety initiatives, and on service-related disciplines.

The primary causes of fatal accidents in FY09 were gravity-related falls of ground (27%), individuals caught between equipment (18%), seismic falls of ground (14%), falling (14%) and asphyxiation (9%). These statistics reflect a changing pattern from the previous year, as well as the efficacy of the falls of ground prevention initiatives, both seismic and gravity-related. In FY08, falls of ground were responsible for 57% of fatal accidents, with seismic falls of ground accounting for 38% and gravity-related falls of ground for 19%.

The recovery of the bodies of 91 illegal miners at the disused Eland's shaft in June 2009, following an apparent underground fire, was the most serious safety and security incident in FY09. These deaths are not recorded as part of Harmony's safety performance, however, as they are not company employees. Harmony has pro-actively addressed illegal mining activities, together with the DMR, the SAPS, the Department of Justice and private security units and communities.



Fikile De Buck, board member, congratulates Zweli Ndese, general manager of Bambanani, on that mine's safety achievements

Significant safety achievements recorded in South Africa during the year:

12 years without a fatal accident	Kalgold
2 years without a fatal accident	Joel
Won the Safety Achievement Flag presented by the MHSC	Evander 2 & 5 Shafts
2 million fatality-free shifts	Kalgold
1.5 million fatality-free shifts	Evander 8 Evander Services Free State Surface
1 million fatality-free shifts	Unisel Winkelhaak Evander

In memoriam

Harmony pays tribute to those who lost their lives at work in FY09.

Date	Operation	Name	Town and country of residence	Occupation
29 June 2008*	Tshepong	Nokanyo Gcasamba	Ndabakazi, Butterworth, Eastern Cape, South Africa	Locomotive operator
5 July 2008	Target	Mokutu Qondile	Odendaalsrus, Free State, South Africa	LHD operator
10 July 2008	Unisel	Kali Makase	Leribe, Lesotho	Driller
15 July 2008	Elandsrand	Diago Bila	Stilfontein, North West, South Africa	Winch operator
23 July 2008	Tshepong	Zinikele Yam	Phumleni, Cofimvaba, Eastern Cape, South Africa	LHD driver
20 August 2008	Elandsrand	Mpeo Moeti	Leribe, Lesotho	Driller
20 August 2008	Elandsrand	Magatsela Mangaliso	Lusikisiki, Eastern Cape, South Africa	Driller
2 October 2008	Elandsrand	Amandio Massingue	Petro Da Escoda, Mozambique	General miner
3 December 2008	Bambanani	Moeti Mololo	Mafeteng, Lesotho	Driller
12 December 2008	Tshepong	Ntlatlapa Lazaro	Pitseng, Lesotho	Winch Operator
16 December 2008	Tshepong	Zolane Baboza	Timane, Idutywa, Eastern Cape, South Africa	Miner
17 January 2009	Elandsrand	Mziwa Bantu Bodlanim	Lebode, Eastern Cape, South Africa	Driller
30 January 2009	Masimong	Patrick Mabitsoa	Maseru, Lesotho	Locomotive operator
17 March 2009	Central Plant	Frans Majake	Virginia, Free State, South Africa	Plant supervisor
24 March 2009	Brand 2	Fuzile Ntlebe	Qumbu, Eastern Cape, South Africa	Team leader
14 April 2009	Target	Legotla Nkhatho	Allanridge, Free State, South Africa	Team leader
17 April 2009	Evander	Ntshumayelo Blayi	Idutywa, Eastern Cape, South Africa	General miner
17 April 2009	Evander	Dumisani Magagula	Piggs Peak, Swaziland	Engineering services
24 April 2009	Tshepong	Tsibolane Khotso	Ha Likhama, Mafeteng, Lesotho	Winch operator
23 April 2009	Tshepong	Tello Tsoke	Ha Isaka, Mafeteng, Lesotho	Driller
4 May 2009	Tshepong	Meshack Raletooana	Mangaung, Bloemfontein, South Africa	Team leader
12 June 2009	Masimong	Vukile Bhomane	Dordrecht, East Cape, South Africa	Stope team member

* Note that Harmony uses "measuring months" (which indicate the number of days per month by which production is measured), and not calendar months. The 'safety' year ends on 17 June each year.

Safety and occupational health cont.

LTIFR and FIFR by operation (per million hours worked) (South Africa)

	LTIFR		FIFR	
	FY08	FY09	FY08	FY09
Bambanani	11.18	7.48	0.4	0.15
Brand 2	3.75	2.92	0	1.46
Brand, Unisel and St Helena operations	20.72	13.45	0.43	0.14
Doornkop	8.55	6.25	0.19	0
Elandsrand	16.24	12.67	0.36	0.36
Evander	16.64	10.39	0.07	0.16
Joel	4.91	2.59	0	0
Kalgold	4.97	2.94	0	0
Masimong	9.57	8.67	0.12	0.27
North Met	8.38	7.24	0	0
Phakisa	4.83	2.48	0.37	0
South Met	4.23	5.52	0	0.34
Target	10.76	9.66	0	0.40
Tshepong	18.52	15.82	0.17	0.62
Virginia	19.01	11.57	0	0
Harmony	12.83	9.35	0.18	0.21

A significant amount of attention was directed towards safety management in FY09, with a number of positive outcomes being delivered. Graham Briggs, the CEO of the company, and operational executives have played a significant role in setting safety objectives and in developing safety strategies that continue to focus on:

- ◆ management leading by example;
- ◆ involvement of all stakeholders;
- ◆ compliance with standards, and the auditing thereof;
- ◆ behaviour-based campaigns and initiatives;
- ◆ recognition of achievements; and
- ◆ in situ training, particularly in hazard identification and risk assessment.

Harmony's commitment to zero fatalities is communicated to employees on a regular basis, at every level of the company, with a persistent, deliberate and consistent safety awareness effort.

The third round of a comprehensive safety auditing programme (first reported in FY07) was completed in South Africa in FY09. These audits assess the physical workplace, compliance with fall of ground regulations, shafts and metallurgical processes (specifically in relation to compliance with the Cyanide Code).

Full implementation of the OHSAS18001 occupational health and safety management standard is to be achieved in 2010. However, all occupational hygienists have been trained under the OHSAS18001 standard and are now all "Accredited Lead Auditors".

LA6:
Workforce
represented in
safety and health
management

More than 90% of the group's South African workforce participated in formal joint management-worker health and safety committees that participate in occupational health and safety programmes. The workforce is represented on the committee by elected spokespersons. The South African workforce is largely unionised (87%).

Safety in PNG

Safety management

Safety management is undertaken in accordance with the MMJV’s Health and Safety Policy, in conjunction with our safety management standards. To meet these standards, all hazards associated with each operation are identified, assessed and controlled to minimise any risk they may pose to the safety and health of employees.

Harmony’s Safety Management Standards are aligned with Australian Standards such as AS 4801: 2001 “Occupational Health and Safety Management Systems – specification with guidance for use”.

The strategy of visible leadership and commitment by all employees and contractors, as stated in the Harmony Health and Safety Policy, is essential to eliminate injury or harm to health at Hidden Valley. This policy highlights the development of Harmony’s health and safety management systems.

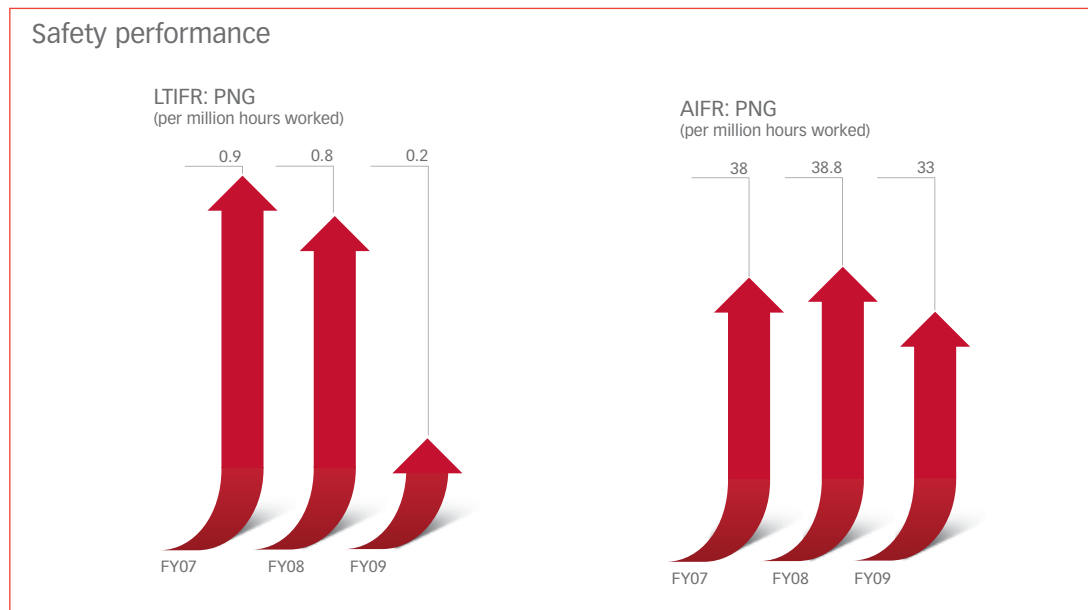
Key to the implementation of this policy has been:

- ◆ the establishment and implementation of effective health and safety management systems that are reviewed and updated regularly;
- ◆ the maintenance of a work environment where hazards are identified and controlled, while informing affected parties of significant risks and measures taken to mitigate these hazards and risks;
- ◆ the provision of a framework for setting and reviewing safety objectives and targets to continually reduce work-related injury and illness; and
- ◆ compliance with the relevant statutory and regulatory occupational health and safety obligations, ensuring compliance from our business partners.

A Health and Safety Committee is in the process of being formed at Hidden Valley. Its main objective will be to ensure that safety systems on site are maintained and safety issues are addressed. This committee will also regularly review health management processes to ensure the health and safety of employees, contractors and visitors to the Hidden Valley site are maintained.

Hidden Valley is moving from construction into steady-state mining, and it is thus important that we embed quality safety systems and a positive safety culture into all facets of our business.

Safety performance in FY09 improved significantly. There were no fatal accidents; the LTIFR improved by 75% – from 0.8 per million hours worked to 0.2, while the AIFR declined 15% to 33 per million hours worked.



Safety and occupational health cont. **2009**



Occupational health in South Africa

Occupational health management

Harmony provides access to quality health care through company-managed facilities, third-party service-providers or medical aids to all employees, some contractors and many dependents. Harmony's two private hospitals and one mine hospital, including three private pharmacies, are a world-class health care delivery service providing an extensive range of general and specialist care. Casualty departments at these hospitals provide 24-hour emergency services to local communities as well as to the company's employees. There were 16 507 in-patient contacts and 477 366 out-patient contacts during the year. Around 73% of these patients were Harmony's own employees.

In FY09 Harmony revised its integrated health strategy and has begun its implementation in FY10. Key business drivers and health and safety drivers that are behind this new initiative are:

- ◆ **Business drivers:** sick absenteeism that results in lost shifts; work rate requirement, so as to increase face advance; and cost reductions, so as to improve profitability.
- ◆ **Health and safety drivers:** accidents, medical mortality, medical incapacitation, and early retirement owing to poor health and safety.

The new strategic approach is underpinned by a pro-active focus on health care so as to improve:

- ◆ the effectiveness of the well-being programme;
- ◆ occupational health impact;
- ◆ the efficiency of pre-screening;
- ◆ emergency preparedness; and
- ◆ environmental change readiness (in response to legislative changes, other trends and best practice).

The new strategy will be implemented over a period of 18 months (beginning July 2009) and will review and revise hospital optimisation; the hospital service delivery model; the need for and functioning of a health care hub; information systems; the organisational structure; training, culture and communication; policies, procedures and protocols; and compliance and quality assurance.

Included in the revised strategy is a review of the current centralised health care services provision which inhibits pro-active health care delivery (resulting in high costs and low utilisation of facilities), towards a comprehensive site-based health care service profile. Comprehensive site-based health care services will improve lost shifts, health hub visits, and duplicate referrals, time lost for fitness assessments and sick absenteeism.

A pilot study is to be conducted on a pro-active integrated HIV and TB approach in keeping with current academic thinking, to evaluate the validity of the protocols and parameters for intervention (such as HAART intervention level) that have been set. Both the new health care strategy and the revised TB and HIV & AIDS strategy will support our objectives of reducing absentee rates by 10% in FY10. In FY09, some 1.15 million shifts were lost to absenteeism.

A campaign to administer a flu vaccine prior to winter to employees not covered by medical aid was undertaken at almost all South African sites during the last quarter. Uptake was good, with some 4 658 employees (that is, around 13% of the total work force) having participated.

Health performance

Medical surveillance (in terms of the Mine Health and Safety Act) continued to be conducted at the group's four medical surveillance centres. In total, 67 380 medical surveillance examinations were undertaken during the year, including initial examinations (for new employees), annual examinations, exit (end of service) examinations, and out-of-cycle (for transfers, for example) examinations for the year (FY2008: 72 547 examinations). The decreased examination figures are due to the reduced number of employees as a result of the sale of Cooke Shafts to Rand Uranium.

The primary areas of concern for the group in respect of occupational health are:

- ◆ noise induced hearing loss (NIHL);
- ◆ occupational lung disease, of which the two most significant are silicosis and pulmonary tuberculosis (TB); and
- ◆ heat stress.

While HIV is not classified as an occupational illness, it is a key priority for Harmony given the impact it has on the company, our employees and their communities. Also, TB is closely associated with HIV, as the weakened immune system increases the likelihood of opportunistic infections.

Safety and occupational health cont. 2009

The group's occupational health statistics reporting is aligned with international standards such as the International Labour Organization (ILO) Code of Practice on the Recording and Notification of Occupational Accidents and Diseases, as well as the MHSA. If an employee is identified as having a compensable occupational illness, the company submits on the employee's behalf, his or her details to the Medical Bureau for Occupational Diseases (MBOD) or the Rand Mutual Assurance Company (RMA), depending on the illness and legislation that covers it. The MBOD is a statutory body, responsible for certification and compensation in terms of the Occupational Diseases in Mines and Works Act, 1973, to which Harmony contributes. RMA is an industry body that provides compensation under the Compensation for Occupational Injuries and Diseases Act of 1993.

Noise induced hearing loss

Exposure to noise levels above 85 dB(A) over an extended period of time can lead to loss of hearing in employees. Harmony's noise management strategy endeavours to limit noise levels through silencing or the installation of equipment that emits lower levels of noise, and the provision of personalised hearing protection devices (HPDs) to employees who are at risk.

Under the auspices of the Mine Health and Safety Council (MHSC), Harmony has committed to the following industry targets in respect of NIHL:

- ◆ after December 2008, the hearing conservation programme implemented by the industry must ensure that there is no deterioration in hearing greater than 10% amongst occupationally exposed individuals; and
- ◆ by December 2013, the total noise emitted by all equipment installed in any workplace must not exceed a sound pressure level of 110dB(A) at any location in that workplace (includes individual pieces of equipment).

The total number of cases of NIHL identified and submitted for compensation in FY09 was 478 (FY08: 732). This is a rate of 10 new cases per 1 000 employees, a significant decrease on the prior year. This decline is thought to be largely due to the hearing conservation programmes that have been implemented, although we need to see a continuation of this downward trend to have greater certainty on this. Note that, as there are delays in the compensation process, the number of cases compensated during the year (447) is not strictly an accurate measure of occurrence. In total, 1 139 diagnostic audiograms were performed during the year.

It remains a cause for concern that HIV & AIDS and HAART may result in hearing damage and that this hearing loss cannot be easily distinguished from NIHL. This and other non-work related hearing loss (noise, barotraumas and ageing) will mitigate against achieving the first MHSC milestone, placing even greater emphasis on the need to achieve the second.

Over the past three years, a total of 5 389 rock drills have been fitted with mufflers. In addition, some 1 800 noisy fans identified have also been fitted with silencers. Around 90% of employees working underground have been issued with Hearing Protection Devices (HPDs) and extensive training is provided on the use of and the need for HPDs. In FY10 Harmony will embark on a programme to install silencers on air-driven mechanical loaders.

An early-NIHL pilot project initiated at the Ernest Oppenheimer Hospital in the Free State early in the year was introduced at the other occupational health centres in the fourth quarter. The detection of early NIHL (between 5 and 9% hearing loss) has been lower than anticipated, although the project is still at an early stage.

Occupational lung disease

The two primary occupational lung diseases within the gold mining industry in South Africa are silicosis and TB.

Silicosis

Long-term exposure to quartz silica dust – found in the deep-level underground mining environment in South Africa – can lead to silicosis. Silicosis is also linked to increased susceptibility to TB. Silicosis remains a current and long-term concern for Harmony and the industry as a whole.

Harmony has committed to the following milestones under the auspices of the MHSC:

- ◆ By December 2008, 95% of all exposure measurement results will be below the occupational exposure limit for respirable crystalline silica of 0.1mg/m³ (these results are individual readings and not average results).
- ◆ After December 2013, using present diagnostic techniques, no new cases of silicosis will occur amongst previously unexposed individuals (previously unexposed individuals are individuals unexposed prior to 2008, that is equivalent to a new person entering the industry in 2008).

The first milestone is slightly contentious, as differences exist in opinion on the most accurate and cost-effective dust sampling method. Also, using current technology, the accuracy of measurement decreases as the value decreases. Further, the value of allocating samples from Homogenous Exposure Groups (HEGs) is diminished as these values are then allocated to individuals within that group. The issue is further exacerbated by the time period associated with the development of silicosis by an employee engaged today and who is exposed to unacceptable levels of silica dust; they may only display symptoms of silicosis within a decade.

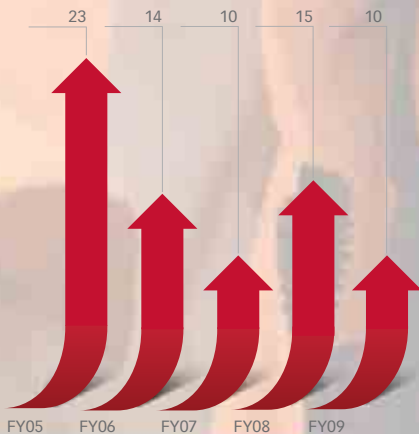
In total, 808 suspected new cases of silicosis were identified during the year (FY2008: 1 041 cases), which is a rate of 17 per 1 000 employees. The decrease year-on-year may be ascribed to improved mine dust control measures in recent years, as well as to the reduction in the number of long-outstanding (expired) medical examinations over the past two years. Continued delays within the MBOD compensation system means that the number of cases compensated during the year (550) does not reflect occurrence.

