As filed with the Securities and Exchange Commission on October 29, 2021

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2021
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report
For the transition period from___ to___
Commission file number: 001-31545

HARMONY GOLD MINING COMPANY LIMITED

(Exact name of registrant as specified in its charter)
Republic of South Africa
(Jurisdiction of incorporation or organization)
RANDFONTEIN OFFICE PARK, CNR WARD AVENUE AND MAIN REEF ROAD,
RANDFONTEIN, South Africa, 1759
(Address of principal executive offices)
Shela Mohatla, Group Company Secretary
Tel: +27 11 411 2359, shela.mohatla@harmony.co.za, fax: +27 11 696 9734,
Randfontein Office Park, CNR Ward Avenue and Main Reef Road, Randfontein, South Africa, 1759
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)
Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Ordinary shares, with no par value per share*	n/a*	New York Stock Exchange*
American Depositary Shares (as evidenced by American Depositary Receipts), each representing one ordinary share	HMY	New York Stock Exchange

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None
The number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the last full fiscal year covered by this Annual Report was 616,052,197 ordinary shares, with no par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "accelerated filer and large accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☑ No ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☑ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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This document comprises the annual report on Form 20-F for the year ended June 30, 2021 ("**Harmony 2021 Form 20-F**") of Harmony Gold Mining Company Limited ("**Harmony**" or the "**Company**"). Certain of the information in the Harmony's 2021 suite of reports, including from its Integrated annual report 2021, Environmental, Social and Governance ("**ESG**") report 2021 as well as the Climate-related financial disclosures ("**TCFD**") report 2021, included in Exhibit 15.1 ("**Integrated Annual Report for the 20-F 2021**") is incorporated by reference into the Harmony 2021 Form 20-F, as specified elsewhere in this report, in accordance with Rule 12b-23(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). With the exception of the items so specified, the Integrated Annual Report for the 20-F 2021 is not deemed to be filed as part of the Harmony 2021 Form 20-F.

Only (i) the information included in the Harmony 2021 Form 20-F, (ii) the information in the Integrated Annual Report for the 20-F 2021 that is expressly incorporated by reference in the Harmony 2021 Form 20-F and (iii) the exhibits to the Harmony 2021 Form 20-F that are required to be filed pursuant to the Form 20-F (the "**Exhibits**"), shall be deemed to be filed with the Securities and Exchange Commission ("**SEC**") for any purpose. Any information in the Integrated Annual Report for the 20-F 2021 which is not referenced in the Harmony 2021 Form 20-F or filed as an Exhibit, shall not be deemed to be so incorporated by reference.

Financial and other material information regarding Harmony is routinely posted on and accessible at the Harmony website, *www.harmony.co.za*. No material referred to in this annual report as being available on our website is incorporated by reference into, or forms any part of, this annual report. References herein to our website shall not be deemed to cause such incorporation.

USE OF TERMS AND CONVENTIONS IN THIS ANNUAL REPORT

Harmony Gold Mining Company Limited is a corporation organized under the laws of the Republic of South Africa. As used in this Harmony 2021 Form 20-F, unless the context otherwise requires, the terms "**Harmony**" and "**Company**" refer to Harmony Gold Mining Company Limited; the term "**South Africa**" refers to the Republic of South Africa; the terms "**we**", "**us**" and "**our**" refer to Harmony and, as applicable, its direct and indirect subsidiaries as a "**Group**".

In this annual report, references to "**R**", "**Rand**" and "**c**", "**cents**" are to the South African Rand, the lawful currency of South Africa, "**A$**" and "Australian dollars" refers to Australian dollars, "**K**" or "**Kina**" refers to Papua New Guinean Kina and references to "**$**", "**US$**" and "**US dollars**" are to United States dollars.

This annual report contains information concerning our gold reserves. While this annual report has been prepared in accordance with the regulations contained in the SEC's Industry Guide 7, it is based on assumptions which may prove to be incorrect. See Item 3: *"Key Information - Risk Factors - Risks related to our operations and business - Estimations of our reserves are based on a number of assumptions, including mining and recovery factors, future cash costs of production, exchange rates, and relevant commodity prices. As a result, metals produced in future may differ from current estimates."*

This annual report contains descriptions of gold mining and the gold mining industry, including descriptions of geological formations and mining processes. We have explained some of these terms in the Glossary of Mining Terms included in this annual report. This glossary may assist you in understanding these terms.

All references to websites in this annual report are intended to be inactive textual reference for information only and information contained in or accessible through any such website does not form a part of this annual report.

PRESENTATION OF FINANCIAL INFORMATION

Harmony is a South African company and the majority of the Group operations are located in South Africa. Accordingly, our books of account are maintained in South African Rand and our annual financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). This annual report includes our consolidated financial statements prepared in accordance with IFRS presented in the functional currency of the Company, being South African Rand. All financial information, except as otherwise noted, is stated in accordance with IFRS.

In this annual report, we also present "cash costs", "cash costs per ounce", "cash costs per kilogram" "all-in sustaining costs", "all-in sustaining costs per ounce" and "all-in sustaining costs per kilogram", which are non-GAAP measures. An investor should not consider these items in isolation or as alternatives to production costs, cost of sales or any other measure of financial performance presented in accordance with IFRS. The calculation of cash costs, cash costs per ounce/kilogram, all-in sustaining costs and all-in sustaining costs per ounce/kilogram may vary significantly among gold mining companies and, by themselves, do not necessarily provide a basis for comparison with other gold mining companies. For further information, see Item 5: *"Operating and Financial Review and Prospects* - *Costs* - *Reconciliation of Non-GAAP Measures"*.

We have included the US dollar equivalent amounts of certain information and transactions in Rand, Kina and A$. Unless otherwise stated, we have translated assets and liabilities at the spot rate for the day, while the US$ equivalents of cash costs and all-in sustaining costs have been translated at the average rate for the year (R15.40 per US$1.00 for fiscal 2021 and R15.66 per US$1.00 for fiscal 2020). By including these US dollar equivalents in this annual report, we are not representing that the Rand, Kina and A$ amounts actually represent the US dollar amounts, as the case may be, or that these amounts could be converted at the rates indicated.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of the safe harbor provided by Section 21E of the Exchange Act and Section 27A of the Securities Act of 1933, as amended (the "**Securities Act**"), with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters.

These forward-looking statements, including, among others, those relating to our future business prospects, revenues, and the potential benefit of acquisitions (including statements regarding growth and cost savings) wherever they may occur in this annual report and the exhibits to this annual report, are necessarily estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this annual report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation:

- overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere;
- the impact from, and measures taken to address, the coronavirus disease ("**Covid-19**") pandemic and other contagious diseases, such as HIV and tuberculosis;
- estimates of future earnings, and the sensitivity of earnings to gold and other metals prices;
- estimates of future gold and other metals production and sales;
- estimates of future cash costs;
- estimates of future cash flows, and the sensitivity of cash flows to gold and other metals prices;
- estimates of provision for silicosis settlement;
- estimates of future tax liabilities under the Carbon Tax Act (as defined below);

- statements regarding future debt repayments;
- estimates of future capital expenditures;
- the success of our business strategy, exploration and development activities and other initiatives;
- future financial position, plans, strategies, objectives, capital expenditures, projected costs and anticipated cost savings and financing plans;
- estimates of reserves statements regarding future exploration results and the replacement of reserves;
- the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, as well as at existing operations;
- fluctuations in the market price of gold;
- the occurrence of hazards associated with underground and surface gold mining;
- the occurrence of labor disruptions related to industrial action or health and safety incidents;
- power cost increases as well as power stoppages, fluctuations and usage constraints;
- supply chain shortages and increases in the prices of production imports and the availability, terms and deployment of capital;
- our ability to hire and retain senior management, sufficiently technically-skilled employees, as well as our ability to achieve sufficient representation of historically disadvantaged persons in management positions;
- our ability to comply with requirements that we operate in a sustainable manner and provide benefits to affected communities;
- potential liabilities related to occupational health diseases;
- changes in government regulation and the political environment, particularly tax and royalties, mining rights, health, safety, environmental regulation and business ownership including any interpretation thereof; court decisions affecting the mining industry, including, without limitation, regarding the interpretation of mining rights;
- our ability to protect our information technology and communication systems and the personal data we retain;
- risks related to the failure of internal controls;
- the outcome of pending or future litigation or regulatory proceedings;
- fluctuations in exchange rates and currency devaluations and other macroeconomic monetary policies;
- the adequacy of the Group’s insurance coverage;
- any further downgrade of South Africa's credit rating; and
- socio-economic or political instability in South Africa, Papua New Guinea and other countries in which we operate.

The foregoing factors and others described under “Risk Factors” should not be construed as exhaustive.

We undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events, except as required by law. All subsequent written or oral forward-looking statements attributable to Harmony or any person acting on its behalf are qualified by the cautionary statements herein.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The selected consolidated financial data below should be read in conjunction with, and are qualified in their entirety by reference to, our consolidated financial statements, and the notes thereto, set forth beginning on page F-1, and with Item 3: "Key Information - Risk Factors" and Item 5: "Operating and Financial Review and Prospects". Historical results are not necessarily indicative of results to be expected for any future period.

Selected Historical Consolidated Financial Data

We are a South African company and the majority of our operations are located in our home country. Accordingly, our books of account are maintained in South African Rand and our annual financial statements are prepared in accordance with IFRS. This annual report includes our consolidated financial statements prepared in accordance with IFRS, presented in the functional currency of the Company, being South African Rand. The selected historical consolidated income statement and balance sheet data for the last five fiscal years are, unless otherwise noted, stated in accordance with IFRS, and have been extracted from the more detailed information and financial statements prepared in accordance with IFRS. The financial data as at June 30, 2021 and 2020 and for each of the years in the three-year period ended June 30, 2021 should be read in conjunction with, and is qualified in its entirety by reference to our audited consolidated financial statements set forth beginning on page F-1. Financial data as at June 30, 2019, 2018 and 2017 and for the years ended June 30, 2018 and 2017 have been derived from our consolidated financial statements, which are not included in this document.

On July 1, 2019, IFRS 16 *Leases* became effective. See note 28 *"Leases*" in our consolidated financial statements beginning on page F-1.

	Fiscal year ended June 30,				
	2021[3]	2020	2019	2018	2017
	(Rand in millions, except per share amounts, cash costs per kilogram and ounce and all-in sustaining costs per kilogram and ounce)				
Income Statement Data					
Revenue	41,733	29,245	26,912	20,452	19,494
(Impairment)/reversal of impairment of assets	(1,124)	—	(3,898)	(5,336)	(1,718)
Operating profit/(loss)	6,450	(358)	(2,538)	(4,660)	(944)
Gain on bargain purchase	303	—	—	—	848
Profit/(loss) from associates	83	94	59	38	(22)
Profit/(loss) before taxation	6,382	(595)	(2,746)	(4,707)	(148)
Taxation	(1,258)	(255)	139	234	510
Net profit/(loss)	5,124	(850)	(2,607)	(4,473)	362
Basic earnings/(loss) per share (SA cents)	842	(164)	(498)	(1,003)	82
Diluted earnings/(loss) per share (SA cents)	825	(166)	(500)	(1,004)	79
Weighted average number of shares used in the computation of basic earnings/(loss) per share	604,285,514	535,336,337	523,808,934	445,896,346	438,443,540
Weighted average number of shares used in the computation of diluted earnings/(loss) per share	616,384,695	547,193,989	533,345,964	465,319,405	459,220,318
Dividends per share (SA cents)[1]	110	—	—	35	100
Other Financial Data					
Total cash costs per kilogram of gold (R/kg)[2]	600,592	553,513	439,722	421,260	436,917
Total cash costs per ounce of gold ($/oz)[2]	1,213	1,099	965	1,018	1,000
All-in sustaining costs per kilogram of gold (R/kg)[2]	723,054	651,356	550,005	508,970	516,687
All-in sustaining costs per ounce of gold ($/oz)[2]	1,460	1,293	1,207	1,231	1,182
Balance Sheet Data					
Assets					
Property, plant and equipment	33,597	29,186	27,749	30,969	30,044
Total assets	48,803	44,692	36,736	39,521	38,883
Net assets	31,214	23,375	22,614	25,382	29,291
Equity and liabilities					
Share capital	32,934	32,937	29,551	29,340	28,336
Total equity	31,214	23,375	22,614	25,382	29,291
Borrowings (current and non-current)	3,361	7,718	5,915	5,614	2,133
Other liabilities	14,228	13,599	8,207	8,525	7,459
Total equity and liabilities	48,803	44,692	36,736	39,521	38,883

1 Dividends per share relates to the dividends recorded and paid during the fiscal year.

2 Cash costs per ounce and per kilogram and all-in sustaining costs per ounce and per kilogram are non-GAAP measures. Cash costs per ounce/kilogram and all-in sustaining cost per ounce/kilogram have been calculated on a consistent basis for all periods presented. Changes in cash costs per ounce/kilogram and all-in sustaining costs per ounce/kilogram are affected by operational performance, as well as changes in the currency exchange rate between the Rand and the US dollar for the US$/ounce measures. Because cash cost per ounce/kilogram and all-in sustaining costs per ounce/kilogram are non-GAAP measures, these measures should therefore not be considered by investors in isolation or as an alternative to production costs, cost of sales, or any other measure of financial performance calculated in accordance with IFRS. The calculation of cash costs, cash costs per ounce and per kilogram, all-in sustaining costs and all-in sustaining costs per ounce and per kilogram may vary from company to company and may not be comparable to other similarly titled measures of other companies. For further information, see Item 5:“*Operating and Financial Review and Prospects-Costs-Reconciliation of Non-GAAP measures*”.

3 During 2021, we acquired AngloGold Ashanti Limited's remaining South African assets, comprising for several operations. The acquisition was effective on 1 October 2020 with the acquired assets and assumed liabilities being recognised on the day and the results of the operations has been included for the nine months ended 30 June 2021. Refer to Item 10:*" Additional information-Material contracts-Sale agreement"* for further detail.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

In addition to the other information included in this annual report and the exhibits, you should also carefully consider the following factors related to our ordinary shares and ADSs. There may be additional risks that we do not currently know of or that we currently deem immaterial based on information currently available to us. Although we have a formal risk policy framework in place, the maintenance and development of which is undertaken on an ongoing basis so as to help management address systematic categories of risk associated with our business operations, any of these risks could have a material adverse effect on our business, financial condition or results of operations, leading to a decline in the trading price of our ordinary shares or our ADSs. The risks described below may, in retrospect, turn out to be incomplete and therefore may not be the only risks to which we are exposed. Additional risks and uncertainties not presently known to us or that we now believe are immaterial (and have therefore not been included), could also adversely affect our business, results of operations or financial condition. The order of presentation of the risk factors below does not indicate the likelihood of their occurrence or the magnitude or the significance of the individual risks.

Summary of Risk Factors

Risks Related to Our Industry

1. ***We are exposed to the impact of any significant decreases in the commodity prices on our production***
2. ***The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition***
3. ***The nature of our mining operations presents safety risks***
4. ***Mining companies face strong competition and industry consolidation***
5. ***We are subject to extensive environmental regulations in the countries in which we operate***
6. ***The socio-economic framework in the regions in which we operate may have an adverse effect on our operations and profits***
7. ***Given the nature of mining and the type of gold mines we operate, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution compliance breaches***
8. ***Laws governing health and safety affect our business and could impose significant costs and burdens***
9. ***Since our labor force has substantial trade union participation, we face the risk of disruption from labor disputes and non-procedural industrial action resulting in loss of production and increased labor costs impacting negatively on production and financial results***
10. ***HIV/AIDS, tuberculosis and other contagious diseases, such as Covid-19, pose risks to us in terms of productivity and costs***
11. ***Laws governing mineral rights affect our business and could impose significant costs and obligations; mineral rights in the countries in which we operate could be altered, suspended or canceled for a variety of reasons, including breaches in our obligations in respect of such mining rights***
12. ***Mining companies are increasingly expected to provide benefits to affected communities; failure to comply with these requirements can result in legal suits, additional operational costs, investor divestment and impact our "social license to operate", which could adversely impact our business, operating results and financial condition***
13. ***Compliance with emerging climate change regulations could result in significant costs for us, and climate change may present physical risks to our operations***
14. ***Our financial flexibility could be constrained by the Exchange Control Regulations of the countries in which we operate***

Risks Related to Our Operations and Business

1. ***Risks associated with pumping water inflows from closed mines adjacent to our operations could adversely affect our operational results***
2. ***Infrastructure constraints and aging infrastructure could adversely affect our operations***
3. ***Disruptions to the supply of electricity and increases in the cost of power may adversely affect our results of operations and financial condition***
4. ***Illegal and artisanal mining, including theft of gold and copper bearing material, and other criminal activity at our operations could pose a threat to the safety of employees, result in damage to property and could expose us to liability***
5. ***Actual and potential shortages of production inputs and supply chain disruptions may affect our operational results***
6. ***Fluctuations in insurance cost and availability could adversely affect our operating results and our insurance coverage may prove inadequate to satisfy future claims***
7. ***We compete with mining and other companies for key human resources with critical skills and our inability to retain key personnel could have an adverse effect on our business***
8. ***The cost of occupational health care services and the potential liabilities related to occupational health diseases may increase in future and may be substantial***
9. ***Our operations are subject to water use licenses, which could impose significant costs***
10. ***The use of contractors at certain of our operations may expose us to delays or suspensions in mining activities and increases in mining costs***
11. ***The upgrade of an integrated Enterprise Resource Planning ("ERP") system and Human Resources ("HR") system could have an adverse effect on our results of operations and financial condition***
12. ***Estimations of our reserves are based on a number of assumptions, including mining and recovery factors, future cash costs of production, exchange rates, and the relevant commodity prices; as a result, metals produced in future may differ from current estimates***
13. ***Our operations have limited proved and probable reserves; exploration for additional resources and reserves is speculative in nature, may be unsuccessful and involves many risks***
14. ***Compliance with tailings management requirements and standards, and potential liabilities in the event of a failure to timely comply or an incident involving a tailings storage facility, could adversely impact our financial condition, results of operations and reputation***
15. ***We may have exposure to rehabilitate potential groundwater pollution, which may include salination, and radiation contamination that may exist where we have operated or continue to operate; implementation of the financial provision regulations may require us to include provision in our financial statements for rehabilitation***
16. ***We are subject to the risk of litigation, the causes and costs of which are not always known***

Risks Related to Our Corporate and Financing Structure and Strategy

1. ***Our inability to maintain an effective system of internal control over financial reporting may have an adverse effect on investors' confidence in the reliability of our financial statements***
2. ***We may experience problems in identifying, financing and managing new acquisitions or other business combination transactions and integrating them with our existing operations; we may not have full management control over future joint venture partners***
3. ***Certain factors may affect our ability to support the carrying value of our property, plant and equipment, goodwill and other assets on our balance sheet, resulting in impairments***
4. ***Our ability to service our debt will depend on our future financial performance and other factors***
5. ***We are subject to the imposition of various regulatory costs, such as mining taxes and royalties, changes to which may have a material adverse effect on our operations and profits***
6. ***Sales of large quantities of our ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities***
7. ***As we have a significant number of shares that may be issued in terms of the employee share schemes, our ordinary shares are subject to dilution***
8. ***We may not pay dividends or make similar payments to our shareholders in the future***
9. ***Uncertainty relating to the nature and timing of the potential phasing out of LIBOR, and agreement on any new alternative reference rates may adversely impact our borrowing cost***

Strategic and Market Risks

1. ***The profitability of our operations, and cash flows generated by those operations, are affected by changes in the price of gold; a fall in the gold price below our cash cost of production and capital expenditure required to sustain production for any sustained period may lead to losses and require us to curtail or suspend certain operations***
2. ***Fluctuations in input production prices linked to commodities may adversely affect our operational results and financial condition***
3. ***Foreign exchange fluctuations could have a material adverse effect on our operational results and financial condition***
4. ***Fluctuations in the exchange rate of currencies may reduce the market value of our securities, as well as the market value of any dividends or distributions paid by us.***
5. ***Our operations may be negatively impacted by inflation***
6. ***The continued status of South Africa's credit rating to non-investment grade may have an adverse effect on our ability to secure financing on favorable terms, or at all***
7. ***Investors may face liquidity risk in trading our ordinary shares on the JSE Limited***
8. ***Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares)***
9. ***Global economic conditions could adversely affect the profitability of our operations***
10. ***The risk of unforeseen difficulties, delays or costs in implementing our business strategy and projects may lead to us not delivering the anticipated benefits of our strategy and projects; in addition, actual cash costs, capital expenditure, production and economic returns may differ significantly from those anticipated by feasibility studies for new development projects***

Other Regulatory and Legal Risks

1. ***Breaches in our information technology security processes and violations of data protection laws may adversely impact the conduct of our business activities (national and international)***
2. ***Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance***
3. ***Failure to comply with laws, regulations, standards, contractual obligations whether following a breach or breaches in governance processes or fraud, bribery and corruption may lead to regulatory penalties, loss of licenses or permits, negative effects on our reported financial results, and adversely affect our reputation***
4. ***Investors in the United States may have difficulty bringing actions, and enforcing judgments, against us, our directors and our executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof***
5. ***US securities laws do not require us to disclose as much information to investors as a US company is required to disclose, and investors may receive less information about us than they might otherwise receive from a comparable US company***

Risks Related to Our Industry

We are exposed to the impact of any significant decreases in the commodity prices on our production

As a rule, we sell our gold and silver at the prevailing market price. In fiscal 2017, however, we started a commodity hedging program. These contracts manage variability of cash flows for up to 20% of the Group's total production over a two-year period for gold and up to 50% for silver. Our remaining unhedged future production may realize the benefit of any short-term increase in the commodity prices, but is not protected against decreases; if the gold or silver price should decrease significantly, our revenues may be materially adversely affected, which could materially adversely affect our operating results and financial condition.