Among the measures taken by Harmony to prevent exposure to silica dust are the implementation of sound ventilation principles, designs and practices; comprehensive watering-down procedures; wet-drilling; dust suppression, using equipment such as water spray filters and cyclones; low-velocity ventilation over conveyor belts and increasing the time between blasting and re-entry to the workplace. Employees at high risk of exposure are issued with dust respirators. Formal training on airborne pollutant exposure and the subsequent associated health effects is provided to all employees on an annual basis.



Occupational health performance

New cases of NIHL – South Africa
(rate per 1 000 employees)



New cases of silicosis – South Africa
(rate per 1 000 employees)



Safety and occupational health cont.

2009

Tuberculosis

A comprehensive TB control programme that follows the guidelines of the World Health Organization (WHO) and the National TB Plan is in place at Harmony. This programme includes early case findings, Directly Observed Therapy (DOT) and short-course (six-month) chemotherapy. In addition to these requirements, a radiological TB screening programme is in place.

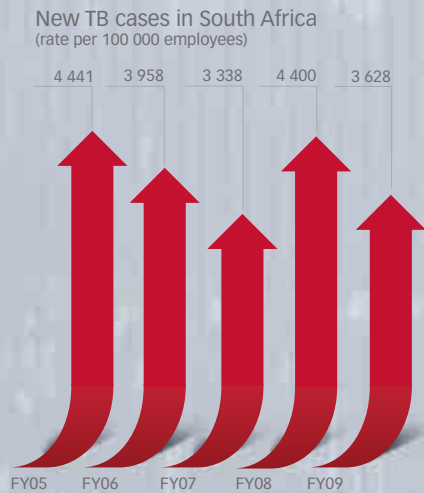
In total, 1 485 new cases of TB were identified during the year (FY08: 1 911). This is a rate of 3 628 per 100 000 employees of new cases identified. The total number of cases of Multi Drug Resistant TB (MDR-TB) remains small, with 56 cases identified during the year. No cases of Extremely Drug Resistant TB (XDR-TB) were identified in FY09. Again, comparison against certified cases (2 218) is not meaningful as there is a backlog in processing by the Medical Bureau for Occupational Diseases (MBOD). Also, the total number of cases submitted for compensation does not accurately reflect the overall TB burden on the company as not all cases are eligible for compensation. Cure rates for TB (88%) are good and in excess of the national target of 85%. Further, around 80% of all new patients with TB are HIV-positive, illustrating the strong relationship between the two illnesses.

A project to introduce ultra-violet lighting (to eliminate bacteria) at high risk areas at the medical facilities has continued. This installation programme is to be further continued at the medical stations and, in the third phase, risk areas at the mines themselves need to be assessed. To date some 340 lights have been installed.

Heat stress

While extensive refrigeration and ventilation arrangements are in place at all operations, there are some operations and areas of work (such as development) where temperatures above the normal working ranges are experienced. Heat tolerance testing and acclimatisation programmes are in place to support and protect those employees who are exposed to excessive heat in the workplace. In total, 22 739 heat tolerance tests were undertaken during the year. There were no cases of heat stroke recorded. A protocol is currently being developed to identify and record cases of heat stress, particularly at the Evander operations.

Occupational health performance – South Africa





Thibela project makes progress

Research into TB prophylaxis undertaken by the Aurum Institute for Health Research across the mining industry, including at a number of Harmony's operations, has continued. This MHSC-funded research study aims to radically reduce TB in the gold mining industry by up to 60%, by treating all participating employees with the preventive medication for a period of nine months.

There are six Harmony/former Harmony shafts in the study, three in each of the intervention and control groups. Employees participate on a voluntary basis. It is particularly notable that at the Harmony shafts in the Free State the number of employees volunteering to take part in combating TB has exceeded 85% of the workforce, an unprecedented show of commitment to preventive health care in South Africa.

The study is heading towards completion although results are only due out in the first quarter of 2012. This is to give adequate time for the epidemiological effects of the intervention to be definitively and scientifically proven. A positive result from this scientific research study will pave the way for a new approach to TB prevention in the mining industry and hopefully also into the surrounding communities in the future.

Safety and occupational health cont.

Health in PNG

Health care management

The Hidden Valley, Wafi and Wau Medical Centres provide both primary health care and occupational health surveillance and treatment. Further medical support functions are provided to communities at the Wau and Wafi community medical facilities.

Health performance

A total of 907 pre-employment medicals were undertaken in FY09 (FY08: 700), reflecting the continued ramp-up in operations and the consequent rise in recruitment at Hidden Valley.

As required by regulations in PNG, a threshold audiogram is undertaken during pre-employment and as part of the employees' annual medical surveys. To date there have been no cases of significant hearing loss from Hidden Valley.

Once construction has been completed, a full noise survey will be undertaken at Hidden Valley. Based on this report, a noise abatement management and education plan will be developed.

A total of 10 597 health care contacts were recorded at the Hidden Valley Medical Centre in FY09. The primary illnesses treated were upper respiratory tract infections (URTI) (63%) and malaria (28%). Changing altitude is the primary cause of this high level of URTI. Most local employees commute from the warmer lower-lying areas in PNG (at close to sea level); Hidden Valley is located between 2 000m and 3 000m above sea level. Employees are therefore exposed to this change in altitude on a regular basis and this appears to be the common contributing factor. Symptoms are usually mild, similar to the common cold.

Testing to promote early diagnosis and effective treatment on site continued as part of the campaign to combat malaria. In FY09, 3 001 new cases of malaria were recorded (FY08: 2 500).

The mine supports the Morobe Provincial Health Authority with its malaria eradication programme, sponsored by the Global Funds and a donor agency, which has been distributing treated mosquito nets to the malaria-infested areas, including the Bulolo District, to reduce malaria and filariasis in the country. This campaign will continue until 2012. We support this programme by distributing treated mosquito nets in specific areas, conducting malaria education programmes, undertaking fogging in specific areas associated with our operations and by advocating to the employees the availability of malaria prophylactic treatment, early detection programmes and administration of an effective treatment regime. More than 300 mosquito nets were issued to employees and community members during the year as part of Harmony's drive to combat malaria.

A further 12 458 medical contacts were recorded at the Wau and Wafi community medical clinics. Of these, 30% were treated for malaria, 25% for upper respiratory tract infections, 20% for skin diseases, 15% for general body ailments and 10% for all other ailments. This clinic also provides immunisation and vaccination programmes to the local community. We provide typhoid, tetanus and hepatitis vaccinations to employees and the community at large under the Morobe Provincial Health Cold Chain Programme (basic immunisation, the focus being children and mothers from within the mining-affected communities).

With regards to TB prevalence, PNG is ranked second amongst 37 countries in the region, and Morobe Province is ranked second among the 20 provinces in PNG. However, according to the Bulolo District TB programme coordinator, the Bulolo district has over the past 12 months accounted for only 90 registered TB cases. All have responded well to the DOTS treatment programme. TB prevalence surveys and, the DOTS programme is sponsored by World Vision and the PNG Government under the TB Eradication Charter. The MMJV actively supports the programme through awareness, community education and training, as well as reporting and referring suspected cases to the registered co-ordinating centre at Bulolo Health Centre. There have been no reported positive TB cases from Hidden Valley.



HIV & AIDS 2009

LA8:

Education, training, counselling, prevention and risk control programmes in place for serious diseases





South Africa

Management of HIV & AIDS

The HIV & AIDS pandemic continues to have a significant impact on the company (through absenteeism, reduced performance, loss of skills) and employees and their families. Both local and labour-sending communities also continue to be affected as those who are the natural heads of households and at their peak of their earning capacities are ill or die, and as the economic burden on individual households and state health care facilities mounts.

At Harmony, HIV & AIDS is managed at three levels:

- ◆ At a clinical level, the symptoms of the illness are managed by the group's health care services.
- ◆ Company-wide and mine-specific initiatives are conducted. Shaft-based HIV & AIDS committees form an integral part of the Health and Safety Committees, which meet on a monthly basis.
- ◆ Group policy and practice is overseen by a specialist health care professional.

A revised, integrated clinical strategy, developed as part of the new strategy to address TB and HIV & AIDS was developed during the year. This strategy was developed through a workshoping process led by academics and experts drawn from the Universities of Cape Town, Pretoria and Witwatersrand, and with the participation of the 19 Harmony health care staff members, ranging from medical doctors, to occupational health practitioners, nursing sisters and others.

A number of key issues have been highlighted in this new strategy that integrate and consolidate the traditional HIV & AIDS and TB approaches. These include:

- ◆ Concerted efforts will be made to enhance and sustain the group's VCT programmes, and to implement a post-employment and pre-engagement testing programme. This is as reassurance to stakeholders of the company's commitment to non-discrimination regarding employment based on an individual's HIV status.
- ◆ Enhanced education and counselling will be provided to employees who are HIV-negative.
- ◆ Anti-retroviral therapy (ART) will be introduced at an earlier stage (a CD4 count of 500, rather than the current level of 350). This is advocated by experts as a vital measure in curbing the impact of HIV and its progression to AIDS-illness, and specifically to positively influence TB prevalence in the group by reducing the number of TB susceptible individuals within our employee population. While there are additional costs expected as a result of bringing patients on to ART at an earlier stage, these are not expected to be significant. This CD4 category is small and the impact is likely to be staggered as patients are identified through ongoing CD4 testing at hospitals and VCT clinics. The benefits, in this case, are expected to outweigh the costs in terms of extended life expectancy and reduced medical burden by far. This will be implemented first at a pilot site, with a monitoring methodology of the patients needs to be developed simultaneously.
- ◆ In addition, efforts will be made to intensify case findings, introduce isoniazid preventive treatment and improve infection control. This is in line with the WHO strategy to contain TB.
- ◆ Further introduce infection control measures such as the use of masks, UV lights, among others.

LA8:
Education,
training,
counselling,
prevention
and risk control
programmes
in place

HIV & AIDS cont. 2009

HIV & AIDS performance

The 2009 HIV/AIDS impact analysis conducted by The Health Monitor Company, using the Actuarial Society of South Africa model 2003 (ASSA2003) estimates that around 27% of Harmony's employees are HIV positive. This is slightly higher than the 25% HIV prevalence levels projected in a similar analysis done in 2005. However, this is expected as anti-retroviral drugs would have a retention effect on the HIV positive pool of people thus increasing the prevalence levels. A follow-up financial impact analysis will be undertaken in FY12. New electronic data collation systems were implemented in FY09 and will improve the monitoring and evaluation of the programme outcomes.

The group's programme is focussed on the following four areas:

- ▶ **Prevention:** Prevention campaigns are aimed at limiting new infections through education, promoting condom usage and behaviour change. Condoms are widely distributed free-of-charge at all operations. However, it is apparent that employees continue to engage in high-risk behaviour, evidenced by the treatment of sexually transmitted infections (STIs) by mine medical stations. A total of 936 000 condoms were distributed by the company in FY09.
- ▶ **VCT:** Our VCT programme is undertaken by an external provider (Careways) using qualified registered professional nurses and protocols aligned with the South African Department of Health, the WHO and the HIV Clinicians Society of Southern Africa. A total of 22 806 individuals were tested during the year (FY08: 16 800 tests).
- ▶ **Treatment, care and support:** In late FY09, further decentralisation of the HIV & AIDS treatment centres was effected so as to integrate them into formalised disease management units as part of the comprehensive primary health care centres. Here HIV & AIDS patients will be managed, together with all other chronic manageable illnesses, to specified standards and protocols. This now brings support and care closer to the place of work and stay for those who are still hostel-based.

Ongoing counselling on lifestyle choices and nutrition, the treatment of opportunistic infections and HAART are an important part of Harmony's strategic wellness programme. Access to HAART is available to all company employees, either through the company's health care facilities or through private medical aid schemes where appropriate. As a result of the stigma associated with the disease, some employees may seek treatment at state-funded facilities in South Africa.

At the end of June 2009, a total of 4 255 employees were enrolled in this programme, compared with 1 206 enrolled at the end of June 2008. A further 1 647 employees were enrolled on the pre-HAART programme for monitoring at the end of June 2009. This is a significant increase in uptake and is in line with the raising of the CD4 count at which the company initiates HAART from 250 to 350. An initiation CD4 count of 200 is used in state-funded facilities.

- ▶ **Community-based interventions:** Harmony continues to fund the mining industry's home-based care project, established in 2002 and run by Teba Development. The project provides care in the major labour-sending areas, largely to former mineworkers who have retired as a result of ill health. Teba trains family members and volunteers in the provision of home-based care, and provides monthly home-based care kits. Harmony co-funds, with other mining houses and the Department of Health, five community-based organisations (CBOs) that render mobile clinic services to communities with the main aim of reducing new infections and provision of treatment of STIs for hosting communities. The five CBOs are Lesedi-Lechabile in the Free State, Tswaragano in Westonaria/Randfontein, Mothusimpilo in Carletonville, Powerbelt in Evander and Bambisanani in the Eastern Cape.

HIV & AIDS expenditure increased to R16 million in FY09 mainly due to a proactive VCT drive and increased resources associated with the clinical management of HIV & AIDS (staff at the clinics, HAART medication and associated laboratory tests). Approximately R4 million of this spend goes to community HIV & AIDS projects.

It is understood that 633 employees with AIDS were separated from the company during the year, and 185 employees died in service as a result of AIDS (FY08: 523 and 396 respectively).

PNG

HIV is not as critical an issue in PNG as it is in South Africa. Community prevalence levels are estimated to be in the region of 1.5%, much lower than those in sub-Saharan Africa. Partnerships with all other stakeholders in the region are being strengthened to ensure effectiveness of prevention programs.

The VCT/ART programme is conducted and managed by the Bulolo District HIV & AIDS Coordinating Team, and the company actively supports the programme by way of condom distribution and HIV & AIDS awareness material distribution and training. The community affairs team based at Wau has been conducting a similar programme in the township of Wau and surrounding communities.



Harmony as an employer – labour practices and human rights

2009

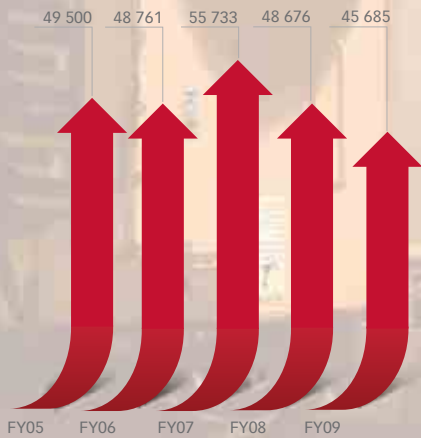
LA1:

Total workforce
by employment
type, contractor
and region

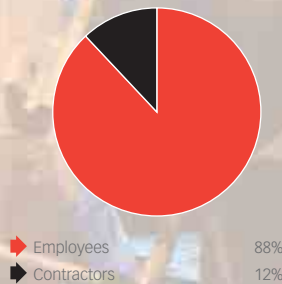


Significant employer

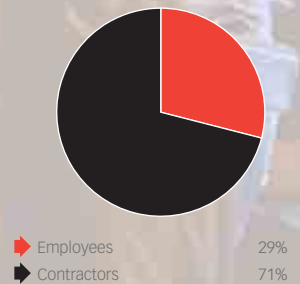
Number of employees
(including contractors)



Employees versus contractors
South Africa



Employees versus contractors
PNG





Harmony as an employer – labour practices and human rights

Management of human resources

Group policies and a centralised human resources and labour relations function guide the management of people, an integral part of line management at the operations. The attraction, retention and development of HDSAs and women remain a priority in South Africa, given the specific imperatives of the mining industry and the country as a whole. Similarly, emphasis is placed on the recruitment of landowners and locals in PNG.

Progress on employment equity and transformational issues is monitored by the Empowerment Committee of the board, which meets quarterly. Employment equity committees have been established as part of the Human Resources Development Committees at mine level in South Africa.

A significant employer

One of the most significant contributions that Harmony can make to sustainability is the employment of large numbers of people, mostly unskilled, drawn from some of the poorest areas in South Africa, its neighbouring countries and in PNG. While many of the mines that Harmony operates have been in existence for many years (some up to 60 years), it is true that many of these would have been closed (and some in fact were) by their former owners. Further, Harmony has been one of the most significant investors in the mining industry in South Africa in recent years, investing in new projects that will continue to employ people over many decades. In PNG, where the MMJV is currently ramping up to full production, Harmony is set to be a significant employer as well.

As at the end of June 2009, Harmony's total employee complement was 45 685 (FY08: 48 676), made up of 38 295 permanent employees (88%) and 7 390 full-time contractors (12%). This was made up as follows:

- ◆ In South Africa, Harmony employed 42 278 people (FY08: 47 038), made up of 37 316 permanent employees (88%) and 4 962 contractors (12%). Contractor employees are largely fixed term contracts (either by time period or by a project completion).
- ◆ In PNG, there were 3 407 employees (FY08: 1 595), of whom 979 (29%) were permanent employees and 2 428 (71%) were contractors. In PNG, the contractors are largely construction-related and their contracts will expire at different times aligned with the completion of the project. The construction at Hidden Valley is the main reason for the large number of contractors. As this construction draws to a close, contractor numbers will decrease.

LA1:
Total workforce
by employment
type, contractor
and region

Where circumstances (such as the market, costs or mine life) dictate, restructuring is undertaken. However, Harmony's strategy is to mitigate job losses where possible by transferring employees in jobs that are no longer viable to the newer projects. By transferring more than 4 251 employees in South Africa in FY09, these job losses were avoided.

Harmony as an employer – labour practices and human rights cont.