The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition

Our operations have been and may continue to be impacted by the Covid-19 pandemic. The continued spread of Covid-19 could continue to result in serious illness (including incapacity) or death, or quarantine of our employees and contractors. These effects have been exacerbated by employees and contractors working in close proximity to each other in underground and surface mines and living in close quarters. In addition, certain underlying health conditions including conditions which compromise the immune system, such as HIV/AIDS, have worsened the outcomes among the individuals infected with Covid-19. As at the end of fiscal 2021, we recorded 3,863 positive Covid-19 cases across our operations, which resulted in 55 deaths with 3,631 recoveries and 177 active cases. Further employee or contractor absences due to Covid-19 could continue to lead to labor shortages or instability and disruptions to our production (including potential temporary cessation) and increased operational costs. Although Covid-19 vaccines are being rolled out globally, including in the regions where we operate, it is too early to determine how effective these vaccines will be. See *"Integrated Annual Report for the 20-F 2021 - Social - Harmony's response to Covid-19"* on page 107.

Any actions taken by governments or regulators in response to the Covid-19 pandemic have impacted, and could have a further material impact, on our operations and lead to an increase in our costs. For example, many countries, including the countries where we operate, have imposed strict travel-related measures such as travel restrictions and have introduced indefinite border closures, lockdowns, bans on public gatherings, curfews and business shutdowns. Such measures have also limited the availability of air freight, which has in turn increased the costs associated with transporting precious metals.

Our operational costs have increased as a result of the wide-ranging protective measures which we have adopted across our operations, including, among others, screening, testing and contact tracing of our employees, closing our offices, increased spending on infrastructure investment and increased sanitation. Furthermore, the adoption of other measures, such as strict adherence to all government regulations and protocols, the imposition of travel restrictions, establishing a Covid-19 crisis management committee, launching a Covid-19 information portal, working in small work groups to contain infections, mandating social distancing, and required mask wearing, initially interfered, resulting in time delays, and has altered the way our management and employees perform their activities. If further measures are required, this may result in additional costs incurred or interference with management's and/or employees' productivity.

The continuation of existing measures, the delayed rollout and effectiveness of vaccination programs or the introduction of additional restrictions or any other measures, could result in the inability of our suppliers to deliver components or raw materials on a timely basis and may limit or prevent our management and employees and important third-parties from traveling to, or visiting, our operations. Further, any lockdowns or mandatory business shutdowns could result in further suspensions of our operations, similar to the suspensions described above, and could bring our business to a standstill. The extent to which the Covid-19 pandemic will impact our results will depend on the scale, duration and geographic reach of future developments, which are highly uncertain and cannot be predicted, including notably the possibility of a recurrence or "multiple waves" of the outbreak and new variants. There have been instances in which governmental restrictions have been re-imposed where infection rates have started to increase again and there is a risk that widespread measures such as strict social distancing and curtailing or ceasing normal business activities may be reintroduced in the future until effective treatments or vaccines have been developed and administered.

Our property and business interruption insurance and liability may not cover or be sufficient to fully cover any of our losses resulting from public health emergencies and other events that could disrupt our operations, such as Covid-19. See *"— Risks related to Our Operations and Business - Fluctuations in insurance cost and availability could adversely affect our operating results and our insurance coverage may prove inadequate to satisfy future claims*".

The global economy, metal prices, and financial markets have experienced significant volatility and uncertainty due to Covid-19. Our revenue is directly related to the market price of gold and other metals. Metal price volatility causes our revenue to fluctuate from period to period. This price volatility could also cause operators or developers to defer or forgo projects, which could adversely impact our future revenue. Moreover, in the ordinary course of business, we review opportunities to acquire selected precious metal producing companies or assets. Reduced economic and travel activities or illness among our management team as a result of Covid-19 could limit or delay acquisition opportunities or other business activities. In addition, economic volatility, disruptions in the financial markets, or severe price declines for gold or other metals could adversely affect our ability to obtain future debt or equity financing for acquisitions on acceptable terms.

The full extent to which Covid-19 will impact our operational and financial performance, whether directly or indirectly, will depend on future developments, which are highly uncertain and cannot be predicted. Any disruption to production or increased operational costs as a result of Covid-19 could have a material adverse effect on our business, operating results and financial condition.

The nature of our mining operations presents safety risks

The environmental and industrial risks identified above also present safety risks for our operations and our employees and could lead to the suspension and potential closure of operations for indeterminate periods. Safety risks, even in situations where no injuries occur, can have a material adverse effect on our results of operations and financial condition. See Item 4: *"Information on the Company - Business Overview - Regulation - Health and Safety - South Africa*" and "*Integrated Annual Report for the 20-F 2021 - Social - Safety and health"* on pages 99 to 106.

Mining companies face strong competition and industry consolidation

The mining industry is competitive in all of its phases. We compete with other mining companies and individuals for specialized equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets. These competitors may have greater financial resources, operational experience and technical capabilities than us. Competition may increase our cost of acquiring suitable claims, properties and assets, which could have a material adverse effect on our financial condition.

Further, industry consolidation may lead to increased competition due to lesser availability of mining and exploration assets. Similar consolidations in the form of acquisitions, business combinations, joint ventures, partnerships or other strategic relationships may continue in the future. The companies or alliances resulting from these transactions or any further consolidation involving our competitors may benefit from greater economies of scale as well as significantly larger and more diversified asset bases than us. In addition, following such transactions certain of our competitors may decide to sell specific mining assets increasing the availability of such assets in the market, which could adversely impact any sale process that we may undertake at the same time, including such sales processes taking longer to complete or not completing at all or not realizing the full value of the assets being disposed of.

Such developments could have a material adverse effect on our business, operating results and financial condition.

We are subject to extensive environmental regulations in the countries in which we operate

As a gold mining company, we are subject to extensive environmental regulation. We expect the trend of rising production costs due to compliance with environmental laws and regulations in South Africa and the Independent State of Papua New Guinea ("**PNG**") to continue.

South Africa

In South Africa, the Mineral and Petroleum Resources Development Act, 28 of 2002 ("**MPRDA**") and the National Environmental Management Act, 107 of 1998 ("**NEMA**"), along with various other environmental statutes, regulations and standards regulate the impact of our prospecting and mining operations on the environment. These statutes, regulations and standards are regularly updated, amended and supplemented, imposing additional obligations on mining companies to, among other things, minimize emissions, reduce, re-use and recycle waste and improve the quality of effluent and wastewater discharged from the operations. See Item 4: "*Information on the Company – Laws and Regulations pertaining to Environmental Protection - South Africa – NEMA*".

Under the MPRDA, a mining holder remains responsible for any environmental liability, pollution, ecological degradation, the pumping and treatment of extraneous water and the sustainable closure of mining operations until such time as the Minister of Mineral Resources and Energy ("**Minister**") issues a closure certificate. Notwithstanding this, the NEMA states that a mining right holder will remain responsible for these obligations even after a closure certificate is issued.

In South Africa, until such time as a closure certificate is issued, a mining right holder is required to assess annually the environmental liabilities associated with the mining operation (including the pumping and treatment of extraneous water) and put up financial provision for the rehabilitation, closure and ongoing post decommissioning management of negative environmental impacts. This financial provision may be released when the Minister issues a closure certificate. However, he or she may retain a portion of the financial provision in perpetuity for any residual and latent environmental liabilities.

The manner in which the amount of the financial provision is calculated may in future be regulated under the Financial Provision Regulations, 2015. Prior to this, the amount of financial provision has been calculated pursuant to the DMRE's Guideline Document for the Evaluation of the Quantum of Closure-related Financial Provision Provided by a Mine (the "**DMRE Guidelines**"). The DMRE Guidelines were criticized for undervaluing the costs of environmental rehabilitation thus exposing the DMRE to potential liability in the event that the mining right holder was unable to fulfill its environmental obligations. The proposed Financial Provision Regulations, 2015 place an emphasis on post-closure water pumping and treatment and the need for upfront provision to be set aside for the management of these types of impacts.

The Financial Provision Regulations, 2015 sought to rectify this deficiency by, among other things, including preliminary and general costs in the financial provision calculations, imposing VAT (at 15%) on the total amount, prohibiting the withdrawal of trust funds for concurrent rehabilitation (even in circumstances where the financial provision exceeds the evaluated environmental liability) and ceding a portion of the funds the Minister as security for possible latent and residual post-closure environmental impacts.

Compliance with these obligations would result in a significant increase in the required financial provision and, consequently has been strongly opposed by the mining industry. In response to this opposition, the Department of Forestry, Fisheries and the Environment ("**DFFE**"), the competent authority for drafting the Financial Provision Regulations, 2015, undertook to engage further with mining industry and other stakeholders to amend or develop new financial provision regulations. In light of this on-going consultation, the date by which mining companies are required to align their financial provision with the Financial Provision Regulations, 2015 has been extended on four occasions. The most recent extension is until June 19, 2022. It is likely that the financial provision calculation will be more stringent than the calculations under the DMRE Guidelines and we may have to adjust our financial provision.

In addition, we may also face increased environmental costs should other mines in the vicinity fail to meet their obligations related to the pumping or treatment of water.

The adoption of these, or additional or more comprehensive and stringent requirements, particularly for the management of hazardous waste, pollution of ground and groundwater systems and duty to rehabilitate closed mines, may result in additional costs and liabilities, which could have a material adverse effect on our business, operating results and financial condition.

We continue to engage with DFFE and the DMRE regarding matters relating to financial provision including the Financial Provision Regulations, 2015, as well as the adjustment of financial provision in respect of the mining operations. There are concerns about the ambiguity of the provisions and how they can be operationalized with the prescribed transitional time frames, which may result in misinterpretation, mis-application and potential disputes with DFFE any of which could have a material adverse effect on our business, operating results and financial condition. See note 26 "*Provision for environmental rehabilitation*" to our consolidated financial statements set forth beginning on page F-1.

Other key environmental legislation includes the South African National Water Act, 36 of 1998 ("**NWA**"), the National Environmental Management: Air Quality Act, 39 of 2004 (the "**Air Quality Act"**), the National Environmental Management: Waste Act, 59 of 2008, the National Nuclear Regulator Act, 47 of 1999, the National Environmental Management: Biodiversity Act, 10 of 2004, the National Heritage Resources Act, 25 of 1999, the Carbon Tax Act, 15 of 2019 (the "**Carbon Tax Act**") and the MPRDA. See Item 4: "*Information on the Company – Laws and Regulations pertaining to Environmental Protection - South Africa*".

Papua New Guinea

Our PNG operations are subject to the PNG Environment Act 2000 ("**PNG Environment Act"**). The PNG Environment Act regulates discharges to air, land and water, and sets out the requirements for proponents to obtain an environment permit for the construction and operation of prescribed activities having the potential to cause environmental harm. An environmental impact statement is required when projects are likely to have a significant adverse impact on the environment and other social or cultural heritage aspects. The State of PNG will use the environmental impact statement as the means to assess a project's impacts, in accordance with statutory processes, and decide whether the Environment Minister should grant approval in principle for the project under the PNG Environment Act. Thereafter, the Managing Director Conservation and Environment Protection Authority ("**CEPA**") may grant a Level 3 environment permit for the project.

Compliance with existing or new environmental legislation, which increases the burden of compliance or the penalties for non-compliance may cause us to incur further significant costs and could have a material adverse effect on our business, operating results and financial condition.

A process of legislative review is underway within PNG and a number of environmental matters are under consideration. These include a Mine Closure Policy, which contains requirements for the provision of financial assurance for mine closure and rehabilitation costs, and a Biodiversity Offsets Policy, which anticipates biodiversity offset payments to support biodiversity initiatives. See Item 4: "*Information on the Company – Laws and Regulations pertaining to Environmental Protection – Papua New Guinea*".

Our operations and projects in PNG will be affected by changes to PNG environmental laws, and as such we continue to engage with the government of PNG on these matters through the offices of the PNG Chamber of Mines and Petroleum, and directly with CEPA could have a material adverse effect on our business, operating results and financial condition.

See "*Integrated Annual Report for the 20-F 2021 - Environment - Environmental management and stewardship*" on pages 69 to 75 for further discussion on the applicable legislation and our policies on environmental matters.

The socio-economic framework in the regions in which we operate may have an adverse effect on our operations and profits

We have operations in South Africa and PNG. As a result, changes to or instability in the economic or political environment in either of these countries or in neighboring countries could affect an investment in us. These risks could include terrorism, civil unrest, nationalization, political instability, change in legislative, regulatory or fiscal frameworks, renegotiation or nullification of existing contracts, leases, permits or other agreements, restrictions on repatriation of earnings or capital and changes in laws and policy, as well as other unforeseeable risks. The impact of Covid-19 may heighten social tensions and demands, as individuals look to the mining industry for job creation opportunities and other resources and benefits.

In March 2019, the President of South Africa, Cyril Ramaphosa, announced in parliament that South Africa would move forward with the nationalization of the South African Reserve Bank ("**SARB**"). Since the announcement, there have been various contradictory statements made by government officials regarding the government's plans to nationalize the SARB, which have created uncertainty around this issue. Although the most recent statements of the African National Congress ("**ANC"**) suggest that nationalizing the SARB is still part of their policy, it appears that the nationalization process has been put on hold. While the SARB's independence is constitutionally guaranteed, any economic or political instability caused by any nationalization process, whether or not completed, may create issues with the movement of funds into or out of South Africa and impact the general business environment in South Africa, including businesses such as ours. Any such negative impact on the South African economy may adversely affect our business, operating results and financial condition.

In PNG, the government of Prime Minister, James Marape, has advocated a policy of "Take Back PNG", including a review and restructuring of resource laws intended to increase the PNG Government's share of the proceeds from mining, enhance landholder and provincial government equity participation in mining projects and promote direct involvement in mining and exploration by State-owned enterprises.

It is difficult to predict the future political, social and economic environment in these countries, or any other country in which we operate, and the impact government decisions may have on our business, results of operations and our financial condition.

Given the nature of mining and the type of gold mines we operate, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution compliance breaches

The business of gold mining involves significant risks and hazards, including environmental hazards and industrial accidents. In particular, hazards associated with underground mining include:

- rock bursts;
- seismic events;
- underground fires;
- cave-ins or fall-of-ground;
- discharges of gases and toxic chemicals;
- release of radioactive hazards;
- flooding;
- mining of pillars (integrity of shaft support structures may be compromised and cause increased seismicity);
- processing plant fire and explosion;
- critical equipment failures;
- accidents and fatalities; and
- other conditions resulting from drilling, blasting and the removal and processing of material from a deep-level mine.

Hazards associated with opencast mining (also known as open-pit mining) include:

- flooding of the open-pit;
- collapse of open-pit walls or slope failures;
- processing plant fire and explosion;
- accidents associated with operating large open-pit and rock transportation equipment;
- accidents associated with preparing and igniting of large-scale open-pit blasting operations; and
- major equipment failures.

Hazards associated with construction and operation of waste rock dumps and tailings storage facilities include:

- accidents associated with operating a waste dump and rock transportation;
- production disruptions caused by natural phenomena, such as floods and droughts and weather conditions, potentially exacerbated by climate change;
- dam, wall or slope failures; and
- contamination of ground or surface water.

We are at risk from any or all of these environmental and industrial hazards. In addition, the nature of our mining operations presents safety risks. Our operations are subject to health and safety regulations, which could impose additional costs and compliance requirements. We may face claims and liability for breaches, or alleged breaches, of such regulations and other applicable laws. Any legislative changes relating to financial provisions could add to the costs. The occurrence of any of these events could delay production, increase cash costs and result in financial liability to us, which, in turn, may adversely affect our results of operations and our financial condition

Laws governing health and safety affect our business and could impose significant costs and burdens

In South Africa, the Mine Health and Safety Act, 29 of 1996 ("**MHSA**") requires that employers implement various measures to ensure the safety and health of persons working at a mine as far as reasonably practicable. This obligation is extended to any contractor employees that may be working at a mine. These obligations include the identification and assessment of risk, implementation of codes of practice and standards setting out safe work procedures, proper and appropriate training, supervision, medical surveillance and the provision of safe equipment and personal protective equipment. Further, pursuant to the MHSA we must ensure compliance with various licenses, permissions or consents that have been issued to it pursuant to the various provisions of applicable legislation.

An employer may be subjected to significant penalties and/or administrative fines for non-compliance under the MHSA and other applicable legislation. Depending on the particular circumstances, litigation (criminal and/or civil) may be instituted against the employer in respect of an accident or incident which has resulted in the injury, death or occupational disease contracted by an employee (or contractor employee). In some of the jurisdictions in which we operate, the regulatory authority also issues closure notices for the operation or parts thereof, following the occurrence of an injury or death threat. In the past, certain of our operations have also been temporarily suspended for safety reasons. Such closure notices or suspensions, if of sufficient magnitude, could have a material adverse effect on our business, operating results or financial condition. See Item 4: "*Information on the Company – Health and Safety – South Africa*".

Any further changes to the health and safety laws which increase the burden of compliance on the employer and impose higher penalties for non-compliance may result in us incurring further significant costs, which could have a material adverse effect on our business, operating results and financial condition. In addition, our reputation could be damaged by any significant governmental investigation or enforcement of health and safety laws, regulations or standards, which could also have a material adverse effect on our business, operating results and financial condition.

In PNG, the safety of employees, contractors and third parties at our mining operations is regulated by the PNG Mining (Safety) Act 1977 ("**PNG Mining (Safety) Act**") and the Regulations issued thereunder. Pursuant to section 6(1)(e)(i) of the PNG Mining (Safety) Act, an inspector has the power to order the cessation of operations on any part of a mine for such (unlimited) time as he or she considers may be necessary to satisfy the safety provisions of the Act. Such order for cessation can often result in lower or a total stoppage of production resulting in significant financial losses during and following the cessation.

The mining regime in PNG is currently the subject of comprehensive ongoing review, including the PNG Mining (Safety) Act and Regulations. In June 2021, the PNG Government released a draft Mine & Works (Safety and Health) Bill 2021 for comment by the PNG Chamber of Mines and Petroleum and other interested parties. The Bill contains a number of provisions which, if enacted in their present form, will repeal and replace the PNG Mining (Safety) Act and could have a material adverse effect on our operations and projects in PNG, and our operating results or financial condition. Our operations and projects in PNG may be affected by changes to PNG mining safety regime, and we continue to engage with the PNG Government and relevant regulators on these matters through the offices of the PNG Chamber of Mines and Petroleum, and directly with the PNG Mineral Resources Authority ("**MRA**") and the PNG Chief Inspector of Mines. See Item 4: "*Information on the Company – Health and Safety – Papua New Guinea*".

Since our labor force has substantial trade union participation, we face the risk of disruption from labor disputes and non-procedural industrial action resulting in loss of production and increased labor costs impacting negatively on production and financial results

Despite a history of constructive engagement with labor unions, there are periods when various stakeholders are unable to agree on dispute resolution processes. Disruptive activities on the part of labor, which normally differ in intensity, then become unavoidable. Due to the high level of union membership, which is about 93% among our employees, we are at risk of production stoppages for indefinite periods due to strikes and other disputes, especially wildcat strikes. Inter-union rivalry may increase the risk of labor relations instability. In addition, in South Africa, a variety of legacy issues such as housing, migrant labor, education, poor service delivery and youth unemployment, which may be exacerbated by the Covid-19 pandemic, can lead to communities and unions working together to create instability in and around mining operations. See "*—The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*" - above.

In October 2018, we concluded a three-year wage agreement with unions representing the majority of our South African employees. This agreement was extended to all employees irrespective of union affiliation. We have experienced a relatively peaceful labor environment since the conclusion and implementation of this wage agreement. On September 16, 2021, Harmony announced the acceptance of another three-year wage agreement by the unions, effective from July 1, 2021. The negotiations were concluded in a peaceful manner. However we are not able to predict whether we will experience significant labor disputes in future, or what the financial impact of any such disputes may be. See Item 4: "*Information on the Company - Business Overview - Regulation - Labor Relations*", "*Integrated Annual Report for the 20-F 2021 - Social - Caring for our workforce"* on pages 114 to 120. South African employment law sets out minimum terms and conditions of employment for employees although these may be improved by agreements between us and the trade unions, prescribed minimum terms and conditions form the benchmark for all employment contracts. See "*Integrated Annual Report for the 20-F 2021 - Material issues*" on page 26.

We are required to submit a report under South African employment law detailing the progress made towards achieving employment equity in the workplace. If this report is not submitted, we could incur substantial penalties.

Developments in South African employment law may increase our cash costs of production or alter our relationship with our employees and trade unions, which may have an adverse effect on our business, operating results and financial condition.

In PNG, the workforce in our mining operations is not significantly unionized. However, operations are subject to disruption as a result of actions taken by landowners and occupants of the land within the area of impact of such operations, including the blockading of access routes to the operations. These disruptions generally arise as a result of grievances with regard to the non-distribution by the PNG Government to local communities of mine-derived royalties and other benefits, or in relation to the participation of local businesses in the provision of goods and services to the operations.

In the event that we experience industrial relations related interruptions at any of our operations or in other industries that impact our operations, or increased employment-related costs due to union or employee activity, these may have a material adverse effect on our business, production levels, operating costs, production targets, operating results, financial condition, reputation and future prospects. In addition, mining conditions can deteriorate during extended periods without production, such as during and after strikes; lower levels of mining activity can have a longer term impact on production levels and operating costs, which may affect our mines' operating life, which could have a material adverse effect on our business, operating results and financial condition.

HIV/AIDS, tuberculosis and other contagious diseases, such as Covid-19, pose risks to us in terms of productivity and costs

The prevalence of HIV/AIDS and other contagious diseases, including Covid-19, in South Africa and PNG poses risks to us in terms of potentially reduced productivity, and increased medical and other costs.