2009

Employment statistics as at 30 June

Operation	Employees		Contractors		Total	
	FY08	FY09	FY08	FY09	FY08	FY09
Tshepong	4 917	4 970	212	146	5 169	5 116
Virginia	6 550	6 731	210	371	6 736	7 102
Evander	5 045	4 831	623	732	5 688	5 563
Elandsrand	5 218	5 262	672	716	5 908	5 978
Bambanani	3 026	2 255	121	538	3 541	2 793
Masimong	3 044	3 033	108	142	3 160	3 175
Target	1 599	1 672	359	431	1 765	2 103
Kalgold	226	231	220	96	398	327
Joel	1 430	1 480	36	55	1 438	1 535
Doornkop	1 368	1 364	1 350	1 027	2 677	2 391
Phoenix	536	627	45	193	582	820
Phakisa	1 384	1 964	417	277	1 656	2 241
Total Services	1 856	1 868	343	156	2 185	2 024
EOH	546	627	55	21	586	648
Randfontein Medical Services	284	327	117	60	396	387
Evander Medical Services	73	74	2	1	72	75
Total (South Africa)	37 102	37 316	4 890	4 962	41 957	42 278
Total PNG	749	979	846	2 482	1 595	3 407
Total (Group)	37 851	38 295	5 736	7 390	43 552	45 685

Turnover

LA2: Employee turnover

Given the skills development crisis in South Africa, and the need to develop HDSAs and women within the company, Harmony very closely monitors its levels of turnover, particularly amongst skilled employees. The turnover figure for the group was 18% in FY09 (FY08: 14%) - 9% in South Africa and 14% for externally-resourced employees and 32% for locally-resourced employees in PNG. However, if all involuntary separations in South Africa are excluded (that is, those jobs made redundant as a result of ill health or normal retirement), then the turnover level was 6% in South Africa.

A range of initiatives has been applied in PNG in order to extract and retain key employees. A change in the recruitment strategy for locally-recruited employees as well as a review of the remuneration structure at PNG enabled the operation to attract and retain employees during the year. Harmony does not record turnover level by gender or age.

Human resource development

LA12: Percentage of employees receiving regular performance and career development

Harmony has endeavoured, over the past three years, to ensure that its human resources systems are geared to identify employees with potential, to develop and train employees for job progression and to reward employees and teams for performance. Performance and career development takes place on a regular basis throughout the company. Individual and team-based performance is recognised through incentives, bonuses and (where the employee is not part of the collective bargaining unit) through personal performance evaluation and reward. It is important to ensure that employees are evaluated and rewarded for those inputs and outputs on which they have a direct impact. Matters relating to sustainability therefore feature as key performance indicators for senior and middle management and in certain disciplines, but are not generally applicable to all employees. The exception is safety, where production bonuses at all levels of the organisation are directly related to safety performance.

The majority of Harmony's employees in South Africa are unionised and relationships, including wages, conditions of service and other issues, are achieved through negotiated settlement. Individual performance reviews are therefore not conducted. In line with the Mining Charter, however, career development plans have been put in place for identified categories of employees. As part of this career development, discussions and panel interviews are conducted with identified employees so as to meet the company's career progression plans and to allow individual employees the opportunity for development. This process will continue in FY10.

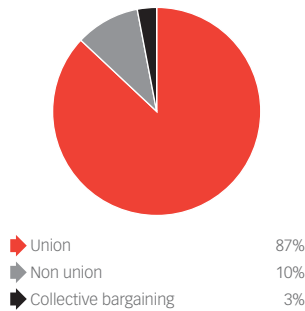
Performance reviews were conducted with all employees outside of the bargaining unit during the year, as individual and career development plans form part Harmony's performance management process. These reviews are concluded between the employee and his/her supervisor on a quarterly basis and signed off by both parties.

Employee benefits

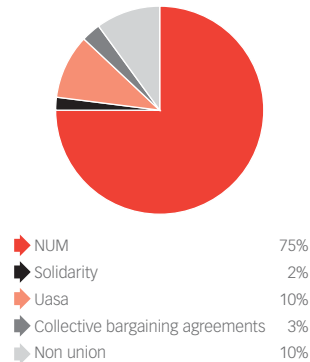
LA3: Benefits provided to full time employees

Legislation or collective bargaining agreements govern many of the benefits, conditions of service and salaries for a large majority of the workforce in South Africa. Other benefits that are provided to employees, other than salaries, include: leave, annual or performance bonuses, housing/housing allowances, home ownership benefits, funeral fund, medical aid, maternity/paternity leave, disability coverage, life insurance, and provident and pension funds. Share incentive schemes are in place for management. Similarly, employees receive more benefits than contractors in PNG.

Union representation (%) South Africa



Union representation breakdown (%) South Africa



Provision is made for employees post-retirement through pension and provident funds. Pension funds are the responsibility of the company, and its exposure here is limited to its annually determined contributions. Provident funds are funded on an accumulation basis through employer and employee contributions which were fixed when the funds were constituted in South Africa. A total of 29 866 employees belong to the Mineworkers Provident Fund and 7 286 belong to a pension fund. The provident fund provides for a funeral benefit, risk benefits and retirement savings; whilst the pension fund provides for risk and retirement benefits. Full details of retirement benefit obligations can be found in the Annual Report. There is a defined contribution arrangement for employees in PNG.

EC3:
Coverage of defined benefit plan obligations

Social and Labour Plans (SLPs)

SLPs have been developed for each of Harmony's South African operations in line with the requirements of the Mining Charter. Future forums have also been set up at each operation to undertake collective social plan activities.

Collective bargaining

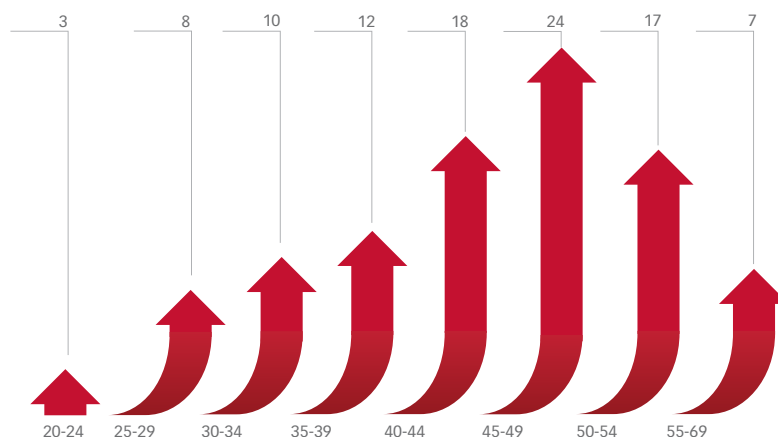
Employee relations at Harmony are regulated by legislation and industry agreements covering the prescribed minimum levels of compensation and benefits: trade union access and membership, the right to strike, mandatory compensation in the event of termination for operational reasons, employment equity practices, compensation for occupational illness or injury on duty, and the provision and financing of training programmes. This is typical of mining companies in South Africa.

HR5:
Freedom of association and collective bargaining

The group fully supports the process of collective bargaining at mine, company and industry levels, as well as employees' rights to freedom of association. Harmony undertakes collective bargaining in respect of wages and conditions of service through the Chamber of Mines.

The National Union of Mineworkers (NUM), Uasa and Solidarity are the three major unions recognised by Harmony in South Africa. Approximately 87% of the company's South African workforce is unionised, with a further 3% covered by collective bargaining (agency shop) agreements.

Harmony age analysis (%) South Africa



Harmony as an employer – labour practices and human rights cont.

2009

Union representation at Harmony

LA4:		No of employees	% employees
Percentage of employees covered by collective bargaining agreements	NUM	28 124	75%
	Uasa	3 688	10%
	Solidarity	812	2%
	Total - unionised	32 624	87%
	Covered by collective bargaining agreements	1 134	3%
	Non union	3 558	10%
Total		37 316	

Annual wage negotiations at the South African operations were concluded in July 2009. The cost to company resultant from these negotiations was a 9.2% increase in respect of all demands submitted.

In PNG, wages are guided by independent market research that compares mining, oil and gas companies in the region. Industrial relations at Hidden Valley have been established through regular dialogue between management and employees via the monthly Grievance Committee. Employees at PNG are not unionised, however, employment is guided by a Memorandum of Agreement (MOA) between the Landowner Association, the company and the government. The MOA governance process requires that, when qualifications and experience are equivalent, employment preference is given to local and landowner candidates before individuals from other provinces or countries. Compliance with this agreement is a critical issue in maintaining Harmony's licence to operate. Harmony does not consider that there are threats to collective bargaining or freedom of association in South Africa or PNG.

LA5:	
Minimum notice period operational changes	While no statutory minimum notice period in respect of operational changes is stipulated in Harmony's collective agreements in South Africa, there are prescribed processes both in the statutes and collective agreements that have to be completed before any significant operational change can be implemented. The Labour Relations Act in South Africa governs the minimum notice period required in respect of organisational change affecting 50 or more employees. A 60-day notice and consultation period regarding any proposed restructuring or organisational change is allowed in terms of Section 189A of the Act.

EC5:	
Ratio of standard entry level wage at significant locations of operation	There are no state-regulated minimum wages in the mining sector in South Africa. Harmony's employees are paid in excess of the minimum wages set for the agricultural and domestic workers' sectors, and in line with minimum wages agreed through collective bargaining processes. In PNG, the employees are also paid in excess of the set minimum wage.

Localisation in PNG

Localisation is the process of ensuring that key technical and managerial roles, initially filled by externally recruited employees, are progressively occupied by locally recruited employees in accordance with the three separate Joint Venture Companies Training Plans, which have been submitted to the PNG Department of Labour and Industrial Relations. The objective is to initially operate Hidden Valley with 8% non-citizens (currently 9.5%), with this figure being reduced to approximately 4% within a four year period.

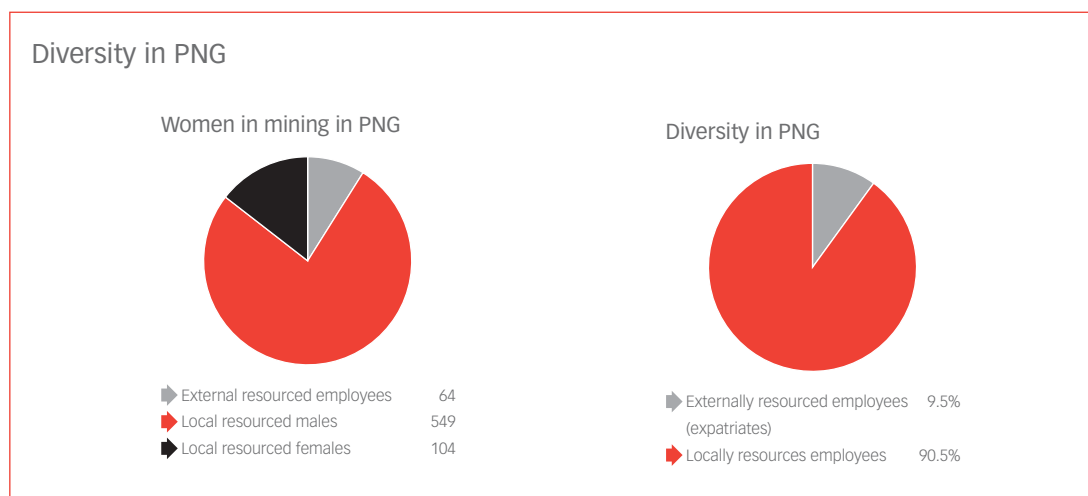
EC7:	Hidden Valley Mine positions	Total number of positions	Total number of incumbents	Positions currently localised	% Localised
Procedures for local hiring	Managers	20	14	2	10%
	Co-ordinators	41	19	14	34%
	Professional appointments	42	30	28	67%
MMJV positions					
	Managers	6	4	3	50%
	Co-ordinators	10	7	7	70%
	Professional appointments	22	18	18	82%
	Total	141	92	73	52%

Diversity and equal opportunity

In South Africa, employment equity legislation and the MPRDA guide employment equity practices and programmes. Employment equity legislation exists mainly for the promotion of equal opportunity and fair treatment through the elimination of unfair discrimination and the implementation of affirmative action measures to redress the imbalances of the past, particularly in respect of HDSAs in management and women in mining.

Harmony’s employment equity plan, and progress against this plan, are reported on an annual basis to the Department of Labour and the DMR.

A diversity management programme has been implemented to encourage diversity within the company, to embrace diverse social backgrounds, cultures, races, genders and generations.



Harmony as an employer – labour practices and human rights cont.

2009

Diversity in management

The Mining Charter requires that HDSA employees (including white women) make up 40% of management in South Africa by 2009. The representation of HDSAs in management for the period ended June 2009 was slightly behind target, at 37% (FY08: 31%). Many of the recruitment, development and retention initiatives put in place by the company are specifically focussed on HDSAs. It is Harmony's policy to recruit employees locally as far as this is possible.

While Harmony endeavours to draw its employees from local communities, the company does not discriminate against foreign labour. At Harmony's operations, foreign labour (that is labour drawn from outside the borders of the country) comprises 29% of the total workforce, against 31% in FY08 and 32% in FY07.

It is the company's intention to employ as many locals (locally resourced employees – LRE) as possible in PNG and employees are largely drawn from local landowner groups. Expatriate (external resourced employees – ERE) and contractor employees are only employed when necessary for specialist knowledge or skills. At the end of June 2009, there were 568 ERE employees employed at PNG operations, which is 17% of the total workforce. The MOA between the Landowner Association, government and the company guides this process, and preference is given to local and landowner candidates when positions become available.

A process has begun whereby key technical and managerial roles filled by non-citizens are progressively occupied by PNG nationals, in line with the Training and Localisation Plan submitted by the company to the PNG Department of Labour and Industrial Relations.

Women in mining

The Mining Charter stipulates that 10% of the total workforce should consist of women by 2009. At the end of June 2009, there were 4 157 women in the group (11%), compared with 3 578 in FY08, or 9% of women in the total workforce. Women in the core disciplines (engineering, mining, ore reserve management and metallurgy) were 2 578, 8% of the total employees in those disciplines. Various steps have been taken to accommodate women in the underground mining environment.

The challenge to find suitable jobs for pregnant women who work in underground environments is ongoing. Despite the impact on labour planning and cost, Harmony endeavours to accommodate pregnant women by offering jobs on surface.

Another challenge is the issue of sexual harassment, which is being experienced by women working underground, and includes victimisation and obstruction. A sexual harassment policy is in place and is applied to all reported cases.

In addition, protective clothing provided is currently designed for men and are not comfortable for women employees who resort to wearing their own clothes underground which is not satisfactory. This is an industry-wide issue that was dealt with at the June 2009 wage negotiations. A preliminary report is due to be finalised by the Chamber of Mines at the end of October 2009 to address this issue.

Employment equity statistics (South Africa)

LA13: Composition of governance bodies and breakdown of employees according to diversity	Occupational Levels	Male		Female		Foreign nationals		Total
		Of colour	White	Of colour	White	Male	Female	
	Top management	2	7	0	1	0	0	10
	Senior management	22	63	7	7	0	0	99
	Professionally qualified and experienced specialists and mid-management	143	405	45	58	7	0	658
	Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2 445	1 961	598	232	570	9	5 815
	Semi-skilled and discretionary decision making	12 365	68	1 256	85	7 935	84	21 793
	Unskilled and defined decision making	5 015	45	1 501	4	2 106	270	8 941
	Total	19 992	2 549	3 407	387	10 618	363	37 316

Women landowners: equipment operators at Hidden Valley

In October 2007, some six months after Hidden Valley began hiring male landowners to be trained in mining equipment operation, management made a decision to begin hiring female trainee operators as well. This decision took serious consideration as the hiring of female equipment operators conflicted with local landowner traditions and, as such, were met with some initial resistance from the landowner community. Hidden Valley started hiring female trainees on the basis that they received written consent from the male members of their immediate community.

In the initial trial, four women trainees were hired in October 2007. The trial has proven to be very successful and momentum was built to the extent that Hidden Valley began hiring more women operators on a regular basis from June 2008 onwards. It is now generally accepted by the community that women landowner operators can work alongside their male counterparts. Hidden Valley now has 35 women landowner mining equipment operators, one drill trainee and eight processing plant trainee operators. The total Hidden Valley women workforce stood at 96 (16%) at the end of June 2009.



The first women landowner HD 785-7 truck operators at Hidden Valley.

Training for the HD 785-7 truck consists of:

- Simulator training of up to four days which they must pass (this includes class work to understand operating procedures).
- Trainees then start working on the HD 785-7 trucks, fully escorted/assessed by training officers. After completing over 100 hours and found to be competent, they are allowed to operate solo.
- After 300 operating hours they are assessed/tested and certified as competent HD 785-7 truck operators.

Harmony as an employer – labour practices and human rights cont.

2009

Discrimination

While Harmony endeavours to draw its employees from local communities, the company does not discriminate against foreign labour. At Harmony's operations, foreign labour (that is labour drawn from outside the borders of the country) comprises 29% of the total workforce, against 31% in FY08 and 32% in FY07.

MMJV, Harmony's joint venture in PNG obtained specific government approval to recruit females specifically in the surface mining environment. As a result, there are plans in place at Hidden Valley to address the gender balance of employees, and eight heavy equipment women operator trainees were recruited in FY08. In addition, a process of transferring women landowner operators (who were part of the construction team) to the open-pit operations has started. Meanwhile, aptitude tests of women landowners are ongoing to establish a pool of available candidates. In FY09, 16% of the workforce in PNG comprised of women, exceeding the 15% target set in FY08.

LA14:
Ratio of basic
salary of men to
women

There is no difference between the salary scales for men and women at Harmony.

Breakdown of employees

	Total number of employees	Gender (number)		HDSAs	
		Men	Women	HDSA	Non-HDSA
Board	12	10	2	5	7
Exco or management committee	10	9	1	3	7
Management	744	631	113	218	526
All employees	36 347	32 395	3 952	23 334	13 013

HR4:
Incidents of
discrimination

In FY09, the company commissioned an audit on discrimination in South Africa. No incidents of discrimination were reported in South Africa or PNG.



Human rights

As a company domiciled in South Africa, Harmony is bound by the South African Constitution, within which human rights are enshrined. South Africa endorses various International Labour Organization (ILO) principles relating to the prohibition of forced, compulsory or child labour.

HR6:
Child labour

In FY09, no contraventions of these principles were alleged or reported, and no operations are considered to be at risk in this regard.