The continued spread of Covid-19 could result in serious illness (including incapacity) or quarantine of our employees and contractors, which may be exacerbated by employees and contractors working in close proximity to each other in underground and surface mines and living in close quarters. In addition, certain underlying health conditions including conditions which compromise the immune system, may worsen the outcomes among the individuals infected with Covid-19.

In PNG, the identification of a positive Covid-19 case at our Hidden Valley mine resulted in the quarantine lockdown of the Hidden Valley mine site and the implementation of a revised roster for our workforce to enable the continuation of site operations. In line with directives issued by the Controller under the PNG National Pandemic Act 2020, we implemented a set of risk-based safety measures designed to enable the safe continuation of operations, including the management of the international and local/regional travel of our workforce, the establishment of three “entry point center” quarantine facilities to manage the safe change-over of rostered staff, the implementation of rigorous screening and testing programs, the provision of personal protective equipment, and the submission of data collected during screening and testing to the relevant authorities.

The continuation of existing measures, or the introduction of additional travel-related restrictions, could result in the inability of our suppliers to deliver components or raw materials on a timely basis and may limit or prevent our management and employees and important third-parties from traveling to, or visiting, our operations. Further, any lock-downs or mandatory business shutdowns could result in a suspension of our operations and could bring our business to a standstill. The full extent to which Covid-19 impacts our operational and financial performance will depend on future developments, which are highly uncertain and cannot be predicted.

Any disruption to production or increased operational costs as a result of the spread of contagious diseases, such as Covid-19, HIV/AIDS or tuberculosis, could have a material adverse effect on our business, operating results and financial condition. See “*Integrated Annual Report for the 20-F 2021 - Social - Safety and health"* on pages 99 to 106 and " - *Employee wellness and healthcare"* on pages 108 to 113.

Laws governing mineral rights affect our business and could impose significant costs and obligations; mineral rights in the countries in which we operate could be altered, suspended or canceled for a variety of reasons, including breaches in our obligations in respect of such mining rights

Our operations in South Africa and PNG are subject to legislation regulating mineral rights. Certain of the Company’s properties may be subject to the rights or the asserted rights of various community stakeholders, including indigenous peoples. The presence of those stakeholders may therefore have an impact on our ability to develop or operate our mining interests.

South Africa

In South Africa, we are governed by the MPRDA. See Item 4: “*Information on the Company - Business Overview - Regulation - Mineral Rights - South Africa - MPRDA*” for a description of the principal objectives set out in the MPRDA.

The MPRDA was promulgated as effective legislation on May 1, 2004 and transferred ownership of mineral resources to the South African people, with the South African government acting as custodian in order to, among other things, promote equitable access to the nation’s mineral resources by South Africans, expand opportunities to HSDAs who wish to participate in the South African mining industry and advance socio-economic development. We currently continue to comply with the requirements of the MPRDA. Any failure to comply with the conditions of our mining rights, whether intentional or unintentional, could have a material adverse effect on our operations and financial condition and could result in the cancellation or suspension of our mining rights.

On June 21, 2013, the Minister of Mineral Resources and Energy (“**Minister**”) introduced the Mineral and Petroleum Resources Development Amendment Bill, 2013 (the “**MPRDA Bill**”) into Parliament. The South African Department of Mineral Resources (as it then was known, but now is referred to as the Department of Mineral Resources and Energy (“**DMRE**”)) briefed the National Assembly’s Portfolio Committee on Mineral Resources in July 2013. The MPRDA Bill was passed by both the National Assembly and the National Council of Provinces (“**NCOP**”) on March 27, 2014. In January 2015, the former President, Jacob Zuma, referred the MPRDA Bill back to Parliament for reconsideration and on November 1, 2016, the Portfolio Committee on Mineral Resources tabled non-substantial revisions to the MPRDA Bill in the National Assembly and a slightly revised version of the MPRDA Bill was passed by the National Assembly and referred to the NCOP. On March 3, 2017, the National Assembly passed certain minor amendments to the MPRDA Bill. The National Assembly has referred the MPRDA Bill to the NCOP where the Select Committee has received comments on the draft legislation. The chairperson of the Select Committee had targeted January or February of 2018 to pass the legislation. On February 16, 2018, the President of South Africa, Cyril Ramaphosa, announced that the MPRDA Bill was at an advanced stage in Parliament. However, in August 2018, the Minister announced that, given certain concerns with the MPRDA Bill, his recommendation would be to withdraw it entirely. The South African Cabinet has subsequently supported its withdrawal. While the MPRDA Bill was not formally withdrawn by Parliament, it lapsed on March 28, 2019. Although Parliament has the ability to revive a lapsed Bill, it seems unlikely that it will revive the MPRDA Bill given both the Minister’s and Cabinet’s support for its withdrawal.

There is a large degree of uncertainty regarding the changes that will be brought about should the MPRDA Bill be revived and made law. Among other things, the MPRDA Bill provides that applicants will no longer be able to rely on the “first come, first served” principle when submitting an application for a right, it seeks to require the consent of the Minister for the transfer of any interest in an unlisted company or any controlling interest in a listed company where such companies hold a prospecting right or mining right and to give the Minister broad discretionary powers to prescribe the levels of minerals required to be offered to domestic beneficiators for beneficiation. We cannot yet determine the full impact that the MPRDA Bill may have on our business and there can be no assurance that such changes will not have a material adverse effect on our operations and financial condition.

Regulations under the MPRDA

On March 27, 2020 the Minister published for implementation amendments to the regulations promulgated pursuant to the MPRDA in 2004 (the "**MPRDA Regulations**" and as amended the "**Amended Regulations**"). The Amended Regulations include the following notable changes:

- Mining right applicants must "meaningfully consult" with landowners, lawful occupiers and interested and affected parties in accordance with the procedures contemplated under the Environmental Impact Assessment Regulations, 2014 (the "**EIA Regulations**"). The office of the Regional Manager is permitted to participate as an observer in these processes.
- Mining right holders must, pursuant to their social and labor plans ("**SLPs**"), contribute to the socio-economic development in the areas in which they operate and labor sending areas (i.e., a local municipality from which a majority of mine workers are from time to time permanently resident). This requirement may impose obligations on mining right holder to effect measures in communities that are located far away from the mine and / or could give rise to some social issues.
- Although most of the provisions regulating environmental matters have been deleted from the Amended Regulations, those sections dealing with mine closure have been retained but have been amended to state that mine closure must be regulated pursuant to NEMA, the EIA Regulations and the Financial Provision Regulations, 2015. It is anticipated that the Financial Provision Regulations, 2015 will be replaced by a revised regulations following further engagement with the mining industry.
- The appeal process in the MPRDA Regulations has been replaced with a more comprehensive procedure that includes specific time periods within which appellants, respondents and the competent authority must submit appeals, responses or consider appeals (as the case may be). Although there is no guarantee that the parties will comply with these time periods, the time periods intend to hold the parties accountable and to ensure that appeals are resolved in a timely manner.

Mining Charter

On September 27, 2018, the Minister published the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 ("**Mining Charter III**"), on which date it also became effective, as amended by the notice published in the Government Gazette on December 19, 2018 and read with the Implementation Guidelines for the Broad Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 ("**Implementation Guidelines**") published on the same date. It replaces, in their entirety, the original Mining Charter negotiated in 2002 and gazetted in 2004 (the "**Original Charter**") and the amended Charter gazetted in September 2010 (the "**Amended Charter**"). Mining Charter III imposes new obligations and increased participation by HSDAs in relation to a mining company's ownership, procurement of goods and services, enterprise and supplier development, human resource development and employment equity requirements. The first annual reporting for compliance with Mining Charter III was due on or before March 31, 2020, although on April 11, 2020, the Minister gazetted directions under the regulations of the Disaster Management Act as part of the measures to address, prevent and combat the spread of Covid-19, which extended the date for submission of the first annual report to June 1, 2020. Harmony submitted its first report under Mining Charter III within the specified deadline.

While the ownership requirement for Historically Disadvantaged South Africans ("**HDSAs**") in relation to existing mining rights has not increased (provided that we met the 26% requirement under the Amended Charter), we may be required to comply with new HDSA ownership requirements in relation to any renewals, consolidations and transfers of our existing rights and any applications for new mining rights. The increased HDSA requirements in relation to employment equity, procurement of goods and services and enterprise and supplier development may result in additional costs being incurred by us, which could have a material adverse effect on our results of operations and financial condition.

While Mining Charter III was effective from September 27, 2018, many of its provisions are vague and untested despite the publication of the Implementation Guidelines. See Item 4: "*Information on the Company - Business Overview - Regulation - Mineral Rights - South Africa - The Mining Charter*".

On March 26, 2019, the Minerals Council South Africa (previously the Chamber of Mines) ("**MCSA**") filed an application for the judicial review and setting aside of certain clauses of Mining Charter III. The MCSA had engaged in ongoing attempts to reach a compromise with the Minister on certain provisions that are problematic for the industry, and which would be detrimental to its sustainability.

The application aligns with the MCSA's previously stated view that most aspects of Mining Charter III represent a reasonable and workable framework. However, the MCSA's application contends that Mining Charter III does not fully recognize the continuing consequences of previous empowerment transactions, particularly in relation to mining right renewals and transfers of such rights. In August 2020, the current Minister, Gwede Mantashe, withdrew his notice of appeal to the Supreme Court of Appeal in respect of the declaratory order issued in April 2018 by the High Court of South Africa (Gauteng Division). The declaratory order held that black economic empowerment ("**BEE**") ownership transactions should continue to be recognized for regulatory certainty purposes and for the duration of the mining right – even where the BEE partner has sold or transferred part of or all its equity. The MCSA's judicial review application was heard before a full bench of judges in May 2021. Judgment was handed down on September 21, 2021 setting aside certain of the problematic provisions, while providing that the remainder of Mining Charter III should continue in force. It remains to be seen whether the Minister will appeal the judgment.

We cannot guarantee that we will meet all the targets set out by Mining Charter III. Should we breach any obligations in complying with the MPRDA or Mining Charter III, our existing mining rights in South Africa could be suspended or canceled by the Minister in accordance with the provisions of the MPRDA. It may also influence our ability to obtain any new mining rights. Any such suspension or cancellation could have a material adverse effect on our results of operations and financial condition.

Papua New Guinea

In PNG, mining is regulated by the PNG Mining Act 1992 (the "**PNG Mining Act**"). All minerals are owned by the Independent State of Papua New Guinea, which grants rights to explore for or mine such minerals under a concessionary tenement system. Types of tenement include: exploration licence; mining lease; special mining lease; alluvial mining lease; lease for mining purpose; and mining easement.

PNG exploration licences contain a condition that the PNG Government may, at any time prior to the commencement of mining, acquire a participating interest of up to 30% in any mineral discovery at historical exploration cost. This condition confers on the PNG Government or its nominee the option to take up a direct equity interest in new mining projects, and the PNG Government has indicated that it intends to exercise its option in full in respect of the Wafi-Golpu project

Since 2009, the mining regime in PNG has been the subject of a comprehensive ongoing review involving various PNG Government agencies. The legislation being reviewed includes the PNG Mining Act, PNG Mining (Safety) Act and applicable regulations. PNG mineral policy and mining-specific sector policies are also being reviewed and drafted, including biodiversity offsets, offshore mining policy, sustainable development policy, involuntary relocation policy and mine closure policy.

Over that period, various draft revisions of the PNG Mining Act have been circulated for comment, most recently in 2018 and 2020. The most recent draft revisions include an increase in the royalty rate and changes to the terms of the PNG Government's right to acquire an interest in a mine discovery, the percentage extent of such right, the consideration payable for it, and the contributions to be made pursuant to it. Other proposed revisions include the introduction of a development levy and a waste fee, the introduction of an obligation to maintain production at minimum prescribed levels, a prohibition on non-local "fly-in, fly-out" employment practices, and the introduction of downstream processing obligations. If introduced, and applied to our operations and projects in PNG, the changes will potentially affect those operations and projects and could have a material adverse effect on our business, operating results and financial condition.

In May 2019, James Marape was appointed Prime Minister of PNG following a vote of no confidence in the previous Government. His Government has advocated a policy of "Take Back PNG", including ~~to~~ a review and restructuring of resource laws intended to increase the Government's share of the proceeds from mining, enhance landholder and provincial government equity participation in mining projects, and promote direct involvement in mining and exploration by a State-owned entity ("**SOE**").

On June 26, 2020 the Mining (Amendment) Act 2020 (the "**PNG Mining (Amendment) Act**") was enacted, which requires the real-time provision of production and mineral sales data to the MRA. The PNG Mining (Amendment) Act also amended the PNG Mining Act to provide that the State of PNG has the power to reserve land that is subject to an expired, cancelled, surrendered or relinquished tenement. Wholly or majority PNG-owned entities then have a statutory priority in applying for a new tenement over the reserved land.

On July 16, 2020 a proposed Organic Law on Ownership and Development of Hydrocarbons and Minerals and the Commercialization of State Businesses (the "**PNG Organic Law**") was tabled for reading in Parliament. The PNG Organic Law (if adopted) will materially alter the legislative and regulatory regime governing mining in PNG, including the transfer of ownership of minerals from the PNG Government to an SOE not subject to the PNG Mining Act or the regulation of the MRA, and the transformation of the methodology of its participation in mining operations from a concessionary to a production sharing regime. The proposed PNG Organic Law is silent on the form and content of the production sharing regime to be entered into, which arrangements it is envisaged will be negotiated by the SOE on a case-by-case basis.

It is presently uncertain if the PNG Organic Law will be adopted, or (if adopted) whether or how the PNG Organic Law will be applied to our current operations and projects in PNG. Due to this uncertainty, we are unable to express a view on the likely accounting impact of the changes, save to state that, if the PNG Organic Law is adopted and applied, our operations and projects in PNG will potentially be affected by the changes, which could have a material adverse effect on our business, operating results and financial condition.

Mining companies are increasingly expected to provide benefits to affected communities; failure to comply with these requirements can result in legal suits, additional operational costs, investor divestment and impact our "social license to operate", which could adversely impact our business, operating results and financial condition

As a result of public concern about the perceived ill effects of economic globalization, businesses in general and large international companies such as Harmony, in particular, face increasing public scrutiny of their activities.

Like other mining companies, we are under pressure to demonstrate that while we seek a satisfactory return on investment for shareholders, other stakeholders including employees, contractors, communities surrounding the operations and the countries in which we operate, also benefit from our commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have a high impact on our social and physical environment. The potential consequences of these pressures include reputational damage, legal suits and social spending obligations and investor withdrawal. There is also increasing action by members of the general financial and investment communities, such as asset managers, sovereign wealth funds, public pension funds, universities and other groups, to promote improvements in environment, social and governance (**"ESG"**) performance by us and others.

Existing and proposed mining operations are often located at or near existing towns and villages, natural water courses and other infrastructure. Mining operations must therefore be designed to mitigate and/or manage their impact on such communities and the environment. As the impacts of dust generation, waste storage, water quality or shortages may be immediate and directly adverse to those communities, poor environmental management practices, or, in particular, adverse changes in the supply or quality of water can result in community protest, regulatory sanctions or ultimately in the withdrawal of community and government support for company operations. Mining operations must therefore be designed to minimize their impact on such communities and the environment, including by changing mining plans, by modifying operations or by relocating the affected people to an agreed location. Responsive measures may also include restoration of the livelihoods of those impacted. In addition, we are obliged to comply with the terms and conditions of all the mining rights we hold.

In PNG, we are required under the PNG Mining Act and PNG Environment Act to pay landowners compensation for any loss or damage sustained by them arising from our exploration or mining activities. In certain prescribed instances, the quantum of these payments is regulated, or otherwise is the subject of negotiation (and determination by a mine warden in the event of disagreement).

In addition, we are required under the PNG Mining Act to enter into a negotiated Memorandum of Agreement ("**MOA**") with the State, the affected provincial and local level governments, and affected landowner and other stakeholder organizations regarding the sharing of benefits (e.g. royalties payable to the State) derived from our mining operations and other social performance objectives.

Under the Hidden Valley Mine MOA, which was executed in 2005, an agreed share of the royalties paid by us to the PNG Government in respect of our mining operations is allocated among Morobe Provincial and local level governments and landowner groups. Also, the MOA contains agreed national content, localization and social performance plans, which address various aspects of procurement, business development, employment and training and other community support.

Delays in projects attributable to a lack of community support or community-related disruptions or delays can translate directly into a decrease in the value of a project or into an inability to bring the project to, or maintain, production. The cost of implementing these and other measures to support sustainable development could increase capital expenditure and operating costs and therefore adversely impact our reputation, business, operational results and financial condition. See "*Integrated Annual Report for the 20-F 2021 - Material issues"* on page 26 *and "- Stakeholder engagement*" on pages 27 to 29.

Compliance with emerging climate change regulations could result in significant costs for us, and climate change may present physical risks to our operations

Climate change is expected to have financial and operational impacts on the Company. Increased global awareness that greenhouse gases ("**GHGs**") contribute to climate change has resulted in legislative mechanisms obliging companies to report GHG emissions and implement measures to reduce GHG emissions and imposing penalties or taxes on GHG emissions. The manner in which these legislative mechanisms will affect the Company are set out in more detail below.

In addition, our operations could be exposed to a number of physical risks posed by climate change, such as changes in rainfall, rising sea levels, reduced water availability, higher temperatures and [more frequent] extreme weather events. Events or conditions such as flooding or inadequate water supplies could disrupt our mining and transport operations, mineral processing and rehabilitation efforts, create resource or energy shortages, damage property or equipment and increase health and safety risks. Such events or conditions could have other adverse effects on our workforce and on the communities around our mines, such as an increased risk of food insecurity, water scarcity and prevalence of disease, all of which could have a material adverse effect on the Company's operations, financial condition and reputation.

Reporting GHG Emissions

In South Africa, the National Greenhouse Gas Emission Reporting Regulations require that we register our operations that involve fuel combustion activities associated with mining and quarrying in excess of 10MW(th) as well as certain other activities associated with the mineral industry. We must report our GHG emissions and activity data in respect of these operations in accordance with the Technical Guidelines for Monitoring, Reporting and Verification of Greenhouse Gas Emissions by Industry ("**Technical Guidelines**") for each of the relevant GHGs and the Intergovernmental Panel on Climate Change ("**IPCC**"), emission sources by March 31st of each year. The Technical Guidelines are a companion to the South African National GHG Regulations and describe the reporting methodology as specified in the Air Quality Act.

Reduction in GHGs

GHGs are emitted directly by our operations, as well as and indirectly as a result of consuming electricity generated by external utilities. Emissions from electricity consumption are indirectly attributable to our operations.

A number of international measures seeking to mitigate or limit GHG emissions have been ratified by South Africa and PNG, including the Paris Agreement, a treaty negotiated at the Conference of the Parties of the UN Framework Convention on Climate Change in Paris in December 2015 (the "**Paris Agreement**"), pursuant to which member countries set out the manner and period in which they plan to reduce emissions. This commitment or "nationally-determined contribution" is informed by each member country's circumstances.

Pursuant to South Africa's nationally-determined contribution, GHG emissions will peak between 2020 and 2025, plateau from 2025 to 2035 and thereafter decline from 2036 onwards.

PNG's GHG emissions have historically been negligible. However, according to PNG's nationally-determined contribution, economic development in PNG will see an increased reliance on fuel. The PNG Government therefore plans to reduce fossil fuel emissions in the electricity generation sector and transition to 100% renewable energy by 2030, provided that funding is available.

The Carbon Tax Act was enacted to assist South Africa in meeting its objectives under its nationally-determined contribution.

The Carbon Tax Act came into effect on June 1, 2019 notwithstanding that the regulations required for implementation had not then been promulgated. Pursuant to the Carbon Tax Act, a party is liable to pay a carbon tax if it conducts an activity in South Africa resulting in GHG emissions above the threshold set out in Schedule 2 to the Carbon Tax Act. The tax is charged at a rate of R120 per tonne of GHG emissions generated by burning fossil fuels, unintentionally emitting GHGs during the extraction, processing, delivery and burning of fossil fuels for energy production, including from industrial plant and pipelines, and conducting manufacturing processes that chemically and physically transform materials.

The tonnage of GHGs in respect of these activities is determined by multiplying GHG emission factors contained in the Schedules to the Carbon Tax Act by the mass of fossil fuels or raw materials used or produced, as the case may be. Until December 31, 2022 the tax rate will be increased annually by the consumer price index ("**CPI**") plus 2%. Thereafter, the rate will increase annually by the CPI.

In order to reduce the significant tax that results by multiplying the total tonnage of GHG by R120, the Carbon Tax Act makes provision for various "allowances" which could result in a decrease of the carbon tax payable by up to 95%. These allowances include:

- allowance for fossil fuel combustion;
- allowance for industrial process emissions;
- allowance in respect of fugitive emissions;
- a trade exposure allowance;
- a performance allowance;
- a carbon budget allowance; and
- an offset allowance.
- These allowances reduce the effective carbon tax rate to between R6 and R48 per tonne of GHG.
- Pursuant to section 19 of the Carbon Tax Act, the Minister of Finance must make regulations regarding:
- the sub-sector GHG emissions intensity benchmark required in order to calculate the performance allowance;
- the manner in which the trade exposure allowance must be determined; and
- carbon offsets.