HR7:
Forced labour

In South Africa, management and the unions have signed a declaration of commitment to eliminate racism and celebrate diversity.

Training and development

Harmony invests in the training and development of current and potential employees. The information provided below relates largely to the South African operations which are directly and solely managed by Harmony. Expenditure on the group's training and development programme amounted to R21.5 million (FY08: R35.5 million). The decrease is due to re-structuring and the sale of the Randfontein operation, resulting in fewer employees. Expenditure on training and development in PNG was R3.2 million

During the year, some 40 164 employees (around 95% of South African employees) received some form of training in the following areas: mining, engineering, metallurgy, ore reserve management, human resources, occupational hygiene, supervisory development, change management, and technical and soft skill training. In view of the shortage of engineering and artisanal skills, this remains an area of great emphasis.

While Harmony's programmes aim to address the training and development needs of all employees, there is a specific emphasis on training and development initiatives to facilitate transformation and, in particular the development of a literate workforce that has the potential to develop and to meet in the future the skills needs of the company from within. There are various initiatives in South Africa ranging from Adult Basic Education and Training (ABET), skills development and learnership programmes, the Harmony Bridging School, as well as the provision of bursaries and study assistance to current and prospective employees.

In PNG, various employee training programmes have been developed based on a skills matrix on the requirements of each project. By the end of June 2009, 1 906 employees had received formal training during the year, 1 509 facilitated internally and 397 externally sourced training.

The training of landowners in the operation of heavy equipment continues to be of great importance in PNG. To this end, the Hidden Valley Training Simulator continues to be used to test new operator applicants as well as for the training and retraining of the existing landowners. A total of 168 landowner employees have been trained and are fully certified as fully competent in the operation of haultrucks, dozers and a range of other ancillary equipment such as graders and loaders.

Adult Basic Education and Training (ABET)

The provision of basic literacy and numeracy skills to employees is a priority for the company, both from a human resources development perspective, but also as this is a specific area to which Harmony has made certain commitments in its SLPs. ABET was provided to a total of 2 534 employees in FY09 on both a full-time (1 363 employees) and part-time (1 171 employees) basis. The total cost of ABET to the company in FY09 was R12.7 million (FY08: R140 million). Harmony's ABET programme is well-resourced, with a teaching/administrative staff of 104. There are two full-time centres in the northern region of operations and three in the south, while part-time classes are offered at almost all company hostels. Employees are offered incentives, such as payments for successful completion of all ABET levels (funded by the Mining Qualifications Authority or MQA), while full salaries and bonuses are paid to full-time learners.

Skills development plans

As skills development is both a national and company priority in South Africa, annual workplace skills development plans and training reports are submitted to the MQA each year to identify Harmony's future training requirements. Training in line with the National Qualifications Framework (NQF) standards is largely conducted at Harmony's in-house training centre, which is ISO9001-accredited and meets the requirements of the MQA. Other accredited service providers also undertake training for the company.

Harmony's training and development initiatives cover the core disciplines of mining, engineering and metallurgy, as well as safety and health. Skills development amongst HDSAs and women is a priority. During FY09, 37 316 employees received training at Harmony's training centre, of whom 67% were HDSAs and 7% were women.

Harmony as an employer – labour practices and human rights cont.

2009

The company submitted its Annual Training Report and Workplace Skills Plan to the Mining Sector Education Training Authority (SETA) and qualified for the return of 50% of the 1% levy paid to the MQA owing to training the company undertakes.

Lifelong learning

LA11:
Programmes for skills management and lifelong learning

The company also has a programme for skills management and lifelong learning to support continued employability and assist employees in managing career endings in South Africa. During the year under review, about 500 employees completed skills development training across all operations in line with Harmony's SLPs. The skills provided ranged from electrical/electrical repairs, welding, carpentry, plumbing, sewing, catering, motor mechanics and brick layering to scaffolding. These skills also promote a new self-employment culture to improve the quality of life in the communities where Harmony operates.

Learnerships

Learnership programmes have been in place at Harmony in South Africa since 2003 to improve the workplace skills of employees. These have been developed in line with the South African Skills Development Act. Learnerships lead to recognised qualifications, approved by the SETA and registered with the Department of Labour, and thus play an important role in development progression. Employees with learnerships are equipped with transferable skills and qualifications to their benefit both inside and outside the company.

As at the end of FY09, 381 learnership candidates (FY08: 390) were enrolled in mining (53%) and engineering (47%). Of the total number, 96% are HDSAs and 7% are women.

Graduate development programme

This programme was launched in 2005, under the auspices of the MQA, to address the skills shortage in the sector and assist in the transformation process. The target group is young unemployed HDSAs who have completed degrees or diplomas in the scarce skills disciplines as identified in the MQA Sector Skills Plan such as: mechanical engineering, electrical engineering, electro mechanical engineering, mining engineering, jewellery design and manufacturing, metallurgical engineering, chemical engineering and mineral processing, analytical chemistry, geology, environmental management, mine surveying and industrial engineering.

Candidates for the programme are required to complete a two-year structured development programme with an industry host employer. Over this two-year period, a grant per candidate per quarter is made available to the host employer to cover the costs of training, allowances, travel, accommodation, medical cover, unemployment insurance fund, insurance and personal protective clothing.

In FY09, 19 candidates were employed under this scheme, providing a potential pool of employees for Harmony in the future.

Bridging School

The aim of the Harmony Bridging School is to assist historically disadvantaged matriculants to improve their final Senior Certificate results over a period of 10 months, to enable them to further their studies or obtain a tertiary qualification. The programme benefits candidates from the communities surrounding Harmony's operations, and from labour-sending areas for the dependants of employees. While again providing a potential pool of new recruits to Harmony for the future, the programme delivers into a key failure in the South African education system, where potentially promising students are simply not identified or nurtured through final year school examinations.

In FY09, a total of 18 students were selected for the programme in the mining, engineering and accounts disciplines. These learners will be employed in their respective disciplines within the company after their successful completion of the academic year in December 2009.

Bursaries and study assistance programmes

In South Africa, bursaries continue to be awarded to talented HDSAs who cannot afford a tertiary education in the fields of mining, engineering, geology, surveying, sampling, metallurgy and accounting. In FY09, 29 bursaries were awarded – all bursars are HDSAs and 30% are women.

In FY09, as part of this programme, Harmony's PNG operations provided approximately K580 000 in educational support to 734 learners attending 257 primary and secondary schools. This study assistance programme is focused on paying school fees for employees' families at PNG.

Accommodation and living conditions

Promoting home ownership and the integration of mining communities into local structures are part of Harmony's housing strategy. This policy is implemented at all company operations through housing forums, in which unions play an active role.

In FY09, 20 907 (65%) employees resided in 12 high-density, single-sex accommodation blocks (hostels); 12% in subsidised accommodation and 23% in their own accommodation (where the company pays the employee a living out allowance). As planned, the number of hostel residents decreased by 3 129 (18%) from FY08 (17 778) and this is expected to decline another 10% during the FY10. This decrease is due to employees choosing to move out of company single-sex accommodation and to receive a living out allowance.

In line with company policy to improve the quality of company accommodation, the conversion of the Welkom 1, Evander 2 and 5 hostels into family units is under way. A feasibility study is being carried out and capital application will be made as soon as this is completed.

Consultation with unions on the company's accommodation strategy and, in particular, the drafting of policy principles, setting conditions of sale for mine houses and identifying hostels for conversion either into family or single units is ongoing.

Furthermore, the hostel de-densification project is continuing. By year-end, 90% of hostels had been converted to accommodate two persons per room.

Since 2000, a total of 3 554 houses have been sold to employees in support of the company's home ownership programme. Joint venture projects for new housing developments in Randfontein and the Free State are currently being pursued with municipalities and property developers.

The budget in FY09 was R10 million for Tshepong hostel, at which the upgrading of the ablution facilities was completed. A budget of R9 million has been set for the upgrading of Masimong hostel in FY10.

In FY09, catering costs amounted to R13.9 million for employees residing in company hostels. The group catering manager undertakes quarterly audits with a registered dietician to monitor and evaluate nutrition. The catering manager reviews the menus on an annual basis and carries out a menu analysis to ensure a balanced diet for the employees.

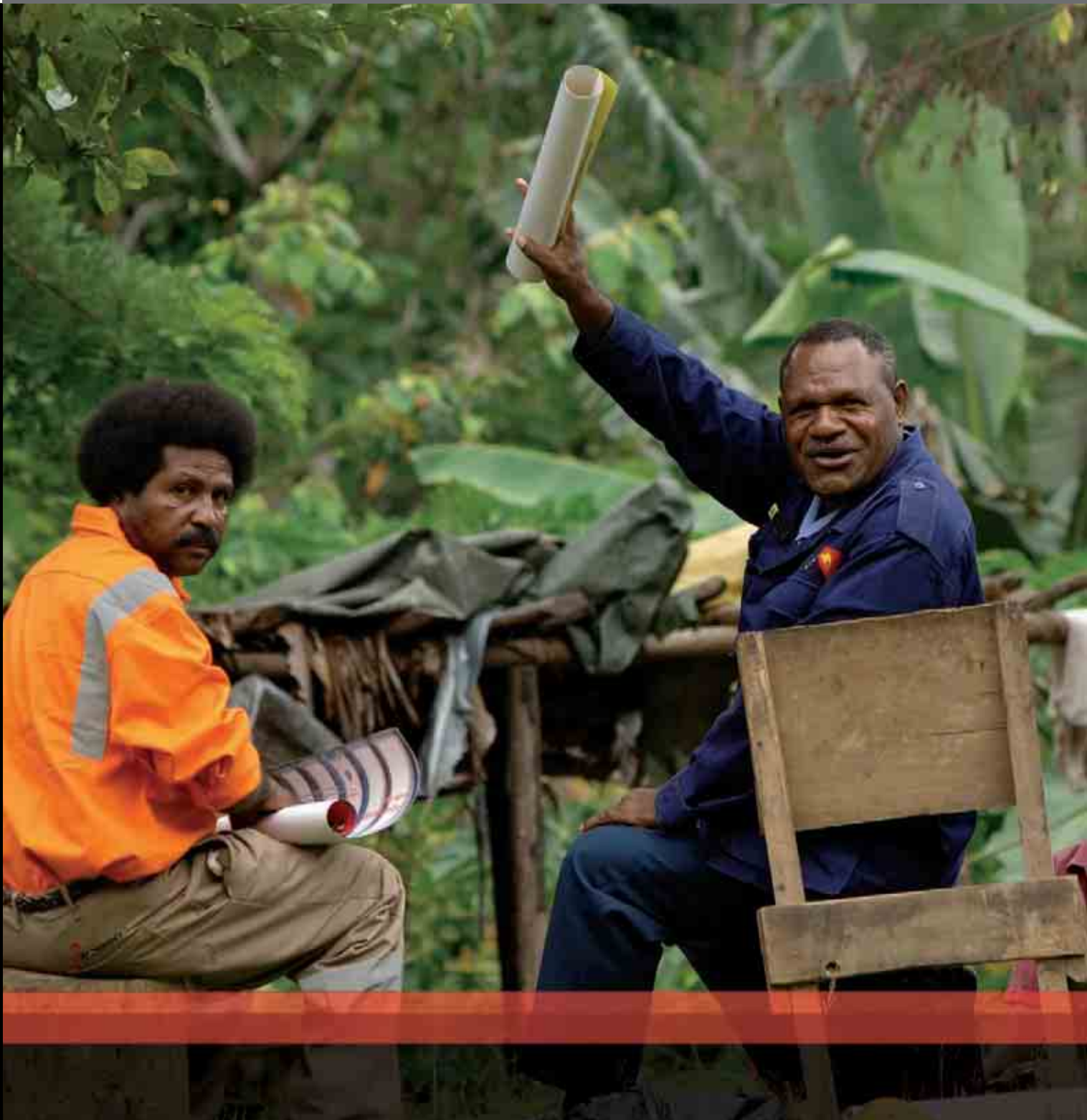


Working with the community

2009

SO1:

Nature, scope and effectiveness of any programmes and practices that assess and manages the impacts of operations on communities





Working with the community

Management approach

Harmony recognises that it is part of the broader communities in which it operates and that it has an obligation to the socio-economic development and well-being of those communities now and in the future. Particularly important is the fact that, given that mining operations have finite lives the company needs to contribute to development that is sustainable in the longer term, long after mining operations, have ceased.

Key to the achievement of these outcomes is:

- ▶ Recognition and respect for the culture, values and traditions of the communities in which we operate.
- ▶ Being open and honest in describing the effects that our activities might have upon them.
- ▶ Engaging and consulting with potentially affected parties to achieve mutually acceptable outcomes and facilitating ongoing engagement with stakeholders.
- ▶ Encouraging partnerships with relevant stakeholders so that community programmes are well designed and effectively delivered.
- ▶ Providing appropriate and practical opportunities to share in the benefits which flow from our activities by contributing to community development and capacity building and seeking opportunities to address poverty.
- ▶ Seeking to create lasting relationships built on mutual respect, honesty and trust with all stakeholders.
- ▶ Assisting communities, government agencies, third party organisations and stakeholders to develop and implement socio-economic programmes in support of our community policies and objectives.

South Africa

In South Africa, Harmony's commitments to its communities are implemented in two streams of activities. First, through the Corporate Social Responsibility Fund, Harmony undertakes corporate social responsibility (CSR) programmes that may not be operation-specific but that address needs in the broader community. For the most part the activities in this area are undertaken in conjunction with known, credible and well-established non-governmental organisations (NGOs) or partners with whom Harmony has a longer-term and enduring relationship.

Harmony's main focus areas of its social responsibility programmes include education, particularly in mathematics development, education infrastructure, and science development. The emphasis of these CSR programmes is on their impact, the empowerment of Harmony's mining communities as well as sustainability. In FY09, Harmony spent R16.9 million on CSR.

Second, the company has identified, through the SLPs, key local economic development (LED) programmes in the areas in which it operates and in labour-sending regions (communities from which the company draws its employees). These programmes have largely been identified in collaboration with local municipalities, and approved by the DMR. Emphasis remains on aligning Harmony's initiatives with national socio-economic development priorities, provincial economic growth and developmental strategies, and district and local municipalities integrated development plans (IDPs). Of critical importance in South Africa is also the participation in the formulation, implementation, and review of the IDPs of local and district municipalities in the communities where Harmony's operations are located (mining communities) and the labour-sending communities. In FY09, Harmony spent R10.7 million on LED and this brings the total spend on both CSR and LED to R27.6 million, a substantial increase compared with the R19.6 million spent in FY08.

Working with the community cont.

Corporate social responsibility

In FY09, Harmony was involved with a number of CSR programmes. Some of these are discussed below.

Student in Free Enterprise (SIFE), South Africa is a global programme is to empower students from tertiary institutions to teach others to create economic opportunities through enterprise development programmes. As at 30 June 2009, 26 leading tertiary education institutions in South Africa participated in SIFE, making this a truly inclusive programme. In addition to the social benefits, SIFE provides Harmony with access to a talent pool for recruitment in the future. Harmony is one of a number of business organisations and government agencies that contribute financially to SIFE, and as one of the major supporters, the company is represented on the SIFE South Africa Board. Harmony has been involved with SIFE for four years, and contributed R2 million in FY09. There were 1 062 students involved in the SIFE programme in FY09. See the Harmony website <http://www.harmony.co.za/sd/sife-2009.asp> for further information.

The South African Mathematics Foundation (SAMF) initiative oversees the South African Mathematics Olympiad and mathematics teacher training programmes across all schools in South Africa. Also, through the foundation, Harmony supports the promotion of mathematics in 15 schools in Harmony's mining communities. Harmony is also represented on the SAMF board. R2.5 million was allocated by Harmony to SAMF in FY09. See the Harmony website <http://www.harmony.co.za/sd/samf-2009.asp> for further information.

The Alfred Nzo District Municipality Agricultural Development Project, Eastern Cape is a partnership project between the government (the Alfred Nzo District Municipality) and Harmony, which is co-funded on a rand-to-rand basis to develop agricultural programmes. Harmony's annual contribution to the programme is R1 million. The purpose of the programme is to alleviate poverty and unemployment in the Eastern Cape Province of South Africa, one of Harmony's major labour sending regions. The project is implemented through Teba Development, and Harmony has board representation in this NGO. At the end of June 2009, a total of 1 178 farmers were participating in the agricultural programme. Participants in the programme are trained in farming skills including conservation farming, sustainable food gardens (including soil preparation, trench beds, and mulching), irrigation and tunnel farming. Government departments such as the Department of Agriculture, the Department of Social Development and the Department of Water Affairs and Forestry are involved to ensure the success and long-term sustainability of the programme at both national and provincial levels.

Harmony has established a partnership with **Student in Free Enterprise (SIFE)**, Swaziland to advance community development projects in Swaziland focusing on enterprise development. Again, Swaziland is one of Harmony's labour sending communities. Harmony has been supporting SIFE Swaziland for two years. The SIFE Swaziland programme started in 2002 at the University of Swaziland. The University of Swaziland SIFE team was the winner of the 2009 national competition and will represent Swaziland in the SIFE World Cup to be held in Germany in October 2009.

The company has continued its support for **Project AuTEK** in collaboration with other gold mining companies in South Africa namely, Gold Fields Limited and AngloGold Ashanti Limited. In particular, Harmony's support has been for the identification of new medical applications for gold. The project has so far achieved outstanding results, and further partnerships have been created within the United States of America and the European Union. Harmony is represented on the AuTEK Steering Committee. Harmony contributed R2.5 million to AuTEK in FY09. See the Harmony website <http://www.harmony.co.za/sd/autek-2009.asp> for further information.

Mine Life Alliance is a collaboration of major mining companies in South Africa for various socio-economic development projects that form part of the SLPs as per the mining rights requirements. Harmony is represented on the Mine Life Alliance Steering Committee. A major breakthrough by Mine Life in FY09 was a partnership with Doc to Dock. This is an American-based non-profit organisation founded as a commitment to the Clinton Global Initiative dedicated to improving the health and lives of people in Africa by providing health care workers with the tools they require for health care provision. This partnership resulted in a shipment of much-needed medical supplies to four hospitals and eight clinics in Lesotho in May 2009.

Minerals Education Training Fund (METF) is a project with a membership of 31 mining companies in South Africa, with the aim of promoting and supporting tertiary education to meet the skills needs of the South African minerals industry. The focus is on the attraction and retention of educators in mining engineering, metallurgical engineering, chemical engineering and geology. In FY09, Harmony contributed R1.3 million to the METF and is represented on the METF Board. See the Harmony website <http://www.harmony.co.za/sd/metf-2009.asp> for further information.

The Harmony Sports Academy was started in 2003 with the main objective of developing and promoting sport, specifically rugby and soccer in the Free State province. FY09 has been the most successful period in the history of the academy, with both soccer teams, U/16 and U/19, qualifying for the national finals in every competition they entered. The academy is also the main contributor for provincial rugby players in the northern Free State in South Africa. The sports academy is recognised by the DMR in South Africa as a key socio-economic development project that will

contribute to retaining the company's mining rights. In addition, the academy provides life skill development to assist young sportsmen to develop as soccer and rugby players of excellence. The programme enables players to participate at provincial and national team level, while creating opportunities for them to follow sports careers. In FY09, a total of 70 students were enrolled in this programme – 36 for rugby and 34 for soccer. Harmony contributed R4.5 million to the Harmony Sports Academy in FY09.

The main objective of **Harmony's Jewellery School** is to provide education and skills in jewellery design and manufacturing. The school's key programme is the three year diploma run by the Central University of Technology (CUT). In FY09, 39 students were enrolled. The school has partnerships with various stakeholders including CUT, the South African Department of Trade and Industry (DTI), the MQA, and the Gold Fields Further Education and Training (FET) College. The MQA provides bursaries to students while the Gold Fields FET offers the learnership programme. Harmony contributed R900 000 to the Harmony Jewellery School in FY09. Through the Harmony Jewellery School, the company promotes beneficiation in South Africa, a requirement of the South African Mining Charter.

The Southern Africa HIV Therapeutic Vaccine Project is supported by a syndicate of companies, mainly in the minerals sector, to develop a vaccine for HIV & AIDS. The consortium consists of: Anvil Mining, Gold Fields, Nippon, African Rainbow Minerals, Harmony, Paladin Energy, Assmang, Longman Plc, Rio Tinto, BHP Billiton, Mitsubishi and Sumitomo. The clinical trial of the project, which commenced in October 2008, involves recruiting 140 HIV positive participants (to obtain 108 evaluable participants) from four well established HIV & AIDS clinics across four provinces in South Africa. At the end of June 2009 there were 80 participants enrolled in the trial with 13 participants undergoing screening. Of the enrolled subjects, 35 had completed all trial visits and three participants had discontinued the trial. Harmony contributed R5.7 million towards this project in FY09.

Another initiative is the research into **mining community socio-economic development programmes**. The purpose of the study is to identify top socio-economic development programmes in each of the Harmony mining communities and indicate the extent to which these programmes align with the relevant IDPs, if at all. The survey also includes consultations with local stakeholders and the NGOs/CBOs delivering the programmes. The findings are used as input for local economic development and CSR projects. During FY09, Harmony spent R500 000 on this project which is due to be completed in FY10.

Local economic development

LED programmes are undertaken by various Harmony operations as part of the requirements of the various SLPs for the benefit of Harmony's mining and labour-sending communities, in line with the relevant municipalities.

The project for **internships** at Harmony's operations caters for industry-related practical skills acquisition by students who require industry experience. In FY09, the implementation plan and roll-out covered interns from Harmony's mining communities, focusing on the disciplines of mining, engineering, geology and finance. During FY09, 30 interns were recruited and placed at various operations for training and development as well as to gain practical work experience.

The objective of the **community skills development, Gauteng** project is to increase skills levels and employment in the mining communities. At the Doornkop operation mining community portable skills training commenced in FY09 focusing on construction, bricklaying, plastering, carpentry and plumbing. In FY09, a total of 100 beneficiaries participated in the project and R500 000 was spent.

The purpose of **ABET in mining communities** is to increase literacy in the mining communities for job creation and poverty eradication. In FY09, 130 learners from the company's mining communities commenced with ABET classes. These are not Harmony's employees.

The mining community bursary fund's main objective is to uplift the education levels in the mining communities in key study areas such as engineering, technology, mining, geology, finance and metallurgy, which will contribute to sustainable local economic development. The programme focuses on providing financial assistance for tertiary education to students from mining communities. In FY09, 20 students from the mining communities in the Free State and two students from Soweto in Gauteng were awarded bursaries at various tertiary education institutions.

The **health infrastructure development programme** is focused on the improvement of the security and ablution facilities for the oncology unit of Universitas Hospital in Bloemfontein. The oncology unit services the communities of Lesotho, and the South African provinces of Eastern Cape, North West and the Free State. The total budget for the project is R971 000 of which Harmony contributed R571 000 to the hospital board towards phases 1 and 2.

In FY09, Harmony received the **Professional Management Review Award** and has been rated highest in the business sector category: mining companies in operation in the Free State province of South Africa, with regard to companies/institutions that have done the most to enhance the economic growth and development in the province.

Working with the community cont. 2009

PNG

In terms of its community policy, the MMJV is committed to benefiting the communities in which we operate through sustainable socio-economic programmes, mining and business skills development, ethical behaviour and safety, health and environmental management.

Community relations activities across the MMJV are provided by two community relations teams – at Wafi (including regional exploration) and at Hidden Valley, with support and guidance provided by the Manager: Government and Community Projects, PNG Central Services.

The MMJV's social investment priorities for FY09 were health, education, capacity-building and business development, and this approach will continue through FY10.

At the executive level of government, the operations hosted a luncheon for the National Executive Council Summit in Lae which included national government ministers, provincial governors, members of parliament, departmental heads and senior government officials. Guests were briefed on the activities of the MMJV including an update on the commissioning at the Hidden Valley mine, advanced exploration activity at Wafi and widespread exploration activity within the Morobe Province. The MMJV called for a partnership approach in dealing with some of the infrastructure issues that need to be addressed and expressed confidence in the current processes of government.

Establishment of a royalty payment process for Hidden Valley has been in accordance with the MOA between the operation and various levels of government and community beneficiaries. A high level of interaction with government has taken place to establish payment processes, relevant trusts and community distribution processes.

At the local level government level lands officers and liaison officers engage with government in communications with communities particularly to assist in dispute resolution and verification of compensation claims.

Community liaison takes place through a number of venues ranging from formal meetings with landowner executives, village liaison officers and meetings with community members. We maintain an active programme of meeting with people in their villages. Social development officers engage communities in health, women and youth activities. Partnerships have been developed with Business against HIV & AIDS (BAHA), Digicel Foundation (infrastructure for education) and Rotary (anti-malaria and supply of school books and medical equipment).

Wafi landowner business development planning is focussed on capacity-building and training of landowner executives in business structure and organisation, office management and administration, book-keeping, personnel management, business protocols, financial management, operations and banking.

Compensation and land

Compensation is paid for loss of economic trees and plants, land use and excavated land in accordance with the PNG's Valuer General published rates. Damage is recorded and verified by the landowner, government officers, and two MMJV personnel in accordance with our compensation procedures. Where a long-term use for land is identified, occupation fees calculated at rates set by the PNG Valuer General are paid. Occupation fees can also apply for helipads and environmental stations.

Our objective for compensation is to ensure compensation payments legally due are paid accurately, transparently and promptly in accordance with compensation procedures to the rightful beneficiaries and to ensure a new Wafi compensation agreement follows on the resolution of land ownership.

Community liaison

The main community liaison activity at greenfield exploration sites is arranging with the landowners for access to land for exploration purposes and the payment of compensation. This involves facilitating the settlement of land disputes through involvement of government. As part of their community engagement activities, community relations personnel also assist in the recruitment of casual labour from the community for camp and exploration work.

In the case of Wafi, community liaison involves maintaining a formal relationship with landowner leaders, village leaders, day-to-day village meetings, dealing with community issues and complaints, on-going land disputes and claims, access road issues, and dealing with peripheral communities.

Specific initiatives include a plan to undertake social mapping over the likely Wafi project footprint area and for a forum of senior government officers to map out ways to address Wafi landownership.

Our aims are to:

- ▶ maintain and develop open and honest relationships with all stakeholders, including communities and their leaders;
- ▶ implement an effective two way communication plan;
- ▶ ensure appropriate response to any concerns, complaints, issues raised by the community; and
- ▶ support the social mapping and resolution of landownership projects.

Wafi social development

At Wafi, social development activities are currently confined to the Wafi footprint area in which a high expectation of mining development has built up over many years. Wafi was downsized in early 2009 and its status now is that of an advanced exploration project. To maintain harmonious community relations in this highly-prospective region, social development activities will continue with emphasis placed on maintaining and completing existing obligations where applicable, and continuing self-help, small-scale activities.

Health

The MMJV in conjunction with government maintains a clinic at Wafi where over 75% of the people treated are community members. Services provided include consultations, immunisations, child birth and medivacs. Community awareness is provided on a regular basis and focuses on HIV, TB and malaria prevention. The MMJV is actively involved in programmes to reduce malaria and recently assisted in support of a Rotary against Malaria campaign through distribution of mosquito nets at a cost of some K17 000 (R54 000).

Clinic staff also work with the community affairs department to provide health extension work to nearby communities. This includes medical patrols being conducted on a regular basis to assist with treatment, awareness, family planning, nutrition, sanitation education and immunisation. The MMJV medical support to the community in Wafi was provided at a cost of some K50 324 (excludes wages) (R160 000).

Medivacs from Wafi and associated remote communities are carried out by the MMJV using helicopters or road transport (if accessible). In 2009, 24 medivacs using helicopters and 36 by road took place for members of the community. Helicopter costs for this service amounted to K83 012 (R265 000).

Education

The MMJV provides school fee assistance to communities within the Wafi and Hidden Valley footprint areas in accordance with our education policy. MMJV's objective is to improve the level of education in the Wafi and Hidden Valley project areas and to increase the availability of local people for employment, working in co-operation with government to ensure local schools are appropriately supported with staff and education supplies. This includes the maintenance of the existing education programme and encouraging government support for local schools. The MMJV also assists with the adult literacy programme in direct partnership with Adventist Development Relief Agency.

Water supplies

The MMJV recognises that a quality water supply will improve the health and wellbeing of communities. The MMJV's objective is to improve village water supplies for communities in the Wafi, Hidden Valley and other affected areas in co-operation and alignment with government programmes. The MMJV is undertaking the installation of rainwater collection systems and sealed community water tanks using the MMJV's maintenance team's resources.

NKW Holdings Limited (NKW)

NKW is a landowners' business company (supported by the MMJV) which has been operating for two years for the benefit of the three landholder groups, namely, Nauti Investment Limited (NIL), Kuembu Investment Limited (KIL) and Winima Investment Limited (WIL).

Working with the community cont. 2009

The MMJV has issued seven major contracts to NKW, generating K5 million per month or K60 million per year for the landowner groups. These were in the following areas: freight (bulk fuel and general haulage); plant and equipment hire (HBS); civil works (HVC); catering (NCS); casual labour hire; transport (employee transport); and security (Koima HVJV).

The cashflow from NKW is intended to provide seed capital to encourage individual landowners to start small businesses. Most of these smaller sub-contracts will only become available some time after commercial production has been achieved and operations have stabilised. However, the MMJV issued three sub-contracts in 2008, with another five issued in 2009. The mine has therefore met the requirements of the MoA, and will continue to offer business development opportunities to landowners as the mine enters its production phase, opportunities become available and business development training progresses.

Government officials have indicated that NKW is one of the most significant landowner businesses established in PNG during the construction phase of any mining project.

Benefit share process

Under the terms of the MoA there is a provision for the landowners and the Morobe Provincial Government to acquire a 5% stake in the ownership of the mine on a commercial basis.

It was recognised by the MMJV that the landowners and the government would find it difficult to access finance to purchase an equity interest in the project. Therefore, Hidden Valley proposed converting this 5% equity entitlement into an economic equivalent royalty on behalf of the landowners. This benefit share mechanism will run over the life of the project at no input cost to the landowners, payable based on the value of gold and silver produced by the mine, into a set of agreed trust funds. This approach will ensure that the landowner community does not incur the substantial debt needed to purchase an equity stake and will not be required to make contributions to future capital and exploration expenditure as and when required. It also allows them to immediately start participating in project benefits once production starts.

The agreed objective of the benefit share programme is to assist in developing community skills, capacity and infrastructure so that landowners and local communities participate in economic benefits during operations and enjoy self-sustaining social infrastructure benefits following mine closure.



Hidden Valley royalty process

Royalty payments from Hidden Valley's sales revenue will be calculated in accordance with the MoA negotiated with landowners and government. Beneficiaries include landowners, state government, local government and mine-impacted communities. Landowner beneficiary agreements are currently being finalised in consultation between communities and government.

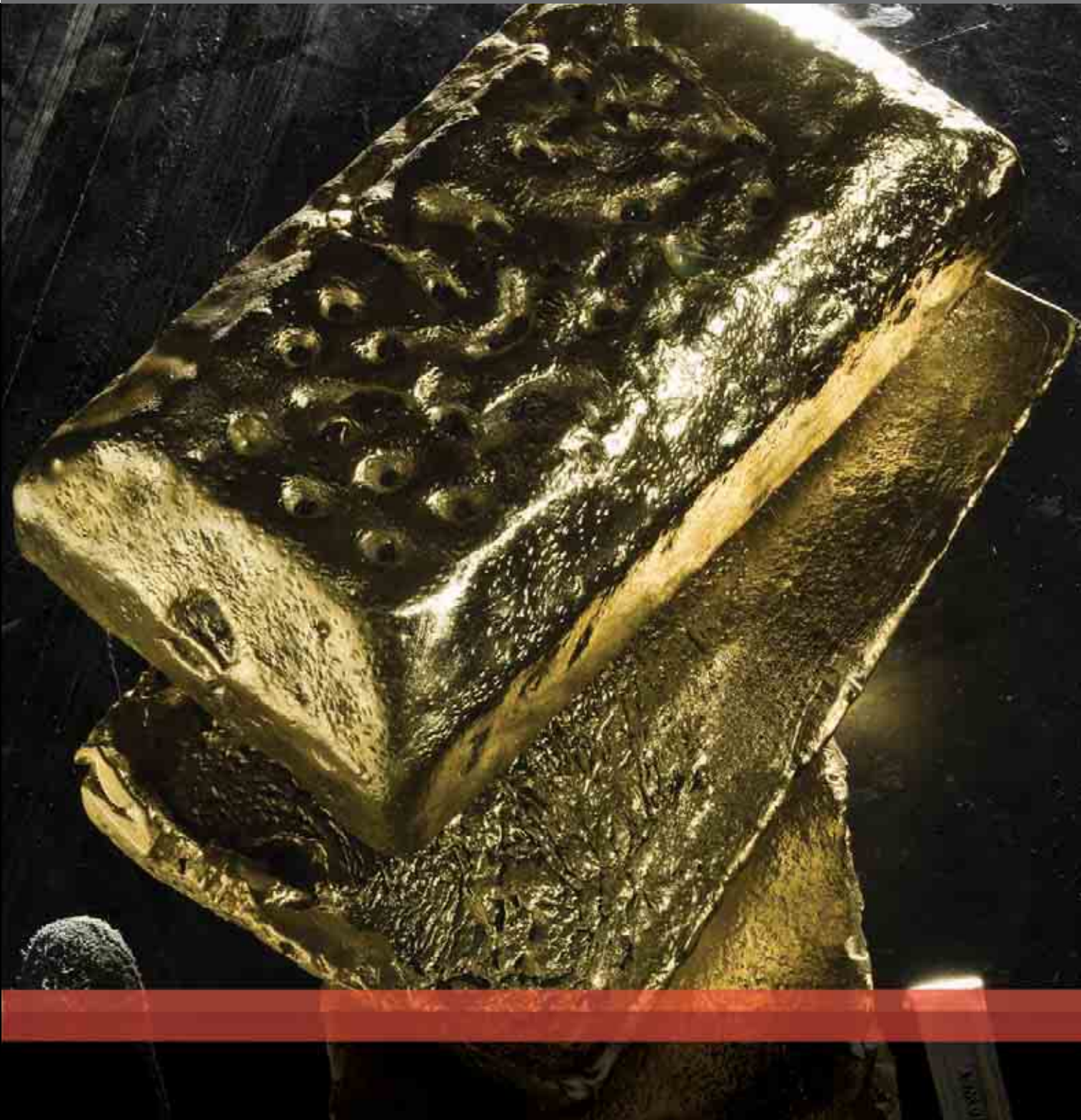
The amount of royalty to be paid is based on 2% of the net sales value realised (after selling costs) from the mine's monthly gold bullion production and will be calculated and paid in the month following the month of production of gold and silver bullion. All beneficiaries will have nominated bank accounts and their share of the royalties will be paid directly (electronically) to their nominated bank accounts each month.

Other community projects		Details	Beneficiaries
Company housing estate	Lae	Using a PNG fund to invest in building a housing estate that is leased back to the MMJV.	Local business for construction.
Female life skills training in the community	Wau, Bulolo, Wafi and Lae	Assisted PNG Chamber of Mines and Petroleum in facilitating life skills training for women in the mine-impacted communities in Lae.	Empowered 20 women from Hidden Valley, Wafi-Golpu landowner communities.
HIV & AIDS awareness	Wau, Bulolo, Wafi and Lae	Promoting HIV programmes available through government agencies to employees and the surrounding communities.	All mining communities without access to government HIV & AIDS management programmes and services.
MMJV school infrastructure project	Morobe Province	Supporting education facilities in those areas affected by mining and assist in re-invigorating government programmes, upgrading education facilities to a standard that allows schools to develop and educate their communities.	All village schools in the communities surrounding the MMJV to be upgraded to ensure effective education of their children.