To date, only the carbon offset regulations under the Carbon Tax Act have been promulgated, which set out the eligibility criteria for carbon offset projects, a procedure for taxpayers claiming the carbon offset allowance, and administration of the offset system. The National Treasury published amendments to the carbon offset regulations in March 2021, which among other things stated that the carbon offset regulations were amended to clarify that carbon credits from approved "clean development mechanism" projects issued under national registries will be eligible for carbon offsets. The intensity benchmark regulations and trade exposure regulations are still only in draft form. In respect of carbon budgets, the South African government has undertaken to consult with industry to ensure an "optimal combination" of mitigation actions that strike a balance between South Africa's socio-economic imperatives, especially creating and preserving jobs, as well as the need to manage climate change impacts and contribute to global efforts to stabilize GHG concentrations. The carbon budgeting system under the Carbon Tax Act and the proposed Climate Change Bill published by DFFE on June 8, 2018 (the "**2018 Climate Change Bill**"), however, are at odds with one another and will need to be resolved before the 2018 Climate Change Bill is finalized.

The first carbon tax payment for the period from June 1, 2019 to December 31, 2019 was originally due on July 31, 2020, but was extended to October 31, 2020 due to the Covid-19 pandemic. Carbon tax reporting and payment for 2020 was due on July 29, 2021, with details and requirements related to reporting available on the South African Revenue Service's website.

Our tax liability due to the carbon tax has been provisionally estimated. However, at this time it is not possible to determine the ultimate impact of the Carbon Tax Act on the Company. Nevertheless, we have set our internal carbon price (for the South African operations) to match that of the carbon tax. We may also be liable for potential pass-through costs from our suppliers in the short term from increased fuel prices. Simultaneously with the introduction of the carbon tax under the Carbon Tax Act, a carbon fuel levy was introduced under the Customs and Excise Act 91 of 1964, as part of the current South African fuel levy regime. The carbon tax on liquid fuels will be imposed at the fuel source. It is estimated that the increased fuel price would be R0.13/liter. This will have an impact on our operational expenses.

Currently, the carbon tax poses a relatively low cost to us until December 31, 2022 after which it is anticipated that the "allowances" discussed above will be reduced and the tax will be increased. It is also anticipated that carbon taxes will be imposed on electricity usage generated from fossil fuels. The impact of the carbon tax on us arising from electricity usage after December 31, 2022 is currently unknown but it is anticipated that it may be between R100 million to R500 million per year from fiscal 2023 to fiscal 2030.

The largest portion of GHG emissions is predominantly electricity-related, with electricity expenditure amounting to approximately 15% of our cash costs in South Africa. While cost management is clearly a strategic issue for us, of even greater importance is that energy supply be constant and reliable, given the implications of a loss of energy on both production and health and safety. Additional taxes on energy will affect us significantly, as will regulation that may include, among other things, emission measurement and reduction, audit processes and human resource costs.

Assessments of the potential impact of future climate change regulation are still uncertain, given the wide scope of potential regulatory change in South Africa. Such regulatory initiatives and related costs could have a material adverse effect on the business, operating results and financial condition.

Climate Change legislation and policy

As mentioned above, DFFE published the 2018 Climate Change Bill for public consultation in response to the international commitments made under the Paris Agreement. It aims to address climate change in the long-term by aiming for a climate resilient and low carbon economy in South Africa. Following substantial comments, the 2018 Climate Change Bill is being revised. It is unclear when a new draft will be made available.

PNG's Climate Change and Development Authority is the coordinating entity for climate change related policies and actions across PNG and is the designated National Authority under the UN Framework Convention on Climate Change. The PNG Climate Change (Management) Act 2015 provides the regulatory framework with respect to climate change in PNG. Implementation actions under this policy to date have been very limited, however in January 2021 the PNG Climate Change Fees and Charges came into effect which include taxes on carbon in fuel products and a Green Fee (a departure tax for non-residents leaving PNG). Future implications of the climate change policy on our operations in PNG are still being established and while they are not expected to have significant impact in the near term, there can be no assurance that they will not have a material adverse effect on our business, operating results and financial condition.

See "*Integrated Annual Report for the 20-F 2021 - Environment - Environmental management and stewardship," and "-Climate change, energy and emissions management*" on pages 69 to 75 and 79 to 82 for disclosure regarding our GHG emissions.

Our financial flexibility could be constrained by the Exchange Control Regulations in the countries in which we operate

South Africa's Exchange Control Regulations restrict the export of capital from South Africa. Transactions between South African residents (including companies) and non-residents (excluding residents of the Republic of Namibia and the Kingdoms of Lesotho and Eswatini, known collectively as the Common Monetary Area ("**CMA**") are subject to exchange controls enforced by SARB. While South African exchange controls have been relaxed in recent years, South African companies remain subject to restrictions on their ability to deploy capital outside of the CMA. As a result, our ability to raise and deploy capital outside the CMA is restricted. These restrictions could hinder our financial and strategic flexibility, particularly our ability to raise funds outside South Africa.

Risks Related to Our Operations and Business

Risks associated with pumping water inflows from closed mines adjacent to our operations could adversely affect our operational results

Certain of our mining operations are adjacent to the mining operations of other companies. A mine closure can affect continued operations at an adjacent mine if appropriate preventative steps are not taken. In particular, this could include the ingress of underground water when pumping operations at the closed mine are suspended. This can result in damage to property, operational disruptions and additional pumping costs, which could adversely affect any one of our adjacent mining operations and, in turn could adversely affect our business, operating results and financial condition.

In connection with our acquisition in 2018 of AngloGold Ashanti Limited's Moab Khotsong and Great Noligwa mines together with other assets and related infrastructure (the "**Moab Acquisition**"), we inherited a two-thirds interest in the Margaret Water Company for all pumping and water related infrastructure at its Margaret Water Shaft. The shaft operates for the purpose of de-watering the Klerksdorp, Orkney, Stilfontein, Hartbeesfontein ("**KOSH**") basin groundwater in order for Moab Khotsong operations and the mine operated by Kopanang Gold Mining Company Proprietary Limited (the mining company holding the remaining one–third interest in Margaret Water Company) (the only other mining company continuing operating) to remain dry and to prevent flooding of operational areas. Therefore, it remains imperative for the shaft to continue pumping water.

Flooding in the future resulting from a failure in pumping and water related infrastructure could pose an unpredicted "force majeure" type event, which could result in financial liability for us, and could have an adverse impact on our results of operations and financial condition. For instance, we have also conducted assessments at our Doornkop and Kusasalethu operation and the assessments conclude that there is a risk of decant post closure. Due to the interconnectivity, any long term water management solution would have to be a regional solution. Although, we have installed water treatment plants at both sites for current treatment needs, which could serve as water plants for final decant should the situation arise, there can be no assurance that such plants will be sufficient to address such risks. There is also a flooding risk at operations assumed as part of our acquisition with effect on October 1, 2020 of the remainder of AngloGold Ashanti Limited's South African business (the "**Mponeng Acquisition**"), including the Mponeng mine and Mine Waste Solutions operation ("**MWS**"), requiring the continuous pumping arrangement with Covalent Water Company (Pty) Limited to stay in place.

Infrastructure constraints and aging infrastructure could adversely affect our operations

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable rail, ports, roads, bridges, power sources, power transmission facilities and water supply are critical to the Company's business operations and affect capital and operating costs. The infrastructure and services are often provided by third parties whose operational activities are outside the control of the Company.

Interference to the maintenance or provision of infrastructure, including by extreme weather conditions, sabotage or social unrest, could impede our ability to deliver products on time and adversely affect our business, results of operations and financial condition.

Once a shaft or a processing plant has reached the end of its intended lifespan, higher than normal maintenance and care is required. Maintaining this infrastructure requires skilled human resources, capital allocation, management and planned maintenance. Although we have implemented a comprehensive maintenance strategy, incidents resulting in production delays, increased costs or industrial accidents may occur. Such incidents may have an adverse effect on our operating results and financial condition.

Disruptions to the supply of electricity and increases in the cost of power may adversely affect our results of operations and financial condition

In South Africa, each of our mining operations depends on electrical power generated by the South African state utility, Eskom Limited ("**Eskom**"), which holds a monopoly in the South African market. Electricity supply in South Africa has been constrained over the past decade and there have been multiple power disruptions as a result of continued poor generation performance and reliability. Eskom reintroduced national rotational power cuts (load shedding) in December 2018. Load shedding rose to stage 4 (the national grid was short of 4,000 MW) in March 2019 and this continued in 2020. Under load shedding, our South African operations are required to reduce power demand which can result in production losses. In December 2019, following breakdowns in Eskom's generating plants, load shedding rose to stage 6 (the national grid was short of 6,000 MW) and load curtailment was elevated to "essential load requirement", resulting in our having to stop production and withdrawing people from underground. The situation was remedied the following day, but we lost a full day's production as a result of this. Load shedding continued throughout 2020. During fiscal 2021, the electricity supply in South Africa had seen more pressure than in previous years, Eskom instituted Stage 2 to Stage 4 load curtailment on multiple occasions. Load curtailment is the program for industrial customers who can manage their load, while load shedding is implemented for other customers. During Stage 2 to Stage 4 we were required to reduce load by 10% to 20% respectively.

Eskom's inability to fully meet the country's demand has led and may continue to lead to rolling blackouts, unscheduled power cuts and surveillance programs to ensure non-essential lighting and electricity appliances are powered off. Although Eskom managed to avert calling for reduction to Essential Loads like in 2019, there is no assurance that Eskom's efforts to protect the national electrical grid will prevent a complete national blackout.

Eskom's aging infrastructure, its need to replace or upgrade its power generation fleet and its deferral of routine maintenance due to financial constraints, may adversely affect electricity supply in South Africa. A lack of plant availability was a major contributor to increased load curtailment in fiscal 2021. In addition, Eskom's ability to undertake necessary infrastructure and fleet upgrades, on commercially acceptable terms or otherwise, may be limited by the amount of debt it has outstanding and it is anticipated that more financing and reduction in debt will be required for financial sustainability. Any blackouts or other disruptions to power supply could have a material adverse effect on our business, operating results and financial condition.

Although management has been able to comply with the load shedding and curtailment requirements experienced in our 2021 fiscal year and the first quarter of fiscal 2022 without incurring material production losses (other than losses related to our surface waste rock dump mining volumes), there can be no guarantee that we will be able to comply with such curtailment requirements without incurring material production losses in the future.

In addition to supply constraints, severe weather events, labor unrest in South Africa has before, and may in future, disrupt the supply of coal to power stations operated by Eskom, or the operation of the power stations directly, and result in curtailed supply. For example, in February 2021, Cyclone Eloise caused extensive rainfall which, in turn, led to constraints in the quality and supply of coal, national power constraints and load curtailment.

In February 2019, the President of South Africa announced the vertical unbundling of Eskom. While full-state ownership will be maintained, the unbundling is expected to result in the separation of the Eskom's generation, transmission and distribution functions into separate entities. The unbundling is currently underway and is expected to be completed by December 2021 for the legal separation of the transmission function, and December 2022 for the generation and distribution functions. Poor reliability of the supply of electricity and an instability in prices and a possible tariff increase above inflation, which are expected to continue through the unbundling process. Should we experience further power tariff increases, our business operating results and financial condition may be adversely impacted.

Eskom tariffs are determined through a consultative multi-year price determination application ("**MYPD**") process, with occasional tariff increase adjustments under the Regulatory Clearing Account ("**RCA**") mechanism. In the most recent MYPD process, the National Energy Regulator of South Africa ("**NERSA**"), granted Eskom tariff increases of 9.4% (later adding an additional 4.4%) for the period 2019 to 2020, 15.6% for fiscal 2021 and 15% for fiscal 2022. These increases are subject to multiple adjustments and challenge by NERSA, any of which could result in higher tariffs. For instance, in the latest case, NERSA appealed in August 2020 an earlier court ruling requiring R23 billion in revenue to be added to the 2021/2022 increase, and leave to appeal was granted in October 2020. In addition, NERSA also announced the approval of R3.869 billion from the RCA in costs incurred by Eskom over and above the previously regulated costs, applicable from April 2021. The recovery period from the consumer is yet to be determined. On the basis of external economic advice, we are planning for 10% increases in both 2022/2023 and 2023/2024, but there can be no assurance that this will be adequate to meet our obligations under the tariffs as finally approved.

In PNG, power generation and distribution is supplied by the state utility, PNG Power Limited. This utility is severely financially constrained, with aging and poorly maintained infrastructure subject to disruptions in electrical power supply. This capacity is increasing but it is subject to disruptions in electrical power supply. Currently, our mines and projects receive 100% of their daily demand from PNG Power, but have the capacity to self-generate by means of own diesel-generated power when required. The cost of this power will fluctuate with changes in the oil price. Disruptions in electrical power supply or substantial increases in the cost of oil could have a material adverse effect on our business, operating results and financial condition.

Also, see Item 5: "*Operating and Financial Review and Prospects - Electricity in South Africa.*" and "*Integrated Annual Report for the 20-F 2021 - Environment - Climate change, energy and emissions management*" on pages 79 to 82.

Illegal and artisanal mining, including theft of gold and copper bearing material, and other criminal activity at our operations could pose a threat to the safety of employees, result in damage to property and could expose us to liability

The activities of illegal and artisanal miners, which include theft and shrinkage, could cause damage to our properties, including by way of pollution, underground fires, operational disruption, project delays or personal injury or death, for which we could potentially be held responsible. Illegal and artisanal mining could result in the depletion of mineral deposits, potentially making the future mining of such deposits uneconomic.

Illegal and artisanal mining (which may be by employees or third parties) is associated with a number of negative impacts, including environmental degradation and human rights abuse. Effective local government administration is often lacking in the locations where illegal and artisanal miners operate because of rapid population growth and the lack of functioning structures, which can create a complex social and unstable environment.

Criminal activities such as trespass, illegal and artisanal mining, sabotage, theft and vandalism could lead to disruptions at certain of our operations.

Rising gold and copper prices may result in an increase in gold and copper thefts. The occurrence of any of these events could have a material adverse effect on our financial condition on results of our operations.

Actual and potential shortages of production inputs and supply chain disruptions may affect our operational results

Our operational results may be affected by the availability and pricing of consumables such as fuel, chemical reagents, explosives, tires, steel and other essential production inputs. Issues with regards to availability of consumables may result from shortages, long lead times to deliver and supply chain disruptions, which could result in production delays and production shortfalls.

Our mining operations in South Africa have not been spared the global trend of steel shortages created by the Covid-19 pandemic and mushrooming protests within the steel industry regarding wages Virtually without exception, local major steelmakers and retailers have struggled to meet the rebound in steel demand. The national steel shortages, ascribed to the South African lockdown and protests, are affecting many engineering companies (small and large) in our supply chain network and impacting on the availability of steel-related mining inputs. Our reagent suppliers for sodium cyanide, hydrochloric acid and caustic soda have also been struggling to meet our demands due to similar Covid-19 and protest-related disruptions. There was also a potential shortage of oxygen at our operations during the higher waves of Covid-19 outbreaks which contributed to lower production at our plants.

These shortages and delayed deliveries may also be experienced where industrial action affects our suppliers. These issues could also affect the pricing of the consumables, especially if shortages are experienced. The price of consumables may be substantially affected by changes in global supply and demand, along with natural disasters such as earthquakes, climate change, extreme weather conditions, governmental controls, industrial action and other factors. A sustained interruption to the supply of any of these consumables would require us to find acceptable substitute suppliers and could require it to pay higher prices for such materials. A sustained interruption might also adversely affect our ability to pursue our development projects.

Any significant increase in the prices of these consumables would increase operating costs and adversely affect profitability, which could adversely affect our results of operations and our financial condition.

Fluctuations in insurance cost and availability could adversely affect our operating results and our insurance coverage may prove inadequate to satisfy future claims

We have global insurance policies covering general liability, directors' and officers' liability, accidental loss or material damage to our property, business interruption in the form of fixed operating costs or standing charges and other losses. The costs of maintaining adequate insurance coverage, have increased significantly recently and may continue to do so in the future, thereby adversely affecting our operating results.

We have third-party liability coverage for most potential liabilities, including environmental liabilities. We may be subject to liability for pollution (excluding sudden and accidental pollution) or other hazards against which we have not insured or cannot insure, including those for past mining activities. We also maintain property and liability insurance consistent with industry practice, but this insurance contains exclusions and limitations on coverage. In addition, there can be no assurance that insurance will be available at economically acceptable premiums. As a result, our insurance coverage may not cover the claims against it, including for environmental or industrial accidents, pollution or public health emergencies, data protection and cybersecurity breaches and other events that could disrupt our operations, such as Covid-19, which could have a material adverse effect on our financial condition. See *"—Risks related to our industry - The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*."

We compete with mining and other companies for key human resources with critical skills and our inability to retain key personnel could have an adverse effect on our business

The risk of losing senior management or being unable to hire and retain sufficient technically skilled employees or sufficient representation by HDSAs in management positions, may materially impact on our ability to achieve their objectives.

We compete with mining and other companies globally to attract and retain key human resources at all levels with the appropriate technical skills and operating and managerial experience necessary to continue operating our business. The need to recruit, develop and retain skilled employees is particularly critical with HDSAs and women in mining in South Africa, and the global shortage of key mining specialists, including geologists, mining engineers, mechanical and electrical engineers, metallurgists and skilled artisans has been exacerbated by increased mining activity across the globe. There can be no assurance that we will attract and retain skilled and experienced employees. Should we lose any of our key personnel, our business may be harmed and our operational results and financial condition could be adversely affected. See Item 4. "*Information on the Company - Business Overview - Regulation - Labor Relations*" and "*Integrated Annual Report for the 20-F 2021 - Social - Caring for our workforce*" on pages 114 to 120.

In PNG, the PNG Government is considering revisions of its local content policy which will severely restrict the utilization of offshore-based "fly-in, fly out" expatriate employees, and prescribe increased levels of participation by locally-owned businesses in the provision of goods and services. If introduced, this will adversely affect our ability in PNG to engage and retain appropriately skilled human resources, and manage the costs of goods and services to our operations. It will also necessitate the application of additional resources to the construction or provision of housing for residential employees, and the recruiting and training of local landowners and landowner businesses.

The cost of occupational health care services and the potential liabilities related to occupational health diseases may increase in future and may be substantial

Our operations are subject to health and safety regulations which could impose significant cost burdens. In South Africa, the MHSA imposes various duties on mines and grants the authorities broad powers to, among others, close mines which are unsafe or hazardous to the health of persons and order corrective action on health and safety matters. Operations in PNG are subject to similar duties and powers, including under the following laws and regulations: PNG Industrial Safety, Health and Welfare Act 1961, PNG Industrial Safety, Health and Welfare Regulations 1965, PNG Mining Act, PNG Mining (Safety) Act), PNG Mining Safety Regulation 1935 (updated in 2006) and PNG Environment Act. In June 2021, the PNG Ministry of Mining released the draft Mine & Works (Safety & Health) Bill 2021 which, if enacted in its present form, will repeal and replace the PNG Mining (Safety) Act.

There is a risk that the cost of providing health services, complying with applicable regulations, including the Compensation for Occupational Injuries and Diseases Act, 130 of 1993 and the Occupational Diseases in Mines and Works Act, 78 of 1973, and implementing various programs could increase in future, depending on changes to underlying legislation, legal claims and the profile of our employees. This increased cost, should it transpire, could be substantial, but is currently indeterminate.

The Occupational Lung Disease Working Group ("**Working Group**"), was formed in fiscal 2014 to address issues relating to compensation and medical care for occupational lung disease in the South African gold mining industry. The Working Group, made up of African Rainbow Minerals Limited, Anglo American SA, AngloGold Ashanti Limited, Gold Fields Limited, Harmony and Sibanye Gold Limited, has had extensive engagements with a wide range of stakeholders since its formation, including government, organized labor, other mining companies and the legal representatives of claimants who have filed legal actions against the companies.

We have been subject to numerous claims, including class actions or similar group claims relating to silicosis and other occupational lung diseases, and could be subject to similar claims in the future. For instance, in May 2016, the South Gauteng High Court certified a class action by current and former mineworkers against gold mining companies in South Africa, including us. The action consists of two classes: the silicosis class and the tuberculosis ("**TB**") class. Each class includes mineworkers and dependents whose parents died after contracting silicosis and/or TB while working at the mines. The certification of the class means that the claimants were able to sue the mining companies as a class. While issues, such as negligence and causation, need to be proved by the claimant on a case-by-case basis, such a ruling could expose us to claims related to occupational hazards and diseases (including silicosis and TB, which may be in the form of an individual claim, a class action or a similar group claim). The Supreme Court of Appeal granted the mining companies leave to appeal against all aspects of the class May 2016 judgment. The appeal hearing before the Supreme Court of Appeal was scheduled to be heard in March 2018. However, the parties agreed to postpone the matter to conclude settlement negotiations. The matter was subsequently settled in May 2018. The terms of the settlement are available on our website. The settlement was subject to certain conditions, including that an unconditional order of court, sanctioning the settlement agreement to make the settlement agreement an order of court, is obtained from the High Court. Such an order was obtained on July 26, 2019, subject to certain conditions which were subsequently fulfilled, and the settlement became effective on December 10, 2019. Accordingly, the Tshiamiso Trust was created for purposes of administering the settlement funds, with all trustees having been appointed by February 6, 2020. See Item 8: "*Financial Information - Consolidated Statements and Other Financial Information - Legal Proceedings" and "Integrated Annual Report for the 20-F 2021 - Social - Safety and health*" on pages 99 to 106 for further information. See note 27 "*Provision for silicosis settlement*" to our consolidated financial statements set forth beginning on page F-1.

On January 31, 2020, the Working Group commenced the payment of their quarterly administration and benefit contributions to the Tshiamiso Trust to enable the trustees to settle benefits of eligible claimants.

As a result of the ongoing work of the Working Group and engagements with affected stakeholders since December 31, 2016, we provided for our share of the estimated cost in relation to the Working Group of a settlement of the class action claims and related costs. At June 30, 2021 the provision in our statement of financial position was R854 million. We believe that this remains a reasonable estimate of our share of the estimated cost in relation to the Working Group of the settlement of the class action claims and related costs. The final settlement costs and related expenditure may, however, be higher than the recorded provision depending on various factors, such as, among other things, differences in the number and profile of eligible claimants actually compensated compared to current estimates and fluctuations in foreign exchange rates.See note 27 "*Other provisions – Provisions for Silicosis Settlement*" to our consolidated financial statements set forth beginning on page F-1.