Taking responsibility for our product

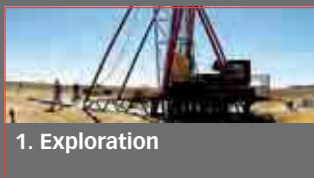
2009





Taking responsibility for our product

Gold production process:



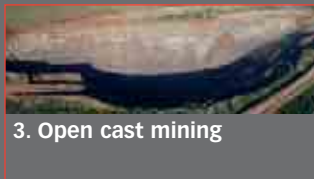
1. Exploration



2. Mine construction and development



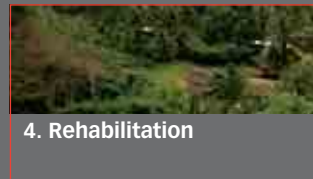
3. Underground mining



3. Open cast mining



4. Refining



4. Rehabilitation

Harmony's business is gold. We are engaged in the entire gold production process – exploration, mine development, mining, smelting and refining.

While we are able to refine our gold to a high degree of purity at our own plants, the doré bars (approximately 85% pure) are then further refined at Rand Refinery Limited to achieve the 99.99% purity required by the London Bullion Market Association. Refining of gold and silver for the PNG operations is undertaken by AGR Matthey, a partnership between the Western Australia Mint, the Australian Gold Alliance and Johnson Matthey (Australia), in Perth, Western Australia. Gold is transported by air and silver is shipped.

Gold is marketed and sold by Rand Refinery, on behalf of Harmony, to customers around the world. Typically most of the fine gold (around 98%) produced by Rand Refinery goes into gold bars, either 400 ounce good delivery bars (which are all exported), or kilo bars or smaller, which are almost all (99%) exported to India, Turkey, Italy and the Middle East, with the balance going into local jewellery manufacture. 1% of fine gold production goes into non-bar products like Krugerrands or jewellery semis, like grain and bangle washers.

According to the World Gold Council, around 70% of the annual demand for gold is from the jewellery industry, around 11% from the industrial sector (mainly for dentistry and electronics), with around 13% for investment (institutional and individual investors, in the form of bars and coins).

The gold produced by Harmony becomes the responsibility of the refineries who then on-sell it to users and intermediaries. Harmony is therefore not involved with the end-users (and therefore does not undertake any customer satisfaction surveys), or in providing product information or labelling.

Because of its precious and enduring qualities, gold is seldom wasted. The metal lends itself to recycling. It is estimated that at least 15% of annual gold consumption is recycled.

Gold as a metal is benign and there are few, if any, safety and health impacts associated with the final product. Harmony has not been exposed to any incidents of non-compliance with regulations or voluntary codes concerning safety and health impacts of gold, nor have there been any incidents or complaints of non-compliance with regulations and voluntary codes in respect of product labelling or service information. Harmony does not market its product directly and therefore GRI questions relating to marketing communications, customer privacy and compliance are not applicable.

While Harmony is not actively involved with the marketing of its product, gold, the company engages in investor relations activities, which includes the marketing of the company to current and potential investors. These activities are undertaken in line with legislation, regulations and listing requirements, and no complaints on this were received during the year.

PR2:
Incidents of non-compliance related to health and safety impacts of products

PR5:
Customer satisfaction

PR4:
Non-compliance with regulations and voluntary codes

PR6:
Marketing and communications

Environmental performance 2009

GRI: The environmental dimension of sustainability concerns an organisation's impacts on living and non-living natural systems, including ecosystems, land, air, and water. Environmental Indicators cover performance related to inputs (e.g. material, energy, water) and outputs (e.g. emissions, effluents, waste). In addition, they cover performance related to biodiversity and environmental compliance and other relevant information such as environmental expenditure and the impacts of products and services.





Environmental performance

Management approach

Harmony recognises that the long-term sustainability of our business depends on the way in which we manage our assets and the impact of our business on our surrounding communities and natural environments.

Our goal in respect of environmental performance is the implementation and practice of responsible environmental management that ensures, at the very minimum, compliance with our own policies and procedures, as well as with the regulations and legislation of the countries in which we operate. In accordance with the ISO14001 standard that underpins our Environmental Management System (EMS) we will seek to incrementally improve our performance and the reporting thereof. In South Africa in particular, we are intent on identifying and implementing co-ordinated regional remediation plans that are sustainable and inclusive and that address legacy issues which have accumulated in the companies that Harmony has acquired over the years. It should be noted that the Randfontein operations are no longer operated by Harmony, and are therefore excluded from this report (although Randfontein data has been included for one month where indicated).

Harmony's approach to environmental management is closely aligned with the ongoing risk management process. Environmental risks are identified and prioritised, and these issues are then promptly dealt with.

While oversight of environmental strategy and performance is provided by the Sustainable Development Committee of the board, responsibility for the management of operational environmental issues lies with the operational heads, who are supported by line management in the various regions. The Sustainable Development Committee is notified of any instances of ongoing non-compliance or potentially serious environmental impacts, so that they may be considered and addressed at this level. Management is tasked with adopting the best practicable environmental option in addressing these issues; that is, the option that has the most benefit or that causes the least damage to the environment, at a cost acceptable to society and affordable to the company.

A central specialised Environmental Management Function (EMF) guides environmental policy, monitors performance and assists in the implementation of best practice in South Africa. In PNG, this is managed by the MMJV.

Common to the group's environmental vision are four key principles:

- ◆ **Compliance:** we will strive to comply with all applicable municipal, provincial and national laws and regulations, as well as the other requirements to which the company subscribes that are relevant to the environmental aspects of our activities.
- ◆ **Continual improvement:** we will evaluate and continually improve the effectiveness of our EMSs through periodic audits and management reviews, and we will review our environmental policy on an annual basis.
- ◆ **Pollution prevention:** we will actively design our operations and undertake our mining activities so as to prevent pollution. We will strive towards the continual reduction of adverse environmental effects and support the principle of sustainable development.
- ◆ **Awareness:** we will communicate our environmental policies to our employees, contractors and suppliers, and will provide appropriate training to all employees to ensure their continuing awareness of our environmental responsibilities.

Environmental performance cont. 2009

Environmental targets

To address and minimise the impact of the company's operations on the environment, taking into account regulatory requirements, the board has approved a number of five-year targets relating to emissions to air, water consumption and usage, energy consumption, recycling and land use, namely:

Air emissions

- ◆ To reduce electricity usage by 15% in line with the DME (now DMR) 2005 Energy Accord.
- ◆ To reduce fuel usage (diesel and petrol) by 15%.
- ◆ To reduce all dust emissions (from tailings dams) by 15%.
- ◆ To reduce methane emissions by 30%.
- ◆ To reduce domestic coal usage by 50%.

Water

- ◆ To reduce water usage by 10%.
- ◆ To reduce metals/salt discharge by 70% to surface water, and by 20% to groundwater.

Recycling

- ◆ All steel, plastic and timber waste to be handled through designated areas, to improve levels of recycling, and 50% of all oil and grease to be recycled.

Land use

- ◆ A 10% reduction in the company's land use footprint will be effected through rehabilitation.

Environmental management in South Africa

ISO14001 implementation

An ISO14001 EMS is being introduced progressively across our operations, and it is planned that the implementation programme at the longer-life operations will be completed in FY12. Formal certification will be sought progressively. By the end of June 2009, the implementation status at the various operations (where 100% = certification) was estimated as follows:

- ◆ Doornkop – shaft - 90% and plant – started. Stage 2 certification audit scheduled for November 2009.
- ◆ Target – 12%. Certification audit planned for March 2011.
- ◆ Elandsrand – 20%. Certification audit planned for March 2011.
- ◆ Phakisa – 20%. Certification audit planned for November 2010.
- ◆ Evander – 10%. Certification audit planned for March 2011.
- ◆ Kalgold – 12%. Certification audit planned for December 2010.

The EMS forms the basis for the implementation of the environmental policy and monitoring compliance, while the Environmental Management Plan (EMP), developed in line with legislative requirements, contains specific as well as general principles governing environmental management during the operation of the mine. The EMPs identify individual impacts, mitigation measures and rehabilitation requirements.

Generic closure objectives are set and high-level closure plans formulated within the EMP, including investigation of the potential for re-use of existing infrastructure, preparation of a rehabilitation plan, rehabilitation and vegetation of the affected area and post-closure monitoring. These EMPs are legally binding and form part of the company's submission for, and receipt of, mining rights conversions. Revised EMPs (aligned with new minerals legislation) were developed for Doornkop, Kalgold, Joel, St Helena, Target, Evander, the Harmony operations and Elandsrand in FY09, and submitted to the regulatory authorities for approval. As part of this process, public participation meetings were held with interested and affected parties.

A number of annual compliance audits were undertaken during the year, most notably by the DMR. Areas of non-compliance identified by the audits have been and are being addressed.

Significant environmental incidents

EN23: Significant spills

Significant incidents are defined as those that have an impact outside the company's boundaries, which may cause irreparable harm or which require significant expenditure to remedy. In FY09, four significant environmental incidents were reported. These were:

- ◆ water seepage from slimes dams (one incident);
- ◆ unexpected water discharged, particularly as a result of electricity interruptions and equipment failure (two incidents); and
- ◆ the failure of a clay-lined return water dam that resulted in the flooding of an agricultural area (one incident).

Incidents involving water are reported using a specific water-related incident reporting system, as required in terms of Regulation 704 of the National Water Act.

Environmental expenditure and financial provision

In accordance with legislation, Harmony has constituted independent environmental rehabilitation trust funds to make adequate financial provision for the expected cost of environmental rehabilitation at mine closure and for the discharge of its obligations and contingent liabilities. Expenditure on environmental matters is incorporated within the operating and capital expenditure of the operations. Each operation reviews and updates the financial provision for its expected environmental closure liability annually in consultation with an independent expert. This estimate is then used to calculate the contributions to be made to the rehabilitation trust funds, and, if necessary, adjustments are made to the trust fund provisions.

EN30:
Environmental protection expenditure and investment

The accumulated amount in the various South African rehabilitation trust funds was R1 597 million at the end of June 2009 (FY08: R1 603 million), while the total rehabilitation liability was estimated at R1 918 million (FY08: R2 102 million). The assets of each mine within each fund are ring-fenced and may not be used directly to cross-subsidise one another. Contributions to the various funds will continue to be made over the operations' life-of-mine and each fund is expected to be fully cash funded at the time of closure. Until such time as the trust funds are fully-funded, bank guarantees are issued for the shortfall.

EN28:
Fines and non-monetary sanctions

No environmental fines were received.

Stakeholder engagement

We recognise that - if not well managed - our activities have the potential to have an impact on the natural environment and on stakeholders. In addition to being responsive to calls and queries from community members, Harmony addresses issues proactively through mine site visit programmes and representation on formal environmental bodies. Harmony is represented on several government environmental forums established by the authorities, including the Waterval Forum, the Upper Vaal River Catchment, the Sandvet Catchment Management Committee, the Wonderfonteinspruit/ Loopspruit Forum, the Western Basin Technical and Monitoring Working groups, the Far Western Basin Government Task Team and the Far West Rand Dolomitic Water Association. These forums, which deal mainly with issues related to water, allow for public participation as required by the various regulators. Note that, with the sale of the Randfontein operations, Harmony is no longer a respondent in matters relating to the Wonderfonteinspruit. Nonetheless, Harmony has continued to participate in the mining interest group as well as other related forums associated with the spruit. A major milestone was reached during the year when a remediation action plan report for the Wonderfonteinspruit was released by the Department of Water Affairs and Forestry.

Discussions between Harmony and Evander through the technical working group have continued. This relates to the interaction between the Sasol Mining Block and the Evander operations (the coal orebody overlies the gold orebody). A contract has been awarded to the Institute of Groundwater Studies at the University of the Free State for a more detailed analysis of groundwater interaction. The study is expected to take a period of two years.

Energy management

Harmony's energy consumption is primarily in the form of electricity, drawn from the national energy utility, Eskom, which in turn is largely driven by coal-fired power stations. The company is a significant user of electricity, with hoisting, cooling and ventilation systems all requiring significant amounts of electrical power.

EN3:
Direct energy consumption by primary source

Energy is also a significant component (11%) of the company's operating cost base, and this has become even more significant in the past year when large electricity tariff increases have occurred.

Energy used (South Africa) Giga Joules (GJ)

	FY07	FY08	FY09
Energy from electricity purchases	1.57 x 10 ⁷	1.41 x 10 ⁷	1.24 x 10 ⁷
Energy generated from diesel and petrol*	4.25 x 10 ¹	4.58 x 10 ⁵	2.33 x 10 ⁵
Total energy consumption	1.57 x 10 ⁷	1.45 x 10 ⁷	1.26 x 10 ⁷

* Typographical error in FY07.

Total electrical energy usage in FY09 was 3 433 978 MWh (FY08: 3 908 333 MWh) for the South African operations, down by 12% from the prior year (excludes assets disposed to Rand Uranium).

EN4:
Indirect energy consumption

We continue to engage actively with Eskom in demand-side management (DSM) strategies to reduce the overall energy impact of our operations on the national energy grid. DSM projects aim to reduce electricity consumption during daily peak electricity periods, such as early morning and early evening.

Alternative sources of energy, including renewable sources, are not currently economically viable, although Harmony will continue to investigate them in the future as circumstances dictate.

Environmental performance cont.

2009

EN5:

Energy saved due to conservation and efficiency improvements

EN7:

Initiatives to reduce indirect energy consumption and reductions achieved



Energy-saving initiatives

Harmony has developed a demand side management (DSM) project for its heating, ventilation and air conditioning (HVAC) systems which aims to reduce electricity consumption during peak periods and improve the efficiency of HVAC systems at various operations. This has resulted in significant energy savings of up to 45 MW every month. Harmony is also in the progress of expanding on this innovation by extending this project to other operations. It is anticipated that this will result in significant energy savings of up to 50 MW. Harmony is also currently investigating the installation of vapour absorption cooling plants using an alternative energy source for cooling at Masimong.

Harmony has embarked on a hot water load management plan which increases the energy efficiency of hot water cylinders. Significant savings have been achieved. Harmony is also investigating the option of solar water heating for hostels at Evander, Elandsrand and Masimong as well as green building technology to improve the energy efficiency of the buildings.

In order to regulate energy consumption levels of sizable equipment, Harmony has installed a monitoring system (electricity management system) and low-energy lighting systems are being implemented at operations. Harmony's power management system is now operational; additional resources have been dedicated to energy saving, with a full-time team dedicated to managing the energy issues. The team's strategic mandate is the analysis of consumption in all areas (energy, water) and the overall aim is to reduce the company's environmental footprint.



EC2:
Risks and opportunities relating to climate change

EN7:
Initiatives to reduce indirect energy consumption and reductions achieved

Harmony and climate change

Harmony recognises that human-driven climate change has been identified as a considerable threat to the stability of the global economy, and efforts are starting to be made internationally to reduce the use of fossil fuels and to develop initiatives that mitigate and absorb greenhouse gases (GHGs).

In FY09, Harmony submitted its second response to the Carbon Disclosure Project (CDP6), which may be found at www.CDProject.net and on the company's website at www.harmony.co.za/sd/cdp-response.asp. CDP is an independent, not-for-profit organisation which acts as an intermediary between shareholders and corporations on climate change-related issues. It provides primary climate change data from the world's largest corporations, to the global marketplace. The data is obtained from responses to CDP's annual survey, sent on behalf of institutional investors and purchasing organisations.

Harmony's South African and PNG operations currently have limited exposure to existing regulations regarding GHG emissions as South Africa and PNG do not have emission targets under the Kyoto Protocol in the First Commitment Period (ending 2012). However, it is likely that South Africa will take on some form of emissions constraints in the period post 2012. Harmony's exposure to Australian legislation is limited as the operations are currently on care and maintenance.

Harmony's GHG emissions are predominately energy-related. The Hidden Valley project in PNG will have a high exposure to energy costs and emissions. GHG emissions regulations which would increase the price of energy, will not have a significant impact on PNG operations as a large proportion of the energy will be sourced from hydro power. Also of significance for Harmony is the potential of energy supply insecurity. An important recent climate change-related development was the electricity supply crisis in South Africa in FY08 that resulted in restrictions on electricity supply, rising electricity costs and volatile oil and related fuel prices.

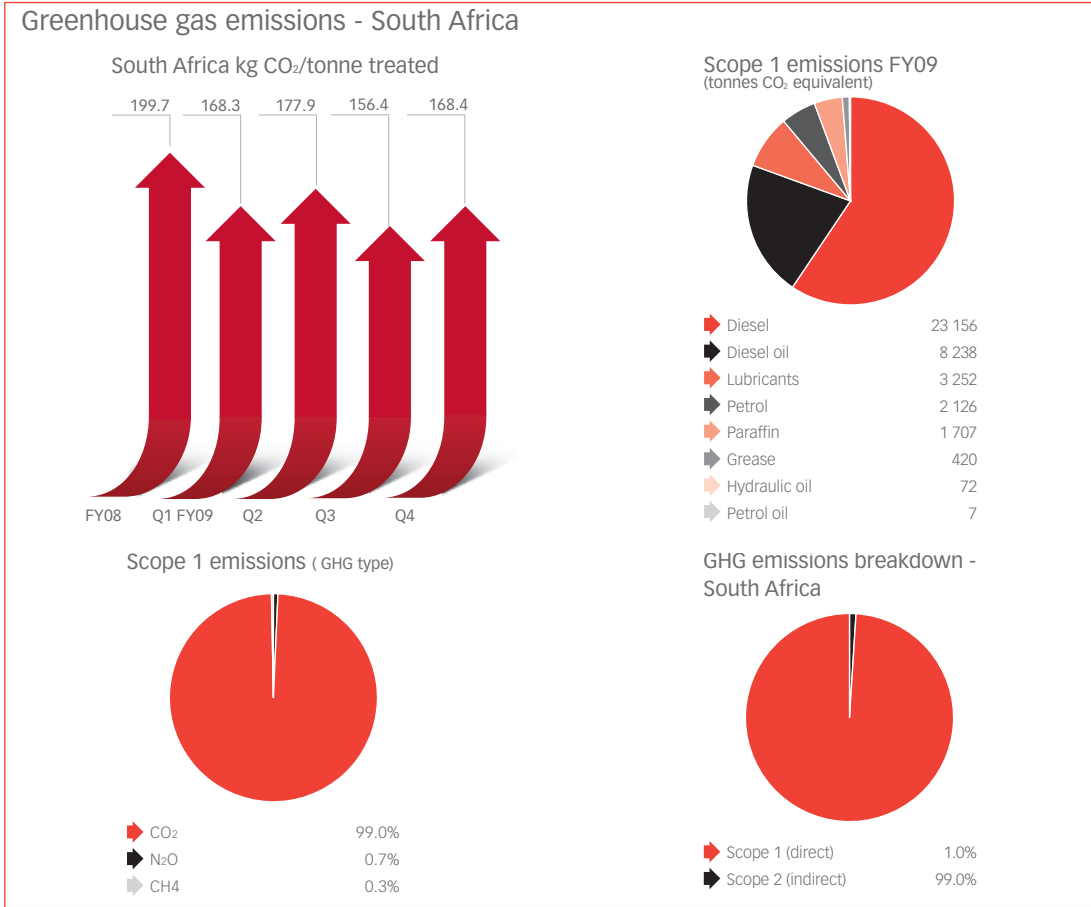
The physical impacts of climate change most likely to affect Harmony include drought, floods, a rise in overall global temperatures, and, consequently, diseases such as malaria, and food shortages in areas of operation.

EN18:
Initiatives to reduce GHG emissions

Environmental performance cont.

2009

EN16:
GHG emissions



Greenhouse gas emissions

Harmony's GHG emissions are predominantly indirect, and as a consequence of electricity used and purchased from the national power utility, Eskom. Total scope 1 and 2 emissions in South Africa in FY09 were 4 183 373 tonnes CO₂e, down from the total emissions in FY08 of 4 582 000 tonnes CO₂e, a decrease of 9%.

Water management

Water is a scarce resource in South Africa and this scarcity is likely to increase in years to come, as will the cost of the water purchased from external suppliers.

EN9:
Water sources significantly affected by withdrawal of water

The South African operations source their water from:

- bulk water service providers and municipalities;
- surface water run-off;
- water that ingresses into deep-level mining operations that is then pumped to surface; and
- recycled water.

These operations do not draw water from water courses, or boreholes.

EN10:
Percentage and total volume of water recycled and reused

Harmony's operations make extensive use of water. We have a group-wide initiative in place to re-use process water and optimise water retreatment. Approximately 32% of the total volume of water used during the year was recycled. Water management plans have been developed for all South African operations and water use applications have been submitted to the Department of Water Affairs and Forestry, although none of these have yet been approved.

The significant decrease in water used for primary activities in FY09 is due in part to the exclusion of Rand Uranium. In addition, a number of reporting inaccuracies at a group level have contributed to the reduced usage amounts for the current year. The significant decrease in surface water used between FY08 and FY09 is due to the fact that certain sources were double accounted for prior to FY09. The current FY09 figure is more reflective of actual usage.

EN8:
Total water withdrawal by source

Water used in primary activities (000m³)

	FY07	FY08	FY09*
Water used for primary activities	101 024	104 763	32 971
Potable water from external sources	22 972	21 323	16 721
Non-potable water from external sources	78 052	83 429	16 249
Surface water used	53 795	55 088	111
Groundwater used	24 545	28 352	15 742
Water recycled in processes	29 295	34 521	10 491

* Excludes Rand Uranium

Emissions

Dust released from Harmony's surface operations can have a negative effect on the quality of the ambient air and measures are in place to minimise this impact. Dust-related complaints from community members have continued to decline during the year after intensive efforts by the company to reduce pollution from this source and to engage regularly with stakeholders.

EN15:
IUCN Red List
Species

Efforts continued during the year to rehabilitate tailings dams, particularly at:

- ◆ Evander's Kinross and Winkelhaak mines, where the establishment of a 2 hectares per annum side-slope vegetation programme and a 40 hectare dry-land vegetation programme are under way. The total cost for side-slope vegetation establishment and maintenance, as well as the establishment of 40 hectares of dry-land vegetation on top of Winkelhaak slimes dam, amounted to R1.128 million for the year.
- ◆ Approximately 32 000 metres of contour walls were constructed at the Bracken/Leslie Tailings dams. Vegetation of the tailings dams began in September 2009.

EN14:
Biodiversity
strategies

Land management, biodiversity and closure

Harmony has some 49 844 hectares of land under management within mining rights (including 13 678 hectares of land pending transfer to Rand Uranium). This includes the disturbed areas under rehabilitation. None of Harmony's producing operations are located in areas of high biodiversity value, either inside of or outside of protected areas. None of Harmony's operations affect IUCN Red List species.

EN11:
Location and size
of land owned,
leased, managed
in, contracted to
protected areas
and access of
high biodiversity
value outside
protected access

Rehabilitation is conducted in line with regulatory requirements and in compliance with the company's EMPs, with progressive rehabilitation and closure planning taking place in anticipation of final mine closure. Rehabilitation is aimed at making the areas suitable for future land development, with a goal of achieving positive socio-economic benefits. Land use objectives are established in consultation with relevant government departments, local authorities, landowners and all relevant interested and affected parties. Consultation forms part of the planning and development process as it is a prerequisite for closure approval.

Demolition of the unused Free State 2 plant was completed during the year, and rehabilitation of the area has begun. Clearance was obtained from the National Nuclear Regulator (NNR) in respect of this site – the future land use is limited to industrial and recreational activities.

While most of Harmony's current mining operations in South Africa are underground (and therefore cause less surface disturbance than open-pit mining) or in areas that have historically been affected by mining, the effects are monitored and mitigated where possible.

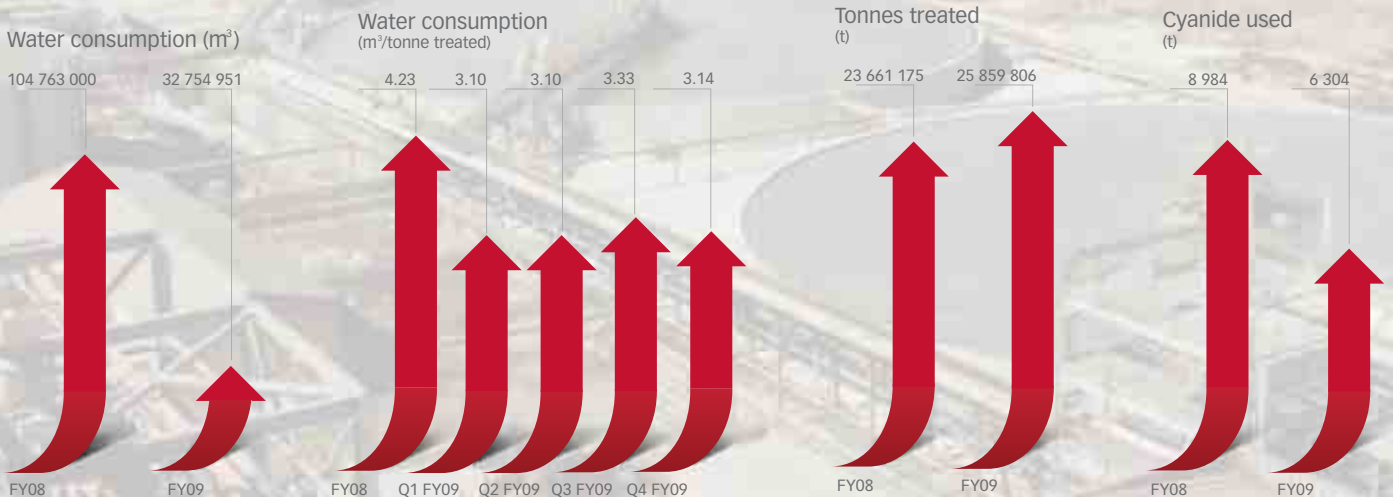
Harmony will be compiling a Biodiversity Action Plan in FY10.

Materials usage

Minimising the use of raw materials is both an environmental and operational objective. The most significant resource used is the rock mined and reef processed. In South Africa, Harmony reprocessed (recycled) significant amounts of waste rock and slimes to obtain gold remaining in this material – 64% of all material processed was recycled material.

EN2:
Percentage
input materials
that are recycled

Water consumption South Africa



Environmental performance cont.

2009



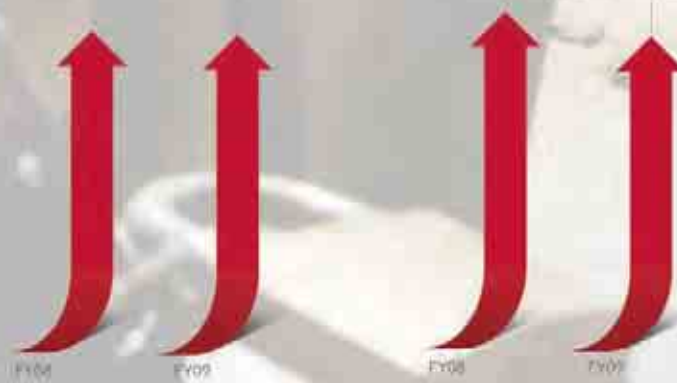
Resource consumption South Africa

Waste timber recycled
(tonnes per quarter)

FY08: 1 686 | FY09: 1 674

Waste steel recycled
(tonnes per quarter)

FY08: 1 684 | FY09: 1 674



In FY09 there was less waste available for recycling

A table detailing the primary resources used appears below. The most significant risk in respect of resource usage is that associated with cyanide.

Cyanide

In June 2007, Harmony was accepted as a signatory to the International Cyanide Management Code for the Manufacture, Transport and use of Cyanide in the production of Gold (the Cyanide Code). The Cyanide Code is a voluntary industry programme developed by the United Nations' Environment Programme (UNEP) and the International Council on Mining and Metals (ICMM) for companies involved in the production of gold using cyanide. The aim of the Cyanide Code is to promote responsible management of cyanide so as to enhance the protection of human health and to minimise environmental impacts. The certification process involve four stages of audits to achieve compliance: initial gap analysis, pre-certification, certification and a maintenance programme. To date, four plants (Doornkop, Kinross, Kalgold and Elandsrand) have had preliminary gap analyses undertaken.

A number of non-compliance and partial compliance issues were identified and these are being addressed. It is expected that pre-certification audits will begin in FY10, and certification audits will begin in FY11.

In FY09, Harmony used 6 304 tonnes of cyanide (FY08: 8 984 tonnes), a decrease of 30% on the prior year.

Materials used by operations (by weight or volume) South Africa

	units	FY07	FY08	FY09
Rock mined (ore and waste)	(000t)	23 685	13 389	11 291
Ore mined	(000t)	14 029	10 315	6 137
Waste rock recycled	(000t)	1 375	2 739	5 855
Slimes recycled	(000t)	1 763	7 533	13 868
LPG	(000t)	0.32	0	0.22
Grease	(000t)	0.37	0.41	0.41
Cyanide	(000t)	9.65	8.98	6.82
Fuels	(000l)	11 875	12 833	6 554
Lubricating and hydraulic oil	(000l)	2 166	2 188	3 357

* Excludes Rand Uranium

EN1:
Materials used by weight or volume

Waste management South Africa

	units	FY07	FY08	FY09
Accumulated tailings in tailings dams (active and dormant)	(000t)	1 759 972	1 793 562	1 806 254
Accumulated in waste rock dumps	(000t)	126 087	124 816	124 115
Non-mineral waste				
Hazardous to landfill	(000t)	Nil	Nil	Nil
Hazardous to incineration	(000t)	Nil	Nil	Nil
Low-level radioactive waste generated				

* Excludes Rand Uranium

EN22:
Total weight of waste by type and disposal method

Environmental management in PNG

An EMP has been drawn up for the Hidden Valley operations, and approved by the PNG authorities. It was developed to ensure compliance with the Hidden Valley environmental permits, to assist in planning for the development and implementation of robust monitoring programmes and for the implementation of action plans to minimise environmental risks.

The primary environmental considerations for the MMJV are acid rock drainage (ARD) management, erosion and sediment control, land management and rehabilitation.

An important feature of the MMJV's environmental planning and management is the development and maintenance of a close relationship with the community. A safety and health, environment, and community affairs aspects and impacts register has been developed for all exploration activities. This is a critical part of the management system and will help develop appropriate objectives and targets and prioritise actions moving forward.

Water management

In FY09, water consumption at Hidden Valley was less than the annual allowable extractable volume of 1 312 406m³. This water came from tributaries of the Upper Watut River, namely the Pihema, Puruang and Keru creeks. None of these sources have been significantly affected by the water withdrawal. The water extraction rate does not reduce the volume of the surface water below the "base flow" for these creeks due to an environmental permit condition.

EN8:
Total water withdrawal by source

Environmental performance cont. 2009

Both ore and waste at Hidden Valley have been found to be susceptible to acid-generation and this has been taken into account in the ongoing design of the Hidden Valley mine.

EN9:
Water sources significantly affected by withdrawal of water

The construction of the Hidden Valley mine has contributed to a build up of sedimentation in the Watut River system, which is causing significant concern among downstream communities who live on the river banks.

In response, a series of studies were commissioned by Hidden Valley Services Limited to assess current and future impacts on the Watut River system. These recently completed sediment, biology and ARD characterisation studies confirm the environmental impact on the Watut River, in part, from Hidden Valley pre-strip and construction activities as well as from other sources along the river.

To effectively manage this situation, the MMJV is implementing a management strategy with the following objectives:

- ▶ To provide direction for any further technical studies related to impacts on the Watut River.
- ▶ To identify and implement immediate measures to reduce impacts from the mine on the Watut River.
- ▶ To inform stakeholders of the development and ongoing implementation of this strategy via an appropriate stakeholder consultation and engagement mechanism.
- ▶ To minimise and control ongoing mine-derived sediment loading into the Watut River.
- ▶ To minimise environmental and social effects related to mine-induced impacts on the Watut River including water quality, aquatic biology, fluvial geomorphology, economic and aesthetic aspects.

A team of experienced personnel supported by Independent Peer Review and Advisory Consultants has been established to lead and manage this strategy.

Energy management

A power supply agreement was signed in April 2007 with PNG power in order to supply the Hidden Valley project with hydro-generated power by July 2010. This involves the construction of a new hydro-generator at the existing Yonki Dam power site, as well as a new transmission line from Nadzab (Lae Airport) to Hidden Valley which is in progress. In FY09, most of the electricity used at the MMJV was produced by diesel generators on site.

Greenhouse gas emissions

EN16:
GHG emissions

A greenhouse gas (GHG), Carbon Management Standard, GHG Reporting Protocol and data collection templates for all sites have been developed. This will make it much easier in the future to collect relevant data and calculate GHG emissions for various operations. Future work includes setting up systems within an integrated business information system to capture data automatically (such as flight information) which will simplify and speed up the reporting timeframe.

GHG emissions in PNG are direct only. Total (scope 1 and 2) emissions in PNG in FY09 were comparable to those in FY08: 43 714 tonnes CO₂e, while Hidden Valley was under construction.

Rehabilitation and land management

EN14:
Biodiversity strategies

There are strategies planned to manage impacts on biodiversity. These include the development and implementation of an EMS that is consistent with ISO14001 as well as ongoing rehabilitation activities which will restore the habitat for native species. The MMJV is not located in a biodiversity – protected area and does not affect IUCN Red List species.

Good progress was made with rehabilitation performance during the year (see table below).

Site	Total disturbed area (Ha) ¹	Total area available for rehabilitation (Ha) ²	Rehabilitation completed FY09 (Ha) ³	Total cumulative rehabilitation completed (Ha) ³	FY09 rehabilitation target (Ha) ³
Hidden Valley ⁴	397	254	122	122	178
Mount Magnet	2315	1890	27	1008	13

Notes:

1. Includes all areas of disturbance (such as open pits, all landforms, infrastructure areas etc).
2. Excludes areas which cannot be rehabilitated such as active pits and 'permanent' infrastructure areas (such as offices, workshops, core shed etc).
3. Land for which all rehabilitation activities apart from monitoring & maintenance have been completed (shaping, topsoiling, ripping, seeding etc).
4. Includes statistics for Mining lease ML151 and mining easement ME82.

A site closure plan has been prepared by an external consultant which complies with PNG policy and internal requirements.

Implementation of the Cyanide Code

The Hidden Valley processing plant has been designed and constructed to comply with the Cyanide Code and work has commenced on developing and implementing supporting systems (procedures, training etc) to ensure compliance with the code. A gap analysis against the code requirements is planned for FY10.