If we or any of our subsidiaries were to face a significant number of additional such claims and the claims were suitably established against it, the payments of compensation to the claimants could have a material adverse effect on our results of operations and financial condition. In addition, we may incur significant additional costs, including costs relating to the payment of fees, levies or other contributions in respect of compensatory or other funds established (if any), and expenditures arising out of our efforts to resolve any such claims or other potential actions.

Our operations are subject to water use licenses, which could impose significant costs

Under the NWA a person may only undertake a “water use” subject to a water use license (and the conditions contained therein) issued under the NWA, a general authorization issued by the Minister of Water and Sanitation or in terms of a prior existing water use, such as a water permit issued under the NWA’s predecessor, Water Act, 54 of 1954 (“**Water Act**”). Persons undertaking water use under a general authorization or prior existing water use are required to register this use with the Department of Water and Sanitation (“**DWS**”) and are required to comply with the conditions contained in the published general authorization or any conditions contained in any prior existing water use (to the extent there are any).

Our South African operations are predominantly regulated under water permits issued pursuant to the Water Act, with some having been converted to water use licenses under the NWA. Notwithstanding this, the South African operations have elected to convert all prior existing water uses into water use licenses under the NWA to ensure these operations are carried out in accordance with current best practice and water quality standards. Submissions were made as early as 2003 and we have been working closely with the regional directors in the review process.

Some operations have received draft licenses for review and comment before finalization by the regional directors at the DWS. Kusasalethu and Kalgold received their final water use licenses. These licenses, however, contain conditions that are impossible to meet and, as a result, we have applied to amend the relevant conditions.

In future, when new water licenses are issued, we may need to implement alternate water management measures that may require significant cost implication for our business. We intend to work collaboratively with the regional departments and catchment management agencies (which are aimed decentralizing water management and facilitating inclusive stewardship of water resources) to reach a sustainable outcome for both us and the water resource/environment.

Failing to comply with the conditions of a water use license may result in the competent authority issuing a compliance notice or directive to us instructing it to take measures to correct the non-compliance and, in some instances, to cease operations pending the resolution of the non-compliance. In addition, failing to comply with a water use license is an offense that may result in prosecution. If we are successfully prosecuted, the court may impose fines, damages, director and employee liability and imprisonment.

Any of these could have a material effect on our business, operating results and financial condition.

In addition to the licensing requirements mentioned above, the NWA imposes a duty of care on us to take reasonable measures to prevent pollution or contamination of water resources. The nature and extent of the reasonable measures will depend on the circumstances of each case. If we fail to implement the measures required of it, a directive may be issued by the competent authority instructing us to implement certain measures within a prescribed period. Failing to comply with a directive is an offense and may result in prosecution and the penalties contemplated above. In addition, the competent authority could implement the necessary measures using its own methods and resources, and thereafter and recoup the costs from us.

There is a possibility of the South African National Treasury and Department of Water and Sanitation instituting an environmental levy for the management of acid mine drainage (“**AMD**”) in future. AMD is a common occurrence on the gold mines of the Witwatersrand Basin. AMD is caused by the exposure of sulfide-rich ore to oxygen and water during the processes of mining, crushing, mineral recovery, and storage of the various waste streams. Any such environmental levy could have a material effect on our business, operating results and financial condition. In addition, the occurrence of AMD at any of our mines could affect our ability to comply with our water use license requirements.

Obligations in respect of the pumping and treatment of extraneous water must also be addressed in connection with our final closure plans for each of our operations and we are responsible for these liabilities until a closure certificate is issued pursuant to the MPRDA and possibly thereafter under the NEMA. This liability is discussed in more details in Item 4: “Regulation - Law and Regulations Pertaining to Environmental Protections in South Africa - NEMA”.

In PNG, the issue of separate "waste discharge" and "water extraction" (water use) permits has now been abolished and, following the conclusion of the assessment process for a project, a single environment permit is now issued by the Managing Director of CEPA. Environment permit will include provisions for both water extraction and waste discharge. An annual administration fee is payable for this permit.

See “*Integrated Annual Report for the 20-F 2021 - Environment - Water use* ” on pages 82 to 85.

The use of contractors at certain of our operations may expose us to delays or suspensions in mining activities and increases in mining costs

We use contractors at certain of our operations to mine and deliver ore to processing plants as well as for other purposes. At mines employing mining contractors, contracting costs represent a significant proportion of the total operating costs of these operations and we do not own all of the mining equipment.

Our operations could be disrupted, resulting in additional costs and liabilities, if the mining contractors at affected mines have financial difficulties, if a dispute arises in renegotiating a contract, or if there is a delay in replacing an existing contractor and its operating equipment to meet business needs at expected cost levels. Increases in contract mining rates, in the absence of associated productivity increases, will also have an adverse impact on the our results of operations and financial condition.

In addition, our reduced control over those aspects of operations which are the responsibility of contractors, their failure to comply with applicable legal, human rights and regulatory requirements, or their inability to manage their workforce or provide high quality services or a high level of productivity could adversely affect our reputation, results of operations and financial condition, and may result in the us incurring liability to third parties due to the actions of contractors, which could have a material adverse effect on our business, operating results and financial condition.

The upgrade of our integrated ERP system and HR system could have an adverse effect on our results of operations and financial condition

The upgrade and operation of our ERP system and HR system are inherently high-risk initiatives due to the potential for cost and time overruns. In addition, if we experience difficulties with the upgrade and operation of the system, the company's ability to report and manage technical and financial information could be compromised, which could have an adverse effect on the company's results of operations and financial condition. We are currently in the project execution phase, with go-live planned towards the end of the 2021 calendar year.

Estimations of our reserves are based on a number of assumptions, including mining and recovery factors, future cash costs of production, exchange rates, and the relevant commodity prices; as a result, metals produced in future may differ from current estimates

The mineral reserve estimates in this annual report are estimates of the mill-delivered quantity and grade of metals in our deposits and stockpiles. They represent the amount of metals that we believe can be mined, processed and sold at prices sufficient to recover our estimated future cash costs of production, remaining investment and anticipated additional capital expenditures. Our mineral reserves are estimated based on a number of factors, which have been stated in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ("**SAMREC Code**") and the SEC's Industry Guide 7. Calculations of our mineral reserves are based on estimates of:

- future cash costs;
- future commodity prices;
- future currency exchange rates; and
- metallurgical and mining recovery rates.

These factors, which significantly impact mineral reserve estimates, are beyond our control. As a result, reserve estimates in this annual report should not be interpreted as assurances of the economic life of our gold and other precious metal deposits or the future profitability of operations.

Since these mineral reserves are estimates based on assumptions related to factors detailed above, should there be changes to any of these assumptions, we may in future need to revise these estimates. In particular, if our cash operating and production costs increase or the gold price decreases, recovering a portion of our mineral reserves may become uneconomical. This will lead, in turn, to a reduction in estimated reserves. Any reduction in our mineral reserves estimate could materially adversely affect our business, operating results and financial condition.

Our operations have limited proved and probable reserves; exploration for additional resources and reserves is speculative in nature, may be unsuccessful and involves many risks

Our operations have limited proved and probable reserves, and exploration and discovery of new resources and reserves are necessary to maintain current gold production levels at these operations. Exploration for gold and other precious metals is speculative in nature, may be unsuccessful and involves risks including those related to:

- locating orebodies;
- geological nature of the orebodies;
- identifying the metallurgical properties of orebodies;
- estimating the economic feasibility of mining orebodies;
- developing appropriate metallurgical processes;
- obtaining necessary governmental permits; and
- constructing mining and processing facilities at any site chosen for mining.

Our exploration efforts might not result in the discovery of mineralization, and any mineralization discovered might not result in an increase in resources or proved and probable reserves. To access additional resources and reserves, We will need to complete development projects successfully, including extensions to existing mines and, possibly, establishing new mines. Development projects would also be required to access any new mineralization discovered by exploration activities around the world. We typically use feasibility studies to determine whether to undertake significant development projects. These studies often require substantial expenditure. Feasibility studies include estimates of expected or anticipated economic returns, which are based on assumptions about:

- future gold and other metal prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore; and
- anticipated total costs of the project, including capital expenditure and cash costs.

All projects are subject to project study risk. There is no certainty or guarantee that a feasibility study, if undertaken, will be successfully concluded or that the project the subject of the study will satisfy our economic, technical, risk and other criteria in order to progress that project to development.

A failure in our ability to discover new resources and reserves, enhance existing resources and reserves or develop new operations in sufficient quantities to maintain or grow the current level of our resources and reserves could negatively affect our results, financial condition and prospects.

Compliance with tailings management requirements and standards, and potential liabilities in the event of a failure to timely comply or an incident involving a tailings storage facility, could adversely impact our financial condition, results of operations and reputation

Mining companies face inherent risks in their operation of tailings storage facilities. Tailings storage facilities are engineered structures built for the containment of the uneconomical milled ore residue and water, known as tailings. The use of tailings storage facilities exposes us to certain risks, including the failure of a tailings dam due to events such as high rainfall, overtopping of the dam, piping or seepage failures. The potential occurrence of a dam failure at one of our tailings storage facilities could lead to the loss of human life and extensive property and environmental damage.

We maintain measures to manage our dams' safety, including compliance with the International Council on Mining and Metals' Tailings Governance Position Statement, our Code of Practice and undertakes routine reviews by independent consulting companies. Although we have a tailings storage facility management system, the effectiveness of its designs, construction quality or regular monitoring cannot be guaranteed throughout its operations and it cannot be guaranteed that these measures will prevent the failure of one or more of its tailings dams or that such potential failure will be detected in advance. In addition, although we generally require our partners to maintain such systems, we cannot guarantee that our partners maintain similar safety precautions or monitoring systems on their tailings storage facilities. There is no assurance that any safety measures implemented will prevent the failure of any tailings storage facility.

The failure of a tailings storage facility will lead to multiple legal proceedings and investigations, which could include securities class actions, criminal proceedings and public civil actions (against us or individuals) for significant amounts of damages. Furthermore, the elimination of the "conventional" practice of storing wet tailings (e.g. alternatively filtering, "dry" stacking and compacting the tailings) could require the research and development of new technologies, which could lead to additional large expenditures. As a result of the dam failure in Brazil in 2015 and 2019, and Canada in 2014 (neither of which are associated with us) or as a result of future dam failures, additional environmental and health and safety laws and regulations may be forthcoming globally, including in jurisdictions where we operate, which may ban the storage of wet tailings completely. In addition, changes in laws and regulations may impose more stringent conditions in connection with the construction of tailings dams, particularly with respect to upstream tailings dams which could also be made illegal, the licensing process of projects and operations, the imposition of significant financial assurance requirements, and increased criminal and civil liability for companies, officers and contractors.

Furthermore, the unexpected failure of a dam at a tailings storage facility could lead to the need for a large expenditure on contingencies and on recovering the regions and people affected, extensive and permanent environmental damage and the payment of penalties, fines or other money damages. The occurrence of any of such risks could have a material adverse effect on our business, operating results and financial condition. More information about our management of tailings and waste generally may be found at https://www.harmony.co.za/responsibility/environment/tailings-management.

See "*Integrated Annual Report for the 20-F 2021 - Environment - Tailings and waste management* " on pages 86 to 88.

We may have exposure to rehabilitate potential groundwater pollution, which may include salination, and radiation contamination that may exist where we have operated or continue to operate; implementation of the financial provision regulations may require us to include provision in our financial statements for rehabilitation

Due to the interconnected nature of mining operations at Doornkop, Kusasalethu, Mponeng, MWS and Moab Khotsong, any proposed solution for potential flooding and decant risk posed by deep groundwater needs to comprise a regional solution supported by all mines located in the goldfields and the government in the event of legacy issues. As a result, the DMRE and affected mining companies are involved in developing a regional mine closure strategy. In view of limited current information, no reliable estimate can be made for any possible obligations or liabilities, which could be material and have an adverse impact on our financial condition.

See "*—Risks related to our industry - We are* subject *to extensive environmental regulations in the countries in which we operate*".

We are implementing the following steps to ensure that funds are available to top up our financial provision, if necessary:

- facilitating concurrent rehabilitation;
- re-purposing infrastructure; and
- accelerated mine closure rehabilitation where operations have reached the end of its geological life.

Should the regulator require the financial provision regulations be implemented in 2021/2022 and/or should the financial provision regulations, as they may be amended, remain onerous, MCSA has indicated that it will exercise its legal options on these regulations on behalf of the mining industry.

Currently, no provision for any potential liability has been made in our financial statements under the Financial Provision Regulations, 2015. If provision needs to be made, and is substantial, this could have a material adverse effect on our results of operations and financial condition.

See "*Integrated Annual Report for the 20-F 2021 - Environment - Environmental management and stewardship "* on pages 69 to 75.

We are subject to the risk of litigation, the causes and costs of which are not always known

We are subject to litigation, arbitration and other legal proceedings arising in the normal course of business and may be involved in disputes that may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental, climate change and health and safety concerns, share price volatility or failure to comply with disclosure obligations. The results of litigation cannot be predicted with certainty but could include costly damage awards or settlements, fines, and the loss of licenses, concessions, or rights, among other things.

In the event of a dispute, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in South Africa. An adverse or arbitrary decision of a foreign court could have a material adverse impact on our financial performance, cash flow and results of operations.

We are subject to numerous claims, including class actions or similar group claims relating to silicosis and other occupational health diseases, and could be subject to similar claims in the future. A settlement in the silicosis class action claims has been reached and a provision for silicosis has been made. A provision of R854 million has been recognized at June 30, 2021, for our potential cost to settle the silicosis and TB class actions that have been instituted against it in South Africa. Significant judgment was applied in estimating the costs that will be incurred to settle the silicosis class action claims and related expenditure and the final costs may differ from current cost estimates. Management believes the assumptions are appropriate, however changes in the assumptions may materially affect the provision and final costs of settlement. There can be no assurance that the ultimate resolution of this matter will not result in losses in excess of the recorded provision and the ultimate settlement may have a material adverse effect on our financial position. For further information, see Item 8: "*Financial Information - Consolidated Statements and Other Financial Information - Legal Proceedings" and "Integrated Annual Report for the 20-F 2021 - Social - Employee wellness and healthcare*" on pages 108 to 113 for further information. See note 27 "*Provision for silicosis settlement*" to our consolidated financial statements set forth beginning on page F-1.

It is possible that additional class actions and/or individual claims relating to silicosis and/or other occupational health diseases will be filed against us in the future. We will defend all and any subsequent claims as filed on their merits. Should we be unsuccessful in defending any such claims, or in otherwise favorably resolving perceived deficiencies in the national occupational disease compensation framework that were identified in the earlier decision by the Constitutional Court, such matters would have an adverse effect on our financial position, which could be material.

In PNG, it is proposed to utilize deep sea tailings placement ("**DSTP**") as the tailings disposal method for the Wafi-Golpu project, which disposal method is envisaged by the environment permit issued for the project. The issuance of the permit is currently the subject of a judicial review applied for by the Governor of the Morobe Province in PNG, who has expressed his opposition to DSTP. Accordingly, it is possible that a class action or individual claim relating to DSTP may be filed against us in the future, which could have a material adverse impact on the Wafi-Golpu project.

Should we be unable to resolve disputes favorably or to enforce our rights, this may have a material adverse impact on our financial performance, cash flow and results of operations.

Risks Related to Our Corporate and Financing Structure

Our inability to maintain an effective system of internal control over financial reporting may have an adverse effect on investors' confidence in the reliability of our financial statements

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the company's financial statements for external purposes in accordance with IFRS as issued by the IASB. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports that it files or submits under the US Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We have invested in resources to facilitate the documentation and assessment of our system of disclosure controls and our internal control over financial reporting. However, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation. If we were unable to maintain an effective system of internal control over financial reporting, investors may lose confidence in the reliability of our financial statements and this may have an adverse impact on investors' abilities to make decisions about their investment in us. See Item 15: "*Controls and Procedures*".

We may experience problems in identifying, financing and managing new acquisitions or other business combination transactions and integrating them with our existing operations; we may not have full management control over future joint venture partners

In order to maintain or expand our operations and reserve base, we have sought, and may continue to seek to enter into joint ventures or other business combination transactions or to make acquisitions of selected precious metal producing companies or assets. For example, in 2018 we acquired AngloGold Ashanti Limited's Moab Khotsong and Great Noligwa mines together with other assets and related infrastructure in the Moab Acquisition and with effect on October 1, 2020, acquired the remainder of AngloGold Ashanti Limited's South African business, including the Mponeng mine and MWS, in the Mponeng Acquisition.

Acquiring new mining operations or entering into other business combination transactions involves a number of risks including:

- our ability to identify appropriate assets for acquisition and/or to negotiate an acquisition or combination on favorable terms;
- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- the changing regulatory environment as it relates to the Mining Charter (as defined below) and the general policy uncertainty in South Africa;
- difficulties in maintaining our financial and strategic focus while integrating the acquired business;
- problems in implementing uniform quality, standards, controls, procedures and policies;
- management capacity, and skills to supplement that capacity, to integrate new assets and operations;
- increasing pressures on existing management to oversee an expanding company; and
- to the extent we acquire mining operations or enter into another business combination transaction outside South Africa, Australia or PNG, encountering difficulties relating to operating in countries in which we have not previously operated.

Any such acquisition or joint venture may change the scale of our business and operations and may expose us to new geographic, geological, political, social, operating, financial, legal, regulatory and contractual risks. Our ability to make successful acquisitions and any difficulties or time delays in achieving successful integration of any of such acquisitions could have a material adverse effect on our business, operating results and financial condition.

In addition, to the extent that we participate in the development of a project through a joint venture or other multi-party commercial structure, there could be disagreements, legal or otherwise or divergent interests or goals among the parties, which could jeopardize the success of the project, particularly if we do not have full management control over the joint venture. There can be no assurance that any joint venture will achieve the results intended and, as such, any joint venture could have a material adverse effect on our revenues, cash and other operating costs. See Item 5. "*Operating and Financial Review and Prospects - Liquidity and Capital Resources* - Investing."

Certain factors may affect our ability to support the carrying value of our property, plant and equipment, goodwill and other assets on our balance sheet, resulting in impairments

We review and test the carrying value of our assets when events or changes in circumstances suggest that this amount may not be recoverable and impairments may be recorded as a result of testing performed.

Our market capitalization on any reporting date is calculated on the basis of the price of our shares and ADSs on that date. Our shares and ADSs may trade in a wide range through the fiscal year depending on the changes in the market, including trader sentiment on various factors including gold price. Therefore, there may be times where our market capitalization is greater than the value of our net assets, or "book value", and other times when our market capitalization is less than our book value. Where our market capitalization is less than our net asset or book value, this could indicate a potential impairment and we may be required to record an impairment charge in the relevant period.

At least on an annual basis for goodwill, and when there are indications that impairment of property, plant and equipment and other assets may have occurred, estimates of expected future cash flows for each group of assets are prepared in order to determine the recoverable amounts of each group of assets. These estimates are prepared at the lowest level at which identifiable cash flows are considered as being independent of the cash flows of other mining assets and liabilities. Expected future cash flows are inherently uncertain, and could materially change over time. Such cash flows are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditures.

As at June 30, 2021, we had substantial amounts of property, plant and equipment, goodwill and other assets on our consolidated balance sheets. Impairment charges of R1,124 million relating to property, plant and equipment and other assets were recorded in fiscal 2021. If management is required to recognize further impairment charges, this could have a material adverse effect on our results of operations and financial condition. See Item 5: "*Operating and Financial Review and Prospects - Critical Accounting Policies and Estimates - Impairment of Property, Plant and Equipment" and "- Carrying Value of Goodwill.*"

Our ability to service our debt will depend on our future financial performance and other factors

Our ability to service our debt and maintain compliance with financial covenants depends on our financial performance, which in turn will be affected by our operating performance as well as by financial and other factors, and in particular the gold price, certain of which are beyond our control, including any impact related to the Covid-19 pandemic. Various financial and other factors may result in an increase in our indebtedness, which could adversely affect the us in several respects, including:

- limiting our ability to access the capital markets;
- hindering our flexibility to plan for or react to changing market, industry or economic conditions;
- limiting the amount of cash flow available for future operations, acquisitions, dividends, or other uses, making it more vulnerable to economic or industry downturns, including interest rate increases;
- increasing the risk that it will need to sell assets, possibly on unfavorable terms, to meet payment obligations; or
- increasing the risk that it may not meet the financial covenants contained in our debt agreements or timely make all required debt payments.

The occurrence of any of these events could adversely affect our results of operations and our financial condition. See " – *The* impact *from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*."

Our ability to service our debt also depends on the amount of our indebtedness. In order to fund the Mponeng Acquisition, we completed the a placing pursuant to which it issued new ordinary shares for cash which had the effect of reducing net debt at the end of fiscal 2020. On September 30, 2020, when the purchase price for the Mponeng Acquisition was paid, the net debt level increased again. While the Covid-19 pandemic has resulted in higher gold prices and improved cash flow as a result, it also disrupted operations and may continue to do so, which could impact on our ability to repay our debts. In August 2019 we entered into a US$400 million syndicated term and revolving credit facility, with a three year term, that was extended by a further year after the end of fiscal 2020. At June 30, 2021, US$200 million was drawn against this facility. See Item 5: "*Operating and Financial Review and Prospects - Liquidity and Capital Resources - Financing" and "- Outstanding Credit Facilities and Other Borrowings".*

In the near term, we expect to manage our liquidity needs from cash generated by our operations, cash on hand, committed and underutilized facilities, as well as additional funding opportunities. However, if our cost of debt were to increase or if it were to encounter difficulties in obtaining financing in the future, our sources of funding may not match our financing needs, which could have a material adverse effect on our business, operating results and financial condition.

We are subject to the imposition of various regulatory costs, such as mining taxes and royalties, changes to which may have a material adverse effect on our operations and profits

In recent years, governments, communities, non-government organizations and trade unions in several jurisdictions have sought and, in some cases, have implemented greater cost imposts on the mining industry, including through the imposition of additional taxes and royalties. Such resource nationalism, whether in the form of cost imposts, interference in project management, mandatory social investment requirements, local content requirements or creeping expropriation could impact the global mining industry and our business, operating results and financial condition.

South Africa

In December 2017, during its national conference, the ANC resolved that as a matter of policy, the ANC should pursue the expropriation of land without compensation, provided that such expropriation is carried out without destabilizing the agricultural sector, endangering food security or undermining economic growth and job creation. In February 2018, the National Assembly assigned the Constitutional Review Committee ("**CRC**"), to review section 25 of South Africa's Constitution and other relevant clauses to make it possible for the state to expropriate land in the public interest without compensation. On December 4, 2018, South Africa's Parliament adopted the CRC's report dated November 15, 2018 in which it recommended that section 25 of South Africa's Constitution be amended to make explicit that expropriation of land without compensation is a legitimate option for land reform. On March 13, 2019, the CRC announced that the work to amend section 25 of South Africa's Constitution would not be finished before the South African general elections in May 2019 and that consequently the matter would be taken up by Parliament after the elections. In the event that the CRC recommends a Constitutional amendment in favor of expropriation, various procedural milestones would need to occur, including a bill amending section 25 of the Constitution approved by a majority of the National Assembly as well as six of the nine provinces of the NCOP and signed by the President, among others. The legislative process to give effect to the proposed Constitutional amendment, has not yet been finalized. The National Assembly re-established the Ad-Hoc Committee tasked with initiating and introducing the legislation required to amend Section 25 of the Constitution in 2020. The Ad-Hoc Committee engaged in a public participation process which consisted of public hearings that took place from December 2019 to the end of February 2020. These public hearings were held in the nine provinces. The Ad-Hoc committee released the report on its findings on the public participation process on 16 April 2021. In a media statement on 16 April 2021, the Ad-Hoc committee advised that it had adopted the report and in a subsequent media statement on 8 September 2021, it advised that both the report and the Bill would be sent to the National Assembly for consideration.

The Draft Constitution Eighteenth Amendment Bill was published for comment at the end of 2019. The aim of the Draft Bill is to amend the Constitution of the Republic of South-Africa, 1996 so as to provide that where land and any improvements thereon are expropriated for the purpose of land reform, the amount of compensation payable may be nil.

In 2019, prior to the introduction of the Draft Constitution Eighteenth Amendment Bill, a draft expropriation bill (the "**Draft Expropriation Bill**") was published for public comment by the South African Minister for Public Works ("**Minister for Public Works**"), which would allow the state to expropriate land without compensation where doing so would be for a public purpose or in the public interest. In determining to expropriate land without compensation, this legislation would also require the consideration of "all relevant circumstances", which include, among other things, whether the land is held purely for speculative purposes, is owned by the state or is abandoned. Following significant comments raised by the public on the Draft Expropriation Bill, in October 2020, a new draft expropriation bill (the "**New Draft Expropriation Bill**") was introduced by the Minister for Public Works of South Africa. The New Draft Expropriation Bill is currently being considered by the National Assembly. Should the National Assembly approve the Bill, it will be referred to the NCOP for consideration.

While the South African government has stated that it does not intend to nationalize mining assets or mining companies, certain political parties have stated publicly and in the media that the government should embark on a program of nationalization. For instance, the ANC has adopted two recommended approaches to interacting with the mining industry. While the ANC has rejected the possibility of mine nationalization for now, the first approach contemplates, among other things, greater state intervention in the mining industry, including the revision of existing royalties, the imposition of new taxes and an increase in the South African government's holdings in mining companies. The second approach contemplates the South African government taking a more active role in the mining sector, including through the introduction of a state mining company to be involved in new projects either through partnerships or individually.

The proposed amendment to section 25 of South Africa's Constitution or any legislation resulting in the expropriation of land or greater government intervention could disrupt our operations, which could have a material adverse effect on our business, operating results and financial condition.

The former President, Jacob Zuma, appointed the Davis Tax Committee to look into and review the current South African tax regime, including the mining tax regime. The committee's first interim report on mining, which was released for public comment on August 13, 2015, proposed no changes to the royalty regime but recommended the discontinuation of the upfront capital expenditure write-off regime in favor of an accelerated capital expenditure depreciation regime. In addition, the report recommended retaining the so called "gold formula" for existing gold mines only, as new gold mines would be unlikely to be established in circumstances where profits are marginal or where gold mines would conduct mining of the type intended to be encouraged by the formula. The committee also recommended the phasing out of additional capital allowances available to gold mines in order to bring the gold mining corporate income tax regime in line with the tax system applicable to all taxpayers. In December 2016, following a period of public comment, the committee issued its second and final report to the Minister of Finance, which largely reaffirmed the committee's initial recommendations. The final reports were published in November 2017. The South African National Treasury will continue to consider the committee's final recommendations. It is not clear at this stage which, if any, of the recommendations will be adopted as legislation. Such legislation could, however, have a material adverse effect on our business, results of operations and financial condition.

On July 31, 2020, the South African National Treasury published for public comment the 2020 Draft Taxation Laws Amendments Bill which proposed, amongst others, amendments to disallow contract miners from benefiting from the accelerated capital expenditure allowance and the elimination of the Minister of Finance's discretion to uplift the ring-fencing of capital expenditure per mine. Various stakeholders raised issues with the draft bill during the public consultation period. The Taxation Law Amendment Act, 23 of 2020 came into force on January 20, 2021. The amendments proposed in the Bill relating to contract miners and the Minister's discretion to uplift the ring-fencing of capital expenditure per mine were not included in the final Act.

On December 11, 2020, the Minister published the Housing and Living Conditions Standard, which requires us to revise our current housing and living condition plans in terms of its SLPs, which could result in increased costs. See Item 4. "*Information on the Company - Business overview - Regulation - Mining rights-South Africa - Housing and Living Standards*".

Papua New Guinea

In PNG, taxes on Group companies are governed by the Income Tax Act 1959 and the Goods and Services Tax Act 2003. Under the PNG Mining Act and the Mineral Resources Authority Act 2018, Mining Lease holders must pay royalties to the PNG Government based on production (currently 2%). In addition to the PNG Government's entitlement to royalties, tenement holders also pay area-based rents and a mineral production levy (0.5% of assessable income derived by a producer of minerals) to the PNG Government agency regulating the PNG Mining Act, the MRA. PNG exploration licenses each contain a condition that the PNG Government may, at any time prior to the commencement of mining, acquire an equitable interest of up to 30% in any mineral discovery arising from the license at a price pro rata to the accumulated exploration expenditure. This condition confers on the PNG Government or its nominee the option to take up a direct equity participation in a mining project. The PNG Government has indicated that it intends to exercise its option in full in respect of the Wafi-Golpu project.

Since 2009, the mining regime in PNG has been the subject of a comprehensive ongoing review involving various PNG Government agencies. Over that period, various draft revisions of the PNG Mining Act have been circulated and submitted to the PNG Chamber of Mines and Petroleum for its comments, most recently in 2018 and 2020. Proposed revisions introduced and applied to our operations and projects in PNG will potentially affect those operations and projects and could have a material adverse effect on our business operating results and financial condition. We, via the PNG Chamber of Mines and Petroleum, have submitted comments on aspects of the review.

In 2014, the PNG Government initiated a review of the tax regime, with a final report issued by the PNG Tax Review Committee in October 2015. Pursuant to the tax regime review, certain adverse changes to the fiscal regime were introduced with effect from January 1, 2017, with the main changes being the introduction of an additional profit tax, the cessation of the double deduction allowance for exploration expenditure, and an increase in the rates of interest withholding and dividend withholding taxes. Further changes, including a capital gains tax, were initially proposed to be introduced from January 1, 2020 and draft legislation has been issued for discussion, however, the PNG Treasury has indicated that no capital gains tax will be introduced before 2022. We, via the PNG Chamber of Mines and Petroleum, have submitted comments on aspects of the draft legislation. Any legislation resulting for such review and any changes to the PNG tax regime could have a material adverse effect on our business, results of operations and financial condition.

Sales of large quantities of our ordinary shares and ADSs, or the perception that these sales may occur, could adversely affect the prevailing market price of such securities

The market price of our ordinary shares or ADSs could fall if large quantities of ordinary shares or ADSs are sold in the public market, or there is a perception in the marketplace that such sales could occur. Subject to applicable securities laws, holders of our ordinary shares or ADSs may decide to sell them at any time. The market price of our ordinary shares or ADSs could also fall as a result of any future offerings it makes of ordinary shares, ADSs or securities exchangeable or exercisable for our ordinary shares or ADSs, or the perception in the marketplace that these sales might occur. We may make such offerings of additional ADS rights, letters of allocation or similar securities from time to time in the future.

As we have a significant number of shares that may be issued in terms of the employee share schemes, our ordinary shares are subject to dilution

We had an employee share plan that came into effect in 2006, under which our shareholders had authorized up to 60,011,669 of the issued share capital to be used for this plan. All options under this plan have either been exercised or lapsed. We have recently approved a Deferred Share Plan as part of our new Total Incentive Plan that came into effect in 2020. Our shareholders have authorized up to 25,000,000 shares of the issued share capital to be used for this plan.

As a result, shareholders' equity interests in us are subject to dilution to the extent of the potential future exercises of the options through these share plans.

We may not pay dividends or make similar payments to our shareholders in the future

Our dividend policy is to pay cash dividends only if funds are available for that purpose. Whether funds are available depends on a variety of factors, including the amount of cash available, our capital expenditures and other current or future anticipated cash requirements existing at the time. Under South African law, we are only entitled to pay a dividend or similar payment to shareholders if we meet the solvency and liquidity tests set out in the Companies Act 71 of 2008 (as amended) including its Regulations (the "**Companies Act**") and our current Memorandum of Incorporation. Cash dividends or other similar payments may not be paid in the future. It should be noted that there is currently a 20% withholding tax on dividends declared by South African resident companies to non-resident shareholders or non-resident ADS holders.

In addition, our foreign shareholders face investment risk from currency exchange rate fluctuations affecting the market value of any dividends or distributions paid by us.

Uncertainty relating to the nature and timing of the phasing out of LIBOR, and agreement on any new alternative reference rates may adversely impact our borrowing cost

LIBOR, the London Interbank Offered Rate, is widely used as a reference for setting interest rates on loans globally. We have used LIBOR as a reference rate on our US$400 million syndicated term loan and revolving credit facility, as well as our US$24 million four-year loan. Combined we had R2,909 million (US$208 million) outstanding on these facilities at year-end.

On July 27, 2017, the UK Financial Conduct Authority ("**FCA**"), which regulates LIBOR, has announced that it intends to stop encouraging or requiring banks or submit LIBOR rates after the end of 2021. It is not currently possible to predict the effect of the FCA announcement, or resulting plans by other regulatory authorities, including any discontinuation or change in the method by which any LIBOR rate is determined, or how any such changes or alternative methods for calculating benchmark interest rates would be applied to any particular existing agreement containing terms based on LIBOR, such as our existing loan agreements. Various alternative reference rates are being considered in the financial community. The Secured Overnight Financing Rate, has been proposed by the Alternative Reference Rate Committee, a committee convened by the US Federal Reserve that includes major market participants and on which regulators participate, as an alternative rate to replace US dollar LIBOR.

Any such changes or developments in the method pursuant to which LIBOR rates are determined may result in an increase in reported LIBOR rates or any alternative rates. If that were to occur, the amount of interest we pay under our credit facilities and any other financing arrangements may be adversely affected, which may adversely affect our business, operating results and financial condition. In August 19, 2019, we and a syndicate of local and international lenders entered into a loan facility agreement, pursuant to which the lenders and we agreed that a new reference rate will be agreed upon by mutual consent. However there is no guarantee that a transition from LIBOR to a new reference rate will not result in market disruptions, and possibly result in increases to our borrowing costs, which could have a material adverse effect on our business, operating results and financial condition. See Item 5: "*Operating and Financial Review and Prospects - Liquidity and Capital Resources*".

Strategic and Market Risks

The profitability of our operations, and cash flows generated by those operations, are affected by changes in the price of gold; a fall in the gold price below our cash cost of production and capital expenditure required to sustain production for any sustained period may lead to losses and require us to curtail or suspend certain operations

Substantially all of our revenues come from the sale of gold. Historically, the market price for gold has fluctuated widely and has been affected by numerous factors, over which we have no control, including:

- demand for gold for industrial uses, jewelry and investment;
- international or regional political and economic events and trends;
- strength or weakness of the US dollar (the currency in which gold prices generally are quoted) and of other currencies;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- financial market expectations on the rate of inflation;
- changes in the supply of gold from production, divestment, scrap and hedging;
- interest rates;
- speculative activities;
- gold hedging or de-hedging by gold producers;
- actual or expected purchases and sales of gold bullion held by central banks or other large gold bullion holders or dealers; and
- production and cost levels for gold in major gold-producing nations, such as South Africa, China, the United States and Australia.

In addition, current demand and supply affects the price of gold, but not necessarily in the same manner as current demand and supply affect the prices of other commodities. Historically, gold has retained its value in relative terms against basic goods in times of inflation and monetary crisis. As a result, central banks, financial institutions and individuals hold large amounts of gold as a store of value and production in any given year constitutes a very small portion of the total potential supply of gold. However, as gold has historically been used as a hedge against unstable or lower economic performance, improved economic performance may have a negative impact on the price for gold. Since the potential supply of gold is large relative to mine production in any given year, normal variations in current production will not necessarily have a significant effect on the supply of gold or its price. Uncertainty in global economic conditions has impacted the price of gold significantly in the past and continued to do so in fiscal 2021. Covid-19 has resulted, and may continue to result, in increased volatility.

The volatility of gold prices is illustrated in the table, which shows the annual high, low and average of the afternoon London bullion market fixing price of gold in US dollars for each of the past ten years:

Annual gold price: 2011 - 2021

	Price per ounce (US$)		
Calendar year	High	Low	Average
2011	1,895	1,319	1,572
2012	1,792	1,540	1,669
2013	1,694	1,192	1,411
2014	1,385	1,142	1,266
2015	1,296	1,049	1,160
2016	1,366	1,077	1,251
2017	1,346	1,151	1,253
2018	1,355	1,178	1,268
2019	1,546	1,270	1,393
2020	2,067	1,474	1,770
2021	1,943	1,684	1,798

There was a notable increase in the price of gold following the outbreak of Covid-19, although this has diminished recently. See "- *The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*". On October 22, 2021, the afternoon fixing price of gold on the London bullion market was US$1 808/oz.

While the price volatility is difficult to predict, if gold prices should fall below our cash cost of production and capital expenditure required to sustain production and remain at these levels for any sustained period, we may record losses and be forced to curtail or suspend some or all of our operations, which could materially adversely affect our business, operating results and financial condition.

In addition, we would also have to assess the economic impact of low gold prices on our ability to recover any losses that may be incurred during that period and on our ability to maintain adequate reserves. The use of lower gold prices in reserve calculations and life of mine plans could also result in material impairments of our investment in gold mining properties or a reduction in our reserve estimates and corresponding restatements of our reserves and increased amortization, reclamation and closure charges.

Fluctuations in input production prices linked to commodities may adversely affect our operational results and financial condition

Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tires, steel and mining equipment consumed in mining operations, form a relatively large part of the operating costs and capital expenditure of a mining company. We have no control over the costs of these consumables, many of which are linked to some degree to the price of oil and steel.

Fluctuations in oil and steel prices have a significant impact on operating cost and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable, either of which could have a material adverse effect on our business, operating results and financial condition.

Foreign exchange fluctuations could have a material adverse effect on our operational results and financial condition

Gold is priced throughout the world in US dollars and, as a result, our revenue is realized in US dollars, but most of our operating costs are incurred in Rand and other non-US currencies, including the Australian dollar and Kina. From time to time, we may implement currency hedges intended to reduce exposure to changes in the foreign currency exchange, which we started doing in fiscal 2016 and will continue as long as it is strategically viable. Such hedging strategies may not however be successful, and any of our unhedged exchange payments will continue to be subject to market fluctuations. Any significant and sustained appreciation of the Rand and other non-US currencies against the dollar will materially reduce our Rand revenues and overall net income, which could materially adversely affect our operating results and financial condition. See Item 11: "*Quantitative and Qualitative Disclosure about Market Risk*".

Fluctuations in the exchange rate of currencies may reduce the market value of our securities, as well as the market value of any dividends or distributions paid by the company.

We have historically declared all dividends in South African Rand. As a result, exchange rate movements may have affected the Australian dollar, the PNG Kina and the US dollar value of these dividends, as well as of any other distributions paid by the Depositary to holders of ADSs.

Furthermore, our Memorandum of Incorporation allows for dividends and distributions to be declared in any currency at the discretion of the board of directors or the company's shareholders at a general meeting. If, and to the extent that, we opt to declare dividends and distributions in US dollars, exchange rate movements will not affect the US dollar value of any dividends or distributions. Nevertheless, the value of any dividend or distribution in Australian dollars, PNG Kina, British pounds or South African Rand will continue to be affected. If, and to the extent that, dividends and distributions are declared in South African Rand in the future, exchange rate movements will continue to affect the Australian dollar, PNG Kina, British pound and US dollar value of these dividends and distributions. This may reduce the value of the company's securities to investors. Additionally, the market value of our securities as expressed in Australian dollars, PNG Kina, British pounds, US dollars and South African Rand will continue to fluctuate in part as a result of foreign exchange fluctuations.

Our operations may be negatively impacted by inflation

Ours operations have been materially affected by inflation. Inflation in South Africa has fluctuated in a narrow band in recent years, remaining within or just outside the inflation range of 3% - 6% set by the South African Reserve Bank. At the end of fiscal 2019, 2020 and 2021, inflation was 4.6%, 4.5% and 2.2%, respectively. However, working costs, in particular electricity costs and wages have increased at a rate higher than inflation in recent years, resulting in significant cost pressures for the mining industry. See Item 5: "*Operating and Financial Review and Prospects - Operating Results - Electricity in South Africa - Tariffs*". Should we experience further electricity or wage increases, our business, operating results and financial condition may be adversely impacted.

The inflation rate in PNG ended at 4.7% in fiscal 2019 and at 3.7% in fiscal 2020, while the annualized inflation stood at 4.7% at the end of fiscal 2021.

Our results of operations, profits and financial condition could be adversely affected to the extent that cost inflation is not offset by devaluation in operating currencies or an increase in the price of gold.

The continued status of South Africa's credit rating to non-investment grade may have an adverse effect on our ability to secure financing on favorable terms, or at all

The slowing economy, rising sovereign debt, escalating labor disputes and the structural challenges facing the mining industry and other sectors have resulted in the downgrading of South Africa's sovereign credit ratings. At the beginning of fiscal 2019, two of the three international ratings agencies, Standard & Poor's and Fitch Ratings, rated South Africa's long-term sovereign credit rating as non-investment grade at BB+, and the third, Moody's, maintained an investment grade rating on South Africa's sovereign at Baa3. In July 2019, Fitch Ratings affirmed its BB+ rating, but the outlook was downgraded to negative. In November 2019, Moody's affirmed its Baa3 rating, but downgraded the outlook to negative. Later that month Standard & Poor's affirmed its BB rating, but downgraded the outlook to negative. On March 27, 2020, Moody's downgraded South Africa's sovereign credit rating to non-investment grade, Ba1, maintaining a negative outlook, citing the unprecedented deterioration in the global economic outlook caused by the rapid spread of Covid-19, which is expected to exacerbate South Africa's economic and fiscal challenges and will complicate the emergence of effective policy responses. On April 3, 2020, Fitch Ratings downgraded South Africa's sovereign credit rating to BB-, maintaining a negative outlook. On April 29, 2020 Standard & Poor's downgraded South Africa's sovereign credit rating to BB-, albeit with a stable outlook. On November 20, 2020, Moody's and Fitch downgraded South Africa's sovereign credit rating further to Ba2 with a negative outlook, and BB- with a negative outlook, respectively. On May 21, 2021, each of S&P and Fitch affirmed their BB- credit ratings.

The continued status of South Africa's credit rating as non-investment grade and any further downgrading by any of these agencies may adversely affect the South African mining industry and our business, operating results and financial condition by making it more difficult to obtain external financing or could result in any such financing being available only at greater cost or on more restrictive terms than might otherwise be available.

Investors may face liquidity risk in trading our ordinary shares on the JSE Limited

The primary listing of our ordinary shares is on the JSE Limited. Historically, the trading volumes and liquidity of shares listed on the JSE have been low relative to other major markets. The ability of a holder to sell a substantial number of our ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. See Item 9: "*The Offer and Listing - Markets - The Securities Exchange in South Africa.*"

Shareholders outside South Africa may not be able to participate in future issues of securities (including ordinary shares)

Securities laws of certain jurisdictions may restrict our ability to allow participation by certain shareholders in future issues of securities (including ordinary shares) carried out by or an affiliate. In particular, holders of our securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of us unless a registration statement under the Securities Act is effective with respect to such securities or an exemption from the registration requirements of the Securities Act is available. Securities laws of certain other jurisdictions may also restrict our ability to allow the participation of all holders in such jurisdictions in future issues of securities. Holders who have a registered address or are resident in, or who are citizens of, countries other than South Africa should consult their professional advisors as to whether they require any governmental or other consents or approvals or need to observe any other formalities to enable them to participate in any offering of our securities.