Feedback form

2009

Harmony would be grateful for your feedback and invites you to complete this feedback form and fax or e-mail it to:

Khanya Maluleke at fax: +27 86 628 2332 or e-mail: khanya.maluleke@harmony.co.za

1. Personal details

Name: _____
 Organisation: _____
 Telephone: _____ Fax: _____
 E-mail address: _____
 Postal address: _____

2. What is your interest in or association with Harmony?

- | | | |
|--|--|---|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Analyst | <input type="checkbox"/> Shareholder |
| <input type="checkbox"/> Journalist | <input type="checkbox"/> Non-governmental/
community based organisation | <input type="checkbox"/> Community member |
| <input type="checkbox"/> Student | <input type="checkbox"/> Business partner | <input type="checkbox"/> Supplier |
| <input type="checkbox"/> Government representative | | |
| <input type="checkbox"/> Other – Please specify: _____ | | |

3. How did you become aware of our report?

- | | |
|--|--|
| <input type="checkbox"/> Delivered or posted to you (printed copy) | <input type="checkbox"/> E-mail link sent to you |
| <input type="checkbox"/> Via the company website | <input type="checkbox"/> Through the media |
| <input type="checkbox"/> Other – please specify: _____ | |

4. How did you view the report?

- | | |
|--|--|
| <input type="checkbox"/> Website version | <input type="checkbox"/> Printed version |
|--|--|

5. Have you been aware of or had access to Harmony's previous reports?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

6. How would you describe the report?

- | | |
|---|---|
| <input type="checkbox"/> Too much information | <input type="checkbox"/> Sufficiently comprehensive |
| <input type="checkbox"/> Not enough information | |

7. What are your areas of interest in this report?

- | | | |
|--|---|--|
| <input type="checkbox"/> Economic performance and governance | <input type="checkbox"/> Environmental performance | <input type="checkbox"/> Taking responsibility for our product |
| <input type="checkbox"/> Harmony as an employer | <input type="checkbox"/> Working with the community | |
| <input type="checkbox"/> HIV & AIDS | <input type="checkbox"/> Safety and occupational health | |

8. Did you read the message from the CEO?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

Comment: _____

9. Were Harmony's sustainability development issues and how they are being dealt with clearly communicated in this report?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

10. Did you use the Global Reporting Initiative (GRI) index?

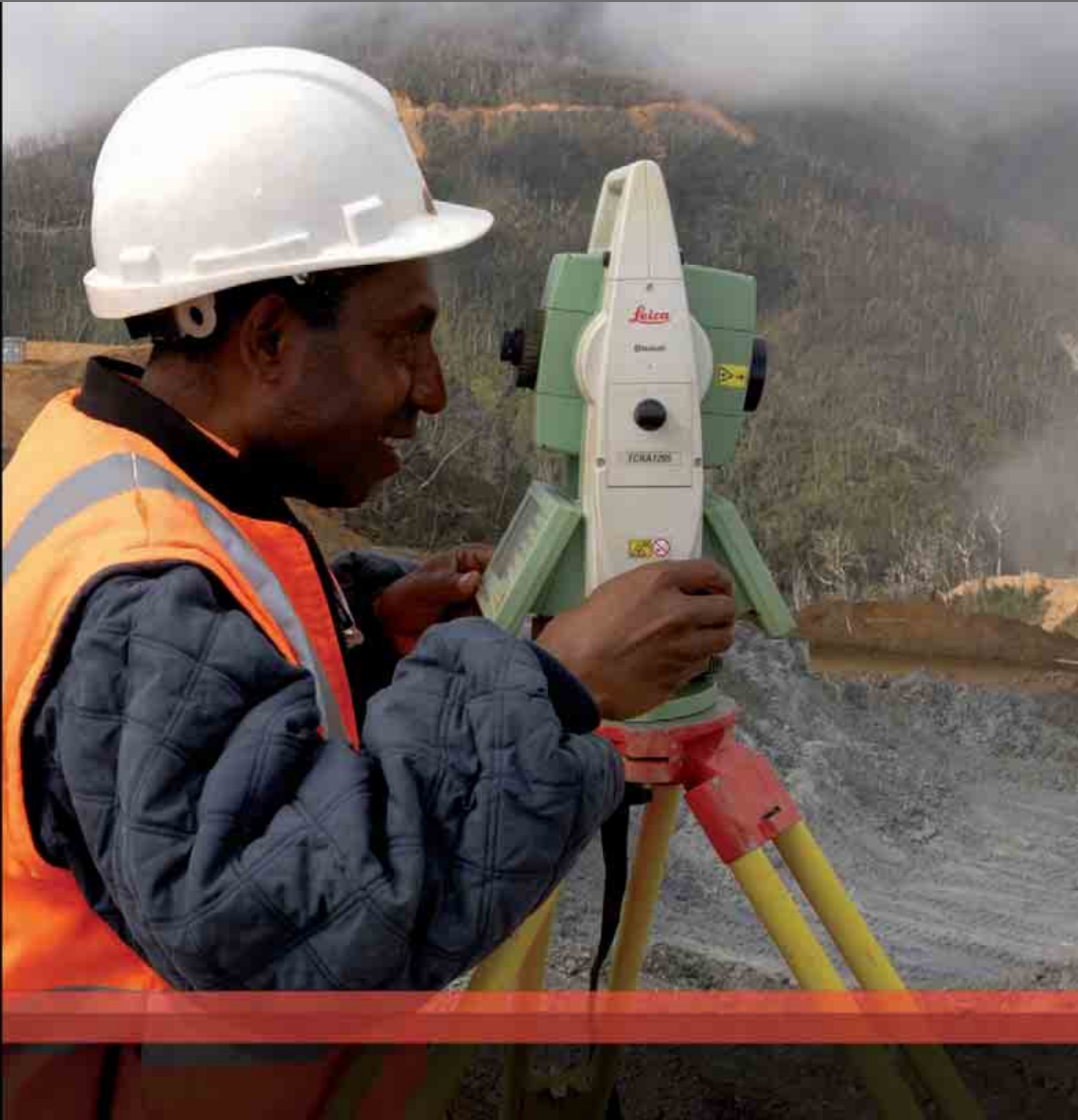
- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

11. Does the fact that the report is independently assured provide you with confidence regarding the accuracy and relevance of the information?

- | | |
|------------------------------|-----------------------------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|------------------------------|-----------------------------|

12. Do you have any other comments on the report? _____

Thank you for your feedback.



Reporting in line with GRI 2009



Harmony is supportive of the Global Reporting Initiative's (GRI) G3 reporting guidelines and has provided an index below of compliance with the guidelines and the core performance indicators. To assist the reader, indicators reported on are also indicated at the top of the pages on which the issue is reported.

Harmony has engaged external auditors PwC to assure certain key parameters and the group's compliance with its stated application level.

Harmony has self-declared a B+ level of reporting.

Profile

Strategy and analysis

1.1	p7-9
1.2	p12-17

Organisational profile

2.1	p4-5	2.6	p4-5
2.2	p4-5	2.7	p4-5
2.3	p4-5	2.8	p4-5
2.4	p4-5	2.9	Inside front cover (IFC)
2.5	p4-5	2.10	p8

Report parameters

Report profile

3.1	IFC	3.3	IFC
3.2	IFC	3.4	IFC

Report scope and boundary

3.5	IFC, p12	3.9	Throughout the report
3.6	IFC	3.10	Throughout the report
3.7	IFC	3.11	IFC
3.8	IFC		

GRI content index

3.12	p83-85
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Assurance

3.13	p10
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Governance, commitments and engagement

Governance

4.1	p23, Annual Report p166-175	4.6	p24
4.2	p23, Annual Report p166-175	4.7	Annual Report p151-152, Board and committee charters at http://www.harmony.co.za/cg/cg_i.asp
4.3	p23, Annual Report p166-175	4.8	p2-3
4.4	p25	4.9	p23
4.5	p23	4.10	p24

Commitments to external initiatives

4.11	p24, 25	4.13	p25
4.12	p25		

Stakeholder engagement

4.14	IFC, and throughout the report	4.16	IFC, and throughout the report
4.15	IFC, and throughout the report	4.17	p12, 17, throughout the report

Management approach and performance indicators

Economic performance

Management approach	p19
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Reporting in line with GRI cont.

Core indicators		Additional indicators	
Economic performance			
EC1	p21		
EC2	p75-76		
EC3 ⁽¹⁾	p51		
EC4	P21		
Market presence			
EC6	p22-23, p26	EC5 ⁽²⁾	p52
EC7	p52-55		
Indirect economic impacts			
EC8	p64-67	EC9	Not reported
Environmental performance			
Management approach p70-80			
Materials			
EN1	p77-79		
EN2	p77		
Energy			
EN3	p73, p80		
EN4	p73, p80	EN5 EN6 EN7	p74 Not applicable p74
Water			
EN8	p76, 79-80	EN9 EN10	p76, 79-80 p76
Biodiversity			
EN11	p77, 80		
EN12	p77, 80	EN13 EN14 EN15	Not reported p77, 80 p77, 80
Emissions, effluents and waste			
EN16	p76, 80		
EN17	Not reported	EN18	p74, 75
EN19	Not reported		
EN20	p76 ⁽³⁾		
EN21	Not reported		
EN22	p79 ⁽⁴⁾		
EN23	p72 ⁽⁵⁾	EN24 EN25	Not applicable Not reported
Products and services			
EN26	Not reported		
EN27	Not applicable ⁽⁶⁾		
Compliance			
EN28	p73		
Transport			
		EN29	Not reported
Overall			
		EN30	Not reported
Social performance			
Labour practices and decent work			
Management approach p48-59			
Employment			
LA1	p49-50		
LA2	p50 ⁽⁷⁾	LA3	p51
Labour/management relations			
LA4	p51		
LA5	p52		
Occupational health and safety			
LA7	p31-42	LA6	p34
LA8	p45-47	LA9	p31

(1) Harmony's obligations have not been quantified.

(2) Ratios are not meaningful and no minimum wages exist in our sectors.

(3) Zero

(4) Information not yet available for the MMJV as operations in a start-up phase.

(5) Volumes not available.

(6) Applicable to the gold mining industry as a whole.

(7) Turnover by age is not available.

Core indicators		Additional indicators	
Training and education			
LA10	p57*	LA11 LA12	p58 Not reported
Diversity and opportunity			
LA13	p52-56		
LA14	p56		
Human Rights			
Management approach	p48-59		
Investment and procurement practices			
HR1	Not reported		
HR2	Not reported	HR3	Not reported
Non-discrimination			
HR4	p56		
Freedom of association and collective bargaining			
HR5	p51-52		
Child labour			
HR6	p57		
Forced and compulsory labour			
HR7	p57		
Security practices			
		HR8	Not reported
Indigenous rights			
		HR9	Not reported
Society			
Management approach	p61-67		
Community			
SO1	p61-67		
Corruption			
SO2	p24		
SO3	Not reported		
SO4	p24		
Public policy			
SO5	p24	SO6	p24
Anti-competitive behaviour			
		SO7	p25
Compliance			
SO8	p25		
Product responsibility			
Management approach			
Customer health and safety			
PR1	Not applicable	PR2	p69
Products and services			
PR3	p69	PR4 PR5	p69 p69
Marketing communication			
PR6	p69	PR7	p69
Customer privacy			
		PR8	p69
Compliance			
PR9	p69		

* Harmony collates information on the number of employees trained and training expenditure, not hours of training.

Mining Charter compliance

2009

No:	Description	Page no:
1.	<p>Human resource development</p> <p>Has the company offered every employee the opportunity to be functionally literate and numerate by the year 2005 and are employees being trained?</p> <p>Has the company implemented career paths for HDSA employees including skills development plans</p> <p>Has the company developed a system through which empowerment groups can be mentored?</p>	57-58
2.	<p>Employment equity</p> <p>Has the company published its employment equity plan and reported on its annual progress in meeting that plan?</p> <p>Has the company established a plan to achieve a target for HDSA participation in management of 40% within five years and is it implementing the plan?</p> <p>Has the company identified a talent pool and is this being fast tracked?</p> <p>Has the company established a plan to achieve the target for the participation of women in mining of 10% within five years and is it implementing the plan?</p>	52-58
3.	<p>Migrant labour</p> <p>Has the company subscribed to government and industry agreements to ensure non-discrimination against foreign migrant labour?</p>	56
4.	<p>Mine community and rural development</p> <p>Has the company co-operated in the formulation of integrated development plans and is the company co-operating with government in the implementation of these plans for communities where mining takes place and for major labour-sending areas? Has there been effort on the side of the company to engage the local mine community and communities in major labour-sending areas?</p>	61-67
5.	<p>Housing and living conditions</p> <p>For company provided housing, has the mine, in consultation with stakeholders, established measures for improving the standard of housing, including the upgrading the hostels, conversion of hostels to family units and promoted ownership options for mine employees? Companies will be required to indicate what they have done to improve housing, show a plan to progress the issue of over time and whether such a plan is being implemented?</p> <p>For company-provided nutrition, has the mine established measures for improving the nutrition of mine employees? Companies will be required to indicate what they have done to improve nutrition and show a plan to progress the issue over time and whether such a plan is being implemented.</p>	59
6.	<p>Procurement</p> <p>Has the mining company given HDSA companies preferred supplier status?</p> <p>Has the mining company identified current levels of procurement from HDSA companies in terms of capital goods, consumables and service?</p> <p>Has the mining company indicated a commitment to progress of procurement from HDSA companies over a three-year to five-year time frame in terms of capital goods, consumables and service and to what extent has the commitment been implemented?</p>	22, 23, 26
7.	<p>Ownership and joint ventures</p> <p>Has the mining company achieved HDSA participation in terms of ownership for equity or attributable units of production of 15% HDSA hands within five years and 26% in 10 years?</p>	52-58
8.	<p>Beneficiation</p> <p>Has the mining company identified its current level of beneficiation?</p> <p>Has the mining company established its baseline level of beneficiation and indicated the extent that this will have grown in order to qualify for an offset?</p>	25
9.	<p>Reporting</p> <p>Has the company reported on an annual basis its progress towards achieving its commitments in its annual report?</p>	This report

Glossary of terms and acronyms

2009

ABET	Adult Basic Education and Training, aimed at improving literacy levels and providing learners with nationally recognised qualifications.
ADRs	American Depositary Receipts, representing ownership of shares of a foreign company trading in the USA financial markets.
AIDS	Acquired Immune Deficiency Syndrome, a disease of the immune system caused by HIV infection. HIV & AIDS pose serious challenges for the government and the industry, as South Africa is one of the countries worst affected by the pandemic.
ARD	Acid rock drainage referring to the outflow of acidic water formed as a result of mining activity and the egress of water following contact with certain types of orebodies and host rock.
AuTEK	A collaborative research project between Mintek (a South African researcher in the metallurgical field) and the South African gold mining industry.
BEE	Black Economic Empowerment a socio-economic process that contributes to the economic transformation of the country and increases the number of HDSAs (historically disadvantaged South Africans) participating in the economy.
CBOs	Community-based organisations.
CD4	Indication of the strength of a body's immune system.
CDP	Carbon Disclosure Project is an independent not-for-profit organisation which acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations, to the global market place.
CO ₂ emissions	Total CO ₂ emissions are calculated from direct emissions generated from petrol and diesel consumption and indirect emissions generated from electricity consumption and expressed in tonnes.
CSR	Corporate social responsibility
Cyanide Code	International Cyanide Management Code for the Manufacture, Transport and use of Cyanide in the production of Gold. The aim of the code is to promote responsible management of cyanide used in gold mining; to enhance the protection of human health and to reduce the potential for environmental impacts.
Cyanide usage	Cyanide used for gold extraction calculated at 100% concentration.
DMR	Department of Mineral Resources, (formerly DME), South Africa
DSM	Demand-side management
DTI	Department of Trade and Industry, South Africa
EMP	Environmental management plan
Energy consumption	Energy use calculated from electricity purchased and diesel and petrol consumed during the reporting period.
FIFR	Fatal injury frequency rate, the number of fatal injuries per million man hours worked.
Fresh water usage	Total new or make-up water entering the operation and used for the operation's primary activities which include those activities in which the operation engages to produce their product and includes dust suppression within the operational area.
GHG	Greenhouse gas
GRI	Global Reporting Initiative is a multi-stakeholder governed institution collaborating to provide the global standards in sustainability reporting. These standards set out the principles and indicators that organisations can use to measure and report their economic, environmental, and social performance.
HAART	Highly active anti-retroviral therapy
HDSAs	Historically disadvantaged South Africans, all persons and groups who have been previously discriminated against on the basis of race, gender and disability. Defined by the MPRDA.
HIV	Human Immunodeficiency Virus which causes AIDS by infecting the helper T cells of the immune system. The HI virus is transmitted through blood or bodily secretions.
HPDs	Hearing protection devices
IDP	Integrated development plans provided for by the Local Government Municipal Systems Act. (No. 32 of 2000).
IDRs	International Depositary Receipts, a certificate representing ownership of stock securities by an investor outside the country of origin.
ILO	International Labour Organization
ISO 14001	Published in 1996 by the International Organisation for Environmental Standardisation, it specifies the actual requirements for an environmental management system (EMS).

Glossary of terms and acronyms cont.

2009

JSE	JSE Limited
King II	King II is the abbreviated name for the King Report on Corporate Governance for South Africa published 2002 in South Africa.
KPIs	Key performance indicators
LED	Local economic development
LRA	Labour Relations Act 66 of 1995, South Africa
LTIFR	Lost time injury frequency rate, per million hours. Refers to work- related injuries which result in the employee being unable to attend work on the day following the day of the injury.
MBOD	Medical Bureau for Occupational Diseases
Mining Charter	The Broad-Based Social-Economic Empowerment Charter for the South African Mining Industry. The goal of the charter is to bring about an industry that reflects the promise of a non-racial South Africa.
MHSA	Mine Health and Safety Act 29 of 1996
MMJV	Morobe Mining Joint Venture
MPRDA	Minerals and Petroleum Resources Development Act 28 Of 2002.
MQA	Mining Qualifications Authority, a Sector Education Training Authority for the Mining and Minerals Sector. Its mission is to facilitate and promote human resources development in the sector.
NGOs	Non-governmental organisations
NIHL	Noise induced hearing loss reported as the number of new cases identified and submitted for compensation during the reporting period.
NPA	National Prosecuting Authorities, South Africa
NUM	National Union of Mineworkers, the largest collective bargaining agent representing workers in the mining, energy and construction industries in South Africa.
OLD	Occupational lung disease
PNG	Papua New Guinea
PwC	PricewaterhouseCoopers, independent auditors.
RMA	Rand Mutual Assurance company
RIFR	Reportable injury frequency rate, per million hours worked.
SAPS	South African Police Services
SEC	Securities and Exchange Commission, USA
SETA	Mining Sector Education Training Authority, South Africa
Significant incidents	Incidents that have an impact outside the company boundaries, which may cause irreparable harm, or require significant expenditure to remediate.
Silicosis	Silicosis reported as the number of new cases diagnosed and compensated amongst employees during the reporting period.
SLPs	Social and labour plans aimed at promoting employment and advancement of the social and economic welfare of all South Africans whilst ensuring economic growth and socio-economic development. Stipulated in the MPRDA.
SOx	Sarbanes - Oxley act designed to improve quality and transparency in financial reporting and independent audits and accounting services for public companies, to create a Public Company Accounting Oversight Board, to enhance the standard-setting process for accounting practices, to strengthen the independence of firms that audit public companies, to increase corporate responsibility and the usefulness of corporate financial disclosure, to protect the objectivity and independence of securities analysts, to improve Securities and Exchange Commission resources and oversight and for other purposes.
SRI Index	Socially responsible investment index of the JSE
STIs	Sexually transmitted infections
TB	Pulmonary tuberculosis reported as the number of new cases of cardio-pulmonary and non cardio-pulmonary tuberculosis diagnosed during the reporting period.
Teba	The Employment Bureau of Africa – an NGO aimed at socio-economic development in Southern Africa
Uasa	United Association of South Africa
VCT	Voluntary counselling and testing, a programme aimed at encouraging voluntary HIV testing in order for individuals to know their status.
WHO	World Health Organization

Directorate and administration

2009

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Incorporated in the Republic of South Africa
ISIN: ZAE000015228

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F Abbott (Interim Financial Director)

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