Global economic conditions could adversely affect the profitability of our operations

Our operations and performance depend on global economic conditions. Global economic conditions remain fragile with significant uncertainty regarding recovery prospects, level of recovery and long-term economic growth effects, and have been further adversely impacted by the Covid-19 pandemic. A global economic downturn may have follow-on effects on our business. These could include:

- key suppliers or contractors becoming insolvent, resulting in a break-down in the supply chain;
- a reduction in the availability of credit which may make it more difficult for us to obtain financing for our operations and capital expenditures or make that financing more costly;
- exposure to the liquidity and insolvency risks of our lenders and customers; or
- the availability of credit being reduced-this may make it more difficult for us to obtain financing for our operations and capital expenditure or make financing more expensive.

Coupled with the volatility of commodity prices as well as the rising trend of input costs, such factors could result in initiatives relating to strategic alignment, portfolio review, restructuring and cost-cutting, temporary or permanent shutdowns and divestments. Further, sudden changes in a life-of-mine plan or the accelerated closure of a mine may result in the recognition of impairments and give rise to the recognition of liabilities that are not anticipated.

In addition to the potentially adverse impact on the profitability of our operations, any uncertainty on global economic conditions may also increase volatility or negatively impact the market value of our securities. Any of these events could materially adversely affect our business, operating results and financial condition.

The risk of unforeseen difficulties, delays or costs in implementing our business strategy and projects may lead to us not delivering the anticipated benefits of our strategy and projects; in addition, actual cash costs, capital expenditure, production and economic returns may differ significantly from those anticipated by feasibility studies for new development projects

The successful implementation of our business strategy and projects depends upon many factors, including those outside our control. For example, the successful management of costs will depend on prevailing market prices for input costs. The ability to grow our business will depend on the successful implementation of our existing and proposed projects and continued exploration success, as well as on the availability of attractive acquisition opportunities, all of which are subject to the relevant mining and company specific risks as outlined in these risk factors.

It can take a number of years from the initial feasibility study until development of a project is completed and, during that time, the economic feasibility of production may change. In addition, there are a number of inherent uncertainties in developing and constructing an extension to an existing mine or a new mine, including:

- availability and timing of necessary environmental and governmental permits;
- timing and cost of constructing mining and processing facilities, which can be considerable;
- availability and cost of skilled labor, power, water, fuel, mining equipment and other materials;
- accessibility of transportation and other infrastructure, particularly in remote locations;
- availability and cost of smelting and refining arrangements;
- availability of funds to finance construction and development activities; and
- spot and expected future commodity prices of metals including gold, silver, copper, uranium and molybdenum.
- All of these factors, and others, could result in our actual cash costs, capital expenditures, production and economic returns differing materially from those anticipated by feasibility studies.

We currently maintain a range of focused exploration programs, concentrating mainly on a number of prospective known gold and copper mineralized areas in the Independent PNG and the Kalgold open pit operation in South Africa.

In order to maintain or expand our operations and reserve base, we have sought, and may continue to seek to enter into joint ventures or to make acquisitions of selected precious metal producing companies or assets. For example, in 2018 we acquired AngloGold Ashanti Limited's Moab Khotsong and Great Noligwa mines together with other assets and related infrastructure in the Moab Acquisition and with effect on October 1, 2020, acquired the remainder of AngloGold Ashanti Limited's South African business, including the Mponeng mine and MWS, in the Mponeng Acquisition. See *"— Risks Related to Our Corporate and Financing Structure and Strategy - We may experience problems in identifying, financing and managing new acquisitions or other business combination transactions and integrating them with our existing operations. We may not have full management control over future joint venture partners*". However, there is no assurance that any future development projects will extend the life of our existing mining operations or result in any new commercial mining operations. Unforeseen difficulties, delays or costs may adversely affect the successful implementation of our business strategy and projects, and such strategy and projects may not result in the anticipated benefits, which could have a material adverse effect on our results of operations, financial condition and prospects.

Other Regulatory and Legal *Risks*

Breaches in our information technology security processes and violations of data protection laws may adversely impact the conduct of our business activities (national and international)

We maintain global information technology ("**IT**") and communication networks and applications to support our business activities. Our extensive IT infrastructure and network may experience service outages that may adversely impact the conduct of our business activities. This includes potential cybercrime and disruptive technologies. our vulnerability to such cyber-attacks could also be increased due to a significant proportion of our employees working remotely during the course of the Covid-19 pandemic. The information security management system, or ISMS, protecting our IT infrastructure and network may not prevent future malicious action, including denial-of-service attacks, or fraud by individuals, groups or organizations resulting in the corruption of operating systems, theft of commercially sensitive data, including commercial price outlooks, mergers and acquisitions and divestment transactions, misappropriation of funds and disruptions to our business operations, the occurrence of any of which could have a material adverse effect on our business and results of operations.

The interpretation and application of consumer and data protection laws in South Africa, the United States and elsewhere are ambiguous and evolving. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. Complying with these various laws is difficult and could cause the company to incur substantial costs or require it to change our business practices in a manner adverse to our business.

South Africa's comprehensive privacy law known as the Protection of Personal Information Act, 4 of 2013 (the "**POPIA**") became effective on July 1, 2020. All processing of personal information must conform with the POPIA's provisions within one year after its commencement - organizations have a 12-month period to be POPIA-compliant by July 1, 2021. Failure to comply with POPIA may lead to penalties and fines between R1 million - R10 million and or imprisonment. We may also have insufficient insurance coverage for any data protection breaches, including in relation to POPIA. See *"— Risks Related to Our Operations and Business - Fluctuations in insurance cost and availability could adversely affect our operating results an our insurance coverage may prove inadequate to satisfy future claims.*".

On May 25, 2018 the General Data Protection Regulation ("**GDPR**") came into force. The GDPR is a European Union- - wide framework for the protection of personal data being processed in, or outside, the European Union, based on certain application criterion. The GDPR enhances existing legal requirements through several new rules, including stronger rights for data subjects cross-border transfer of information and mandatory data breach notification requirements, and increases penalties for non-compliance. Failure to comply with the GDPR may lead to a fine of up to four percent of a company's worldwide turnover or up to €20 million.

Compliance with new and changing corporate governance and public disclosure requirements adds uncertainty to our compliance policies and increases our costs of compliance

Laws, regulations and standards relating to accounting, corporate governance and public disclosure, "conflict minerals" and "responsible" gold, new SEC regulations and other listing regulations applicable to us are subject to change and can create uncertainty for companies like us. New or changed laws, regulations and standards could lack specificity or be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty on compliance matters and higher costs of compliance as a result of ongoing revisions to such governance standards.

We are committed to maintaining high standards of corporate governance and public disclosure, and our efforts to comply with evolving laws, regulations and standards in this regard have resulted in, and are likely to continue to result in, increased general and administrative expenses, which could have a material adverse effect on our business, operating results and financial condition.

Failure to comply with laws, regulations, standards, contractual obligations whether following a breach or breaches in governance processes or fraud, bribery and corruption may lead to regulatory penalties, loss of licenses or permits, negative effects on our reported financial results, and adversely affect our reputation

We operate in multiple jurisdictions, including those with less developed political and regulatory environments, and within numerous and complex frameworks. Our governance and compliance processes may not prevent potential breaches of law, accounting principles or other governance practices.

Our Code of Conduct and Behavioral Code, among other policies, standards and guidance, and training thereon may not prevent instances of unethical or unlawful behavior, including bribery or corruption, nor do they guarantee compliance with legal and regulatory requirements, and breaches may not be detected by management.

To the extent that we suffer from any actual or alleged breach or breaches of relevant laws, including South African anti-bribery and corruption legislation or the US Foreign Corrupt Practices Act of 1977 under any circumstances, they may lead to investigations and examinations, fines, penalties, imprisonment of officers, litigation, and loss of operating licenses or permits, suspensions of operations, negative effects on our reported financial results and may damage our reputation. Such sanctions could have a material adverse impact on our financial condition and results of operations.

Investors in the United States may have difficulty bringing actions, and enforcing judgments, against us, our directors and our executive officers based on the civil liabilities provisions of the federal securities laws or other laws of the United States or any state thereof

We are incorporated in South Africa. Each of our directors and executive officers (and our independent registered public accounting firm) resides outside the United States. Substantially all of the assets of these persons and substantially all our assets are located outside the United States. As a result, it may not be possible for investors to enforce a judgment against these persons or ourselves obtained in a court of the United States predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. A foreign judgment is not directly enforceable in South Africa, but constitutes a cause of action which may be enforced by South African courts provided that:

- the court that pronounced the judgment had jurisdiction to entertain the case according to the principles recognized by South African law with reference to the jurisdiction of foreign courts;
- the judgment is final and conclusive;
- the judgment has not lapsed;
- the recognition and enforcement of the judgment by South African courts would not be contrary to public policy, including observance of the rules of natural justice which require that the documents initiating the United States proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal;
- the judgment does not involve the enforcement of a penal or revenue law; and
- the enforcement of the judgment is not otherwise precluded by the provisions of the Protection of Business Act 99 of 1978, as amended, of the Republic of South Africa.

US securities laws do not require us to disclose as much information to investors as a US company is required to disclose, and investors may receive less information about us than they might otherwise receive from a comparable US company

We are subject to the periodic reporting requirements of the SEC and the NYSE that apply to "foreign private issuers". The periodic disclosure required of foreign private issuers under applicable rules is more limited than the periodic disclosure required of US issuers. Investors may receive less timely financial reports than they otherwise might receive from a comparable US company or from certain of our peers in the industry. This may have an adverse impact on investors' abilities to make decisions about their investment in us.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

The information set forth under the headings:

- "-*About this report*" on pages 4 to 5;
- *"-Who we are*" on page 6;
- "-*Business model*" on pages 9 to 10;
- "-*Creating and sharing value*" on pages 11 to 12;
- "-*Delivering profitable ounces - Operational performance*" on pages 31 to 66; and
- "-*Delivering profitable ounces - Exploration and projects*" on pages 67 to 68;

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference. Also see note 21 *"Investments in Associates"* and note 22 *"Investment in Joint Operations"* of our consolidated financial statements, set forth beginning on page F-1.

In the 2021 fiscal year, we did not receive any public takeover offers by third parties or make any public takeover offers in respect of other companies' shares.

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (*www.sec.gov*). As a foreign private issuer, we are exempt from the rules under the Exchange Act that prescribe the furnishing and content of proxy statements to shareholders. Our corporate website is *www.harmony.co.za*.

Recent Developments

Developments since June 30, 2021

- On 24 August 2021, a final dividend of 27 SA cents was declared, paid on 18 October 2021.
- On 16 September 2021, the group concluded a three-year wage agreement with the unions for its South African operations.

B. BUSINESS OVERVIEW

The information set forth under the headings:

- *"-About this report"* on page 4 to 5;
- "-*Business model"* on page 9 to 10;
- "-*Creating and sharing value "* on pages 11 to 12;
- "-*Our external operating environment"* on pages 20 to 23
- "-*Our risks and opportunities* on pages 24 to 25
- "-*Material issues* on page 26;
- "-*Stakeholder engagement"* on pages 27 to 29;
- *"-Social"* on pages 98 to 129;
- *"-Environment"* on pages 69 to 97;
- *"-Delivering profitable ounces - Operational performance*" on pages 31 to 66; and
- "-*Delivering profitable ounces - Exploration and projects*" on pages 67 to 68;

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

Covid-19

The national lockdown in South Africa, which began in March 2020 to curb the spread of the coronavirus disease ("**Covid-19**") and allow the country time in which to prepare for the demands the pandemic would have on its health care system, is still in place. Similar restrictions continue to apply in PNG. Harmony continues with a risk assessment-based Covid-19 prevention strategy which was rolled out across all of its operations before the lockdown was announced. This approach supports management in identifying, evaluating and ranking the hazards associated with any exposures to Covid-19 and potential infections. Management believes that this has allowed Harmony to reduce the probability of an employee contracting Covid-19 and to limit the severity should an employee be infected.

Harmony's Covid-19 Standard Operating Procedure ("**SOP**") has been adopted and rolled out, ensuring a safe return to work and work environment for each of its employees. The SOP was informed by guidelines provided by the DMRE, the National Council for Infectious Diseases and the World Health Organization. Requisite staffing, facilities and equipment were put in place to ensure rigorous screening as employees return to work and when at work, as well as to isolate or quarantine employees infected by or exposed to Covid-19, with subsequent testing and treatment. Management adapts the approach continually as more information becomes available and new best practices evolve.

In response to the Covid-19 pandemic, the PNG Government initially declared a State of Emergency (subsequently uplifted) and thereafter enacted the PNG National Pandemic Act 2020 on June 12, 2020. The Act amalgamates existing Acts (e.g., the PNG Public Health Act 1973 and the PNG Quarantine Act 1951) into one overarching piece of legislation to contain and prevent the spread of Covid-19 and other future pandemics. Pursuant to the identification of a positive case in March 2020, Harmony's Hidden Valley mine in Papua New Guinea was temporarily placed in quarantine lockdown, but continued to operate without interruption by the adoption of strict isolation and quarantine control measures at various entry point centers established near the mine. Protocols have been developed to facilitate the safe movement of personnel to and from site during this period.

The roll-out of vaccine programs globally since November 2020, despite the subsequent discovery of several mutations, or variants, is seen as a positive move to prevent severe disease and hospitalization. Harmony has four accredited mass vaccination sites in South Africa and three in Papua New Guinea, with plans to accredit six more sites in South Africa. Harmony aims to vaccinate 80% of its employees that are willing to be vaccinated by October 2021 and can then assist with the vaccination of employees' families and the communities in which we operate.

The future impact of Covid-19, which depends on the scale, duration and geographic reach of future developments, remains uncertain, including notably the possibility of a recurrence of "multiple waves" of the outbreak and new variants, and forecasting Harmony's operating outlook has been complicated by the uncertainty relating to the extent of the Covid-19-related restrictions and the rates at which production may resume at Harmony's operations. For more information on the potential impact of Covid-19 on Harmony's operations, see Item 3: "*Key Information - Risk Factors - Risks relating to our industry - HIV/AIDS, tuberculosis and other contagious diseases, such as Covid-19, pose risks to us in terms of productivity and costs*" and "- *Risks relating to our industry - The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition.*"

Capital Expenditures

Capital expenditures for all operations and capitalized exploration incurred for fiscal 2021 amounted to R5,103 million, compared with R3,610 million in fiscal 2020. During fiscal 2021, capital at Hidden Valley accounted for 26% of the total, with Tshepong Operations accounting for 22%, Moab Khotsong for 12% and Mponeng for 10%. During fiscal 2020, capital at Hidden Valley accounted for 28% of the total, with Tshepong Operations accounting for 23%, Moab Khotsong for 14% and Target 1 for 10%.

The focus of our capital expenditures in recent years has been underground development and plant improvement and upgrades. During fiscal 2021, the capital expenditure was funded from the Company's cash generated by operations. See Item 5: *"Operating and Financial Review and Prospects - Liquidity and Capital Resources".*

We have budgeted approximately R8,029 million for capital expenditures in fiscal 2022. We currently expect that our planned operating capital expenditures will be financed from operations and new borrowings as needed. Details regarding the capital expenditure for each operation is included in the table below.

	Capital expenditure budgeted for fiscal 2022 (R'million)
South Africa	
Tshepong operations	1,450
Moab Khotsong[1]	1,339
Mponeng	742
Doornkop	738
Target 1	398
Kusasalethu	270
Joel	242
Bambanani	87
Masimong	59
Mine Waste Solutions	863
Other - surface	381
International	
Hidden Valley[2]	1,460
Total operational capital expenditure	**8,029**
Wafi-Golpu	—
Other international	3
Total capital expenditure	**8,032**

1 Includes capital expenditure for Zaaiplaats

2 Includes R905 million related to capitalized stripping costs.

Reserves

As at June 30, 2021, we have declared attributable gold equivalent proved and probable reserves of 42.45 million ounces: 24.74 million ounces gold in South Africa and 17.71 million gold and gold equivalent ounces in PNG. In instances where individual deposits may contain multiple valuable commodities with a reasonable expectation of being recovered (for example gold and copper in a single deposit) Harmony computes a gold equivalent to more easily assess the value of the deposit against gold-only mines. Harmony does this by calculating the value of each of the commodity, then dividing the product by the price of gold. For example, the gold equivalent of a gold and copper deposit would be calculated as follows: ((gold ounces x gold price per ounce) + (copper pounds x copper price per pound)) / gold price per ounce. All calculations are done using metal prices as stipulated in the discussion below. Harmony assumes a 100% metallurgical recovery in its calculations unless otherwise stated. The year-on-year positive variance in mineral reserves is due to the following reasons:

- normal depletion of 1.3 million ounces; and
- a net increase of 6.04 million ounces in reserves due to the acquisition of Mponeng and AngloGold South African Surface sources.

We use the SAMREC Code, which sets out the internationally recognized procedures and standards for reporting of mineral resources and mineral reserves. We use the term “mineral reserves” herein, which has the same meaning as “ore reserves”, as defined in the SAMREC Code. In reporting of reserves, we have complied with the SEC's Industry Guide 7.

For the reporting of mineral reserves the following parameters were applied:

- a gold price of US$1,500per ounce;
- an exchange rate of R14.51per US dollar;
- the above parameters resulting in a gold price of R700,000/kg for the South African assets;
- the Hidden Valley operation and Wafi-Golpu project used prices of US$1,500/oz gold (“**Au”)**, US$20.70/oz silver (“**Ag**”), US$10.00/lb molybdenum (“**Mo**”) and US$3.00/lb copper (“**Cu**”) at an exchange rate of US$0.72 per A$;
- gold equivalent ounces are calculated assuming a US$1,500/oz Au, US$ 3.00/lb Cu and US$20.70/oz Ag with 100% recovery for all metals. These assumptions are based on those used in the 2016 feasibility study; and
- “gold equivalent” is computed as the value of the Company’s gold, silver and copper from all mineral resources/ reserves classifications divided by the price of gold. All calculations are done using metal prices as stipulated.

In order to define the proved and probable mineral reserve at our underground operations, we apply the concept of a cut-off grade. At our underground operations in South Africa, this is done by defining the optimal cut-off grade as the lowest grade at which an orebody can be mined such that the total profits, under a specified set of mining parameters, are maximized. The cut-off grade is determined using our Optimizer computer program which requires the following as input:

- the database of measured and indicated resource blocks (per operation);
- an assumed gold price which, for this mineral reserve statement, was taken as R700,000 per kilogram (gold price of US$1,500 per ounce and an exchange rate of R14.51 per US dollar);
- planned production rates;
- the mine recovery factor which is equivalent to the mine call factor (“**MCF**”) multiplied by the plant recovery factor; and
- planned cash costs (cost per tonne).

Rand per tonne cash costs of the mines are historically based, but take into account distinct changes in the cost environment, such as the future production profile, restructuring, right-sizing, and cost reduction initiatives.

For the block cave reserve at Golpu (PNG), we used our consultants’ proprietary tool called “Block Cave mine optimizing software computer program” to define the optimal mine plan and sequencing.

The open pit reserve at Hidden Valley (PNG) is defined by a pit design based on the optimal output from Whittle open pit optimization software.

See the table below in this section for the cut-off grades and cost per tonne for each operation.

The mineral reserves represent that portion of the measured and indicated resources above cut-off in the life-of-mine plan and have been estimated after consideration of the factors affecting extraction, including mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. A range of disciplines which includes geology, survey, planning, mining engineering, rock engineering, metallurgy, financial management, human resources management and environmental management have been involved at each mine in the life-of-mine planning process and the conversion of resources into reserves. The oreflow-related modifying factors used to convert the mineral resources to mineral reserves through the life-of-mine planning process are stated for each individual operation. For these factors, historical information is used, except if there is a valid reason to do otherwise. Owing to depth and rock engineering requirements at our underground mines, some mines design stope support pillars into their mining layouts which accounts for approximately 7% to 10% discounting. Further discounting relates to the life-of-mine extraction to provide for geological losses.

Our standard for narrow reef sampling with respect to both proved and probable reserve calculations for underground mining operations in South Africa is generally applied on a 6 meter by 6 meter grid. Average sample spacing on development ends is at 2 meter intervals in development areas. For the massive mining at the Target 1 operation, our standard for sampling with respect to both proved and probable reserves is fan drilling with "B" sized diamond drill holes (43mm core) sited at 50 meter spaced sections along twin access drives. The Kalgold opencast operations are sampled on diamond drill and reverse circulation drill spacing of no more than 25 meters on average. Surface mining at South African operations other than Kalgold involves recovering gold from areas previously involved in mining and processing, such as metallurgical plants, waste rock dumps and tailing dams (slimes and sand) for which random sampling is used.

The PNG resources are hosted in large mineralized porphyry intrusions or manifest as higher-level deposits that are related to mineralised porphyry intrusions. Data is gained through diamond drilling using PQ (85.0 mm diameter) down to NQ (47.6 mm diameter) sized core. The core is cut in half, one half sampled at a maximum of 2 meter intervals and the other half stored in designated core storage facilities. Drill spacing at our Hidden Valley operations is typically on less than 20 meter centers for measured category, 20 to 40 meter centers for the indicated category and greater than 40 meters for inferred category material. Due to the nature of the Golpu porphyry mineralization, drill spacing is increased to 100 to 200 meters for indicated and greater for inferred. Assaying for gold is by fire assay and various methods are used for copper and other elements. All assays informing the resource calculation are analyzed at a National Association of Testing Authorities ("**NATA**") accredited commercial laboratory. Extensive quality assurance/quality control work is undertaken and data is stored in an electronic database.

Our mining operations' reported total proved and probable reserves as of June 30, 2021 are set out below:

	Mineral Reserves statement (Metric) as at June 30, 2021								
Operations Gold	**PROVED RESERVES**			**PROBABLE RESERVES**			**TOTAL RESERVES**		
	Tonnes (millions)	**Grade (g/t)**	**Gold[1] (000 kg)**	**Tonnes (millions)**	**Grade (g/t)**	**Gold[1] (000 kg)**	**Tonnes (millions)**	**Grade (g/t)**	**Gold[1] (000 kg)**
South Africa Underground									
Bambanani	0.6	8.48	5	—	—	—	0.6	8.48	5
Joel	2.6	5.00	13	1.5	4.50	7	4.1	4.82	20
Masimong	0.7	4.37	3	0.03	3.08	0.1	0.8	4.32	3
Target 1	2.9	4.46	13	1.8	3.89	7	4.7	4.24	20
Tshepong Operations	20.0	5.77	116	4.7	4.46	21	24.7	5.53	137
Doornkop	6.0	4.73	29	4.4	4.17	19	10.5	4.49	47
Kusasalethu	1.9	7.51	14	0.3	4.76	1	2.2	7.15	15
Moab Khotsong	2.9	7.77	23	12.3	8.89	109	15.2	8.68	132
Mponeng	1.9	8.72	17	5.8	8.47	49	7.7	8.53	65
Total South Africa Underground	39.6	5.85	232	30.8	6.91	213	70.5	6.31	445

Operations Gold	Mineral Reserves statement (Metric) as at June 30, 2021 PROVED RESERVES Tons (millions)	Grade (g/t)	Gold[1] (000 kg)	PROBABLE RESERVES Tons (millions)	Grade (g/t)	Gold[1] (000 kg)	TOTAL RESERVES Tons (millions)	Grade (g/t)	Gold[1] (000 kg)
South Africa Surface									
Kalgold	6.1	0.93	6	12.5	1.12	14	18.5	1.06	20
Free State Surface-Phoenix	42.6	0.28	12	—	—	—	42.6	0.28	12
St Helena	108.6	0.27	29	—	—	—	108.6	0.27	29
Central Plant	—	—	—	52.0	0.27	14	52.0	0.27	14
WRD and Tailings	—	—	—	571.7	0.22	128	571.7	0.22	128
Vaal River Tailings	—	—	—	190.3	0.29	56	190.3	0.29	56
Mine Waste Solutions	50.0	0.24	12	164.9	0.26	42	214.9	0.25	54
West Wits Tailings	—	—	—	38.2	0.32	12	38.2	0.32	12
Total South Africa Surface	**201.1**	**0.26**	**53**	**1,017.0**	**0.25**	**252**	**1,218.1**	**0.25**	**305**
Total South Africa	**246.8**		**291**	**1,060.3**		**479**	**1,307.1**		**769**
Papua New Guinea[2]									
Hidden Valley	3.4	0.95	3	19.9	1.59	32	23.3	1.50	35
Hamata	0.006	1.63	0.01	0.2	1.82	0.4	0.2	1.82	0.5
Golpu	—	—	—	200.0	0.86	171	200.0	0.86	171
Total Papua New Guinea	**3.4**	**0.95**	**3**	**220.1**	**0.92**	**203**	**223.5**	**0.92**	**206**
Total	**250.2**		**294**	**1,280.4**		**682**	**1,530.6**		**976**

1 Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

2 Represents Harmony's attributable interest of 50%.

Note: 1 tonne = 1,000 kg = 2,204 lbs.

In addition to the gold reserves, we also report our gold equivalents for reserves for silver and copper from our PNG operations. Gold equivalent ounces are calculated assuming a US$1,500/oz for gold, US$3.00/lb copper and US$20,70/oz for silver with 100% recovery for all metals.

Gold Equivalents [2]

Silver	Proved reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)	Probable reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)	Total reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)
Hidden Valley	3.4	1	19.9	7	23.3	8

Copper	Proved reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)	Probable reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)	Total reserves Tonnes (millions)	Gold Equivalents (kg)[1] (000)
Golpu	—	—	200.0	336	200.0	336
Total Gold Equivalents	3.4	1	219.9	344	223.3	345
Total Harmony including gold equivalents	250.2	295	1,280.4	1,026	1,530.6	1,320

In addition to the gold reserves, we also report our attributable reserves for silver and copper from our PNG operations. Metal prices are assumed at US$20.70/oz for silver, US$3.00/lb for copper, and molybdenum at US$10.00/lb.

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Papua New Guinea: Other[2]

Silver	Proved Reserves			Probable Reserves			Total Reserves		
	Tonnes (millions)	Grade (g/t)	Gold[1] (000 kg)	Tonnes (millions)	Grade (g/t)	Gold[1] (000 kg)	Tonnes (millions)	Grade (g/t)	Gold[1] (000 kg)
Hidden Valley	3.4	17.31	59	19.9	27.18	540	23.3	25.75	599

Copper	Tonnes (millions)	Grade (%)	Cu[1] (000 t)	Tonnes (millions)	Grade (%)	Cu[1] (000 t)	Tonnes (millions)	Grade (%)	Cu[1] (000 t)
Golpu[2]	—	—	—	200.0	1.20	2,450	200.0	1.20	2,450

South Africa: Other

Uranium	Tonnes (millions)	Grade (kg/t)	U308[2] (Mkg)	Tonnes (millions)	Grade (kg/t)	U308[2] (Mkg)	Tonnes (millions)	Grade (kg/t)	U308[2] (Mkg)
Moab Khotsong Underground (Incl Zaaiplaats)	—	—	—	15.2	0.25	4	15.2	0.25	4

1 Metal figures are fully inclusive of all mining dilutions and gold losses, and are reported as mill delivered tons and head grades. Metallurgical recovery factors have not been applied to the reserve figures.

2 Represents Harmony's attributable interest of 50%.

Note: 1 tonne = 1,000 kg = 2,204 lbs.

Our methodology for determining our reserves is subject to change and is based upon estimates and assumptions made by management regarding a number of factors as noted above in this section. Cost per tonne and cut-off grade per operation are as follows.

Operations gold	Underground Operations		Surface and Massive Mining	
	Cut-off grade (cmg/t)	Cut-off cost (R/Tonne)	Cut-off grade (g/t)	Cut-off cost (R/Tonne)
South Africa Underground				
Bambanani	2,602	5,399	—	—
Joel	915	2,820	—	—
Masimong	1,021	2,827	—	—
Phakisa	790	3,378	—	—
Target 1	—	—	3.49	2,324
Tshepong	650	3,111	—	—
Doornkop	739	2,619	—	—
Kusasalethu	1,100	4,134	—	—
Moab Khotsong	1,801	4,471	—	—
Mponeng	971	4,327		
South Africa Surface				
Kalgold	—	—	0.58	560
Free State Surface	—	—	0.15	48
	Cut-off grade (%Cu)	Cut-off cost (A$/Tonne)	Cut-off grade (g/t)	Cut-off cost (A$/Tonne)
Papua New Guinea				
Hidden Valley	—	—	0.65	34.08
Hamata	—	—	0.65	34.08
Golpu	0.3	26	—	—

Operations silver and copper	Underground Operations		Surface and Massive Mining	
	Cut-off grade (%Cu)	Cut-off cost (A$/Tonne)	Cut-off grade (g/t)	Cut-off cost (A$/Tonne)
SILVER				
Papua New Guinea				
Hidden Valley	—	—	0.65	44.18
COPPER				
Papua New Guinea				
Golpu	0.3	26	—	—

Notes on Cut-off:

1) Surface and massive mining are stated in g/t (g/t is grams of metal per tonne of ore).
2) All SA underground operations are stated in cmg/t (cmg/t is the Reef Channel width multiplied by the g/t which indicates the gold content within the Reef Channel).

Notes on Cut-off cost:

1) Cut-off cost refers to the cost in R/Tonne or A$/Tonne to mine and process a tonne of ore.

Notes on Copper:

1) Cut-off is stated in % Cu.

Notes on Golpu:

1) Cut-off is based on 0.2% copper; molybdenum and gold mined as by-product.

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The plant recovery factors for our operations and projects are stated below:

	Plant Recovery Factor (%)
Gold	
Operations	
South Africa Undergound	
Bambanani	96
Joel	95
Masimong	95
Target 1	95
Tshepong Operations	95
Doornkop	96
Kusasalethu	95
Moab Khotsong	97
Mponeng	98
South Africa Surface	
Kalgold	86
Free State Surface - Phoenix	45
St Helena	45
Central Plant	52
WRD and Tailings	51
Papua New Guinea	
Hidden Valley	88
Hamata	88
Golpu	61
Silver	
Papua New Guinea	
Hidden Valley	61
Copper	
Papua New Guinea	
Golpu	92

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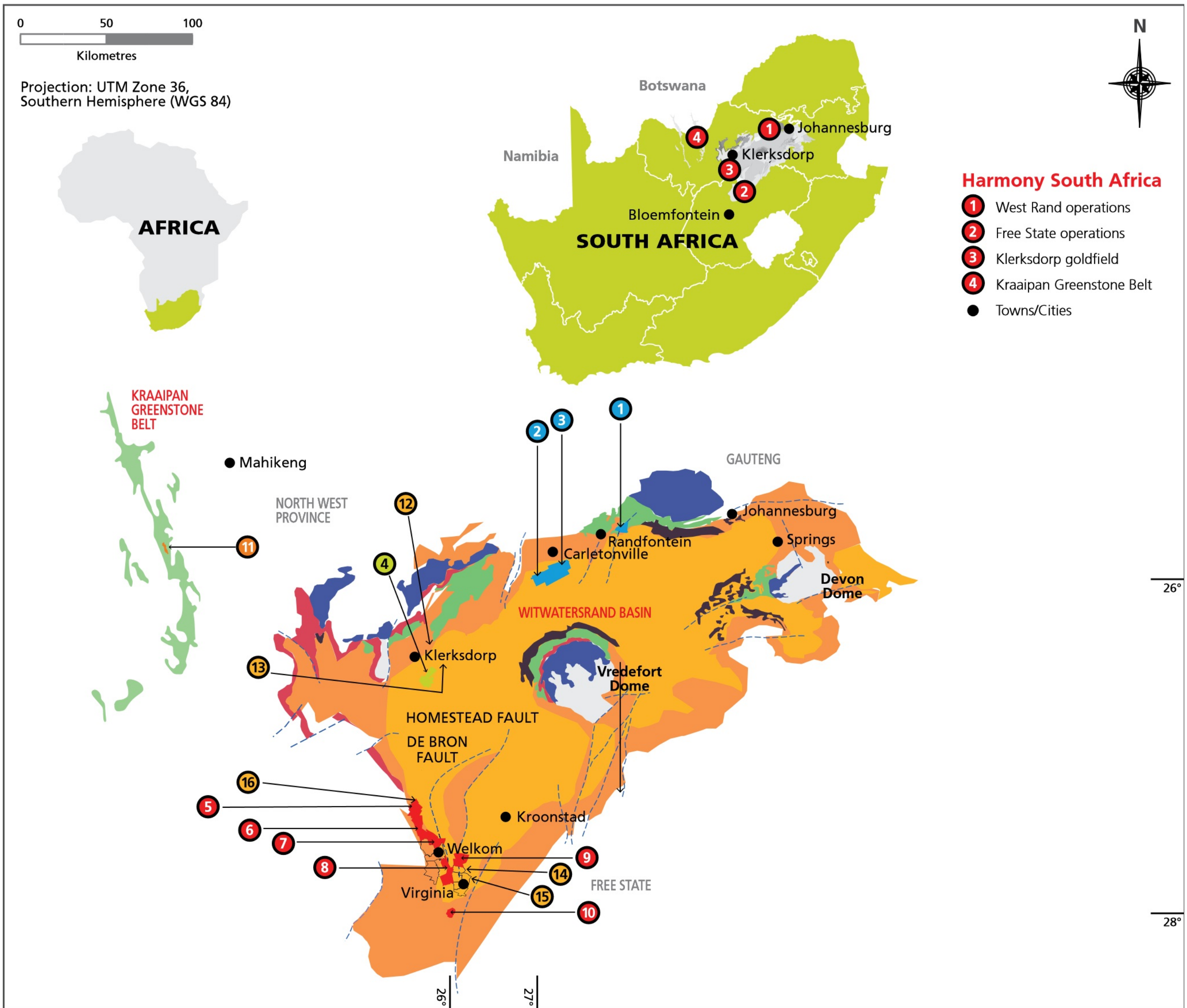
Worldwide Operations

The following is a map of our worldwide operations.

Harmony – South Africa



LEGEND

- Exposed Central Rand Group
- Covered Central Rand Group
- Exposed West Rand Group
- Covered West Rand Group
- Dominion Group
- Exposed Granitoid Basement
- Major faults

West Rand operations

		Latitude	Longitude
1	Doornkop	26°13'03.36"S	27°47'26.55"E
2	Kusasalethu	26°27'16.23"S	27°21'32.91"E
3	Mponeng	26°26'15.60"S	27°25'41.24"E

Klerksdorp goldfield

		Latitude	Longitude
4	Moab Khotsong	26°59'12.7"S	26°48'03.3"E
16	Exploration Target North		
	MAL21A	27°40'58.29"S	26°36'11.95"E
	MAL22	27°40'43.75"S	26°36'12.49"E

Free State operations

		Latitude	Longitude
5	Target 1	27°45'42.59"S	26°38'24.92"E
6	Target 3*	27°49'42.93"S	26°38'29.27"E
7	Tshepong operations**	27°51'56.45"S	26°42'45.15"E
8	Bambanani	28°2'28.24"S	26°48'9.13"E
9	Masimong	27°58'23.93"S	26°52'39.41"E
10	Joel	28°16'17.19"S	26°48'57.97"E

Surface sources

Kraaipan Greenstone Belt

		Latitude	Longitude
11	Kalgold	26°10'12.85"S	25°14'02.70"E

MWS Klerksdorp

		Latitude	Longitude
12	MWS Plant	26°50'10.50"S	26°47'50.41"E
13	Kareerand	26°53'21.49"S	26°53'21.24"E

Free State

		Latitude	Longitude
14	Saaiplaas Plant	28°2'6.64"S	26°52'4.02"E
15	Central Plant	28°3'36.57"S	26°53'14.18"E

* *Care and maintenance*
** *Tshepong Operations includes Tshepong and Phakisa sections combined*

Geology

The major portion of our South African gold production is derived from mines located in the Witwatersrand Basin in South Africa. The Witwatersrand Basin is an elongated structure that extends approximately 300 kilometers in a northeast-southwest direction and approximately 100 kilometers in a northwest-southeast direction. It is an Archean sedimentary basin containing a six-kilometer thick stratigraphic sequence consisting mainly of quartzites and shales with minor volcanic units. The majority of production is derived from auriferous placer reefs situated at different stratigraphic positions and at varying depths below the surface in three of the seven defined goldfields of the Witwatersrand Basin.

Our Papua New Guinean gold production is derived exclusively from our Hidden Valley operation in the Morobe Province of PNG. The Hidden Valley deposit comprises low sulphidation carbonate-base metal-gold epithermal deposits within the Morobe Goldfield. In the mine area, a batholith of Morobe Granodiorite (locally a coarse grained monzogranite) is flanked by metasediments of the Owen Stanley Metamorphics. Both are cut by dykes of Pliocene porphyry ranging from hornblende-biotite to feldspar-quartz porphyries. A number of commonly argillic altered and gold anomalous breccias are known, including both hydrothermal and over printing structural breccias. Gold and silver mineralization is contained within carbonate-adularia-quartz sulphide veins, which occur typically as steeply to moderately dipping sheeted vein swarms associated with an underlying thrust fault within the host rocks.

Our Wafi-Golpu project (also in the Morobe Province of PNG) encompasses the Wafi epithermal gold and the Nambonga and Golpu copper-gold deposits. The Wafi gold deposit is hosted in sedimentary/volcaniclastic rocks of the Owen Stanley Formation adjacent to the Wafi Diatreme. Gold mineralization occurs associated with an extensive zone of pervasive high-sulphidation epithermal alteration distributed around the margin of the Wafi Diatreme. The Nambonga deposit is a mineralized gold-copper quartz vein array and is located approximately one kilometer north of the Golpu deposit. The Golpu deposit is a porphyry (diorite) copper-gold deposit, located about one kilometer northeast of the Wafi deposit. The host lithology is a diorite that exhibits a typical zoned porphyry copper alteration halo with associated mineralization in the surrounding metasediment. The mineralized body can be described as a porphyry copper-gold “pipe”. The Wafi gold mineralization and alteration partially overprints the upper levels of the Golpu porphyry copper-gold mineralization.

Our Kili Teke deposit is an advanced exploration proposition located in the Hela Province of PNG. The Kili Teke deposit comprises porphyry style copper-gold mineralization hosted in a multiphase calc-alkaline dioritic to monzonitic intrusive complex. Host rocks comprise interbedded siliciclastics and limestone of the Papuan Fold Belt. Uranium-lead zircon age dating approximates Pliocene age dates of 3.5 Ma for emplacement of the mineralized porphyry phases. Late-mineral porphyry phases have been identified in the drilling and impact grade continuity within the deposit, where they intrude and stope out the earlier more mineralized phases. Overall the geometry of the deposit reflects a relatively steeply plunging, pipe like body, with mineralization decreasing away from the central high grade stockwork zones of copper gold mineralization. Intense marbleization and copper-gold skarn mineralization is developed around the peripheral contact with the host sequence, and variably developed skarn mineralization also occurs along internal structural and contact zones within the complex.

Regulation

Mineral Rights - South Africa

MPRDA

The MPRDA was promulgated as effective legislation on May 1, 2004 and is the primary legislation regulating the mining industry in South Africa. Pursuant to the MPRDA, the South African government is the custodian of South Africa’s mineral and petroleum resources and has a duty to administer these resources for the benefit of all South Africans. As a consequence, an owner of the surface rights has no claim to the minerals found in, on or under the surface of his or her land. The MPRDA extinguished private ownership of minerals. The DMRE (previously the Department of Mineral Resources) is the government body which, through its regional offices, implements and administers the MPRDA.

Any person (including the owner of the surface rights) who wishes to exploit mineral resources in South Africa is required to first apply for and obtain the appropriate right under the MPRDA. The Minister is authorized to grant or refuse applications for rights under the MPRDA. Provided that an applicant meets all the requirements relating to the right for which the applicant has applied, the Minister is obliged to grant the right. Once the right is granted in terms of the MPRDA and registered in terms of the Mining Titles Registration Act, 16 of 1967, the holder holds a limited real right in respect of the mineral and the land to which such right relates.

In accordance with the MPRDA, the holder of a mining right must comply with the terms of the right, the provisions of the MPRDA, the environmental authorization (issued under the NEMA), the mining work program and the SLP approved as part of the right. The SLP relates to the obligations placed on the mining right holder to, among other things, train employees of the mine in accordance with prescribed training methodologies, achieve employment equity and human resource development in the mining company, improve housing and living conditions of employees and set up local economic development projects. Compliance with each of the provisions of the MPRDA, environmental authorization, mining work program and SLP is monitored by submission of monthly, bi-annual and annual returns and reports by the holder of the right to the DMRE in accordance with the provisions of the MPRDA and the right. A prospecting or mining right can be suspended or canceled if the holder conducts mining operations in breach of the MPRDA, a term or condition of the right or an environmental management plan, or if the holder of the right submits false, incorrect or misleading information to the DMRE. The MPRDA sets out a process which must be followed before the Minister is entitled to suspend or cancel the prospecting or mining right.

We have been working on our program of licensing since 2004, which involved the compilation of a mineral assets register and the identification of all of our economic, mineral and mining rights. We actively carry out mining and exploration activities in all of our material mineral rights areas in South Africa. In the period following the MPRDA taking effect, we applied for and were granted conversion of all of our "old order" mining rights into "new order" mining rights in terms of the MPRDA.

Our strategy has been to secure all strategic mining rights on a region-by-region basis, which we have achieved as we have secured all “old order" mining rights and validated existing mining authorizations. All mining operations have valid mining rights in terms of the MPRDA and we now have to continue complying with the required monthly, annual and bi-annual reporting obligation to the DMRE.

On June 21, 2013, the Minister introduced the MPRDA Bill into Parliament. The DMRE briefed the National Assembly's Portfolio Committee on Mineral Resources in July 2013. The MPRDA Bill was passed by both the National Assembly and the NCOP on March 27, 2014. In January 2015, the former President, Jacob Zuma, referred the MPRDA Bill back to Parliament for reconsideration and on November 1, 2016, the Portfolio Committee on Mineral Resources tabled non-substantial revisions to the MPRDA Bill in the National Assembly and a slightly revised version of the MPRDA Bill was passed by the National Assembly and referred to the NCOP. On March 3, 2017, the National Assembly passed certain minor amendments to the MPRDA Bill. The National Assembly referred the MPRDA Bill to the NCOP where the Select Committee received comments on the draft legislation. The chairperson of the Select Committee had targeted January or February of 2018 to pass the legislation. On February 16, 2018, the current President of South Africa, Cyril Ramaphosa, announced that the MPRDA Bill was at an advanced stage in Parliament. However, in August 2018, the Minister announced that, given certain concerns with the MPRDA Bill, his recommendation would be to withdraw it entirely. The South African Cabinet subsequently supported the Minister's proposal to withdraw the MPRDA Bill. While the MPRDA Bill was not formally withdrawn by Parliament, it lapsed on March 28, 2019. Although Parliament has the ability to revive a lapsed Bill, it seems unlikely that it will revive the MPRDA Bill given both the Minister's and Cabinet's support for its withdrawal.

Among other things, the MPRDA Bill would:

- *Concentration of rights*

  The MPRDA Bill seeks to introduce a system whereby the Minister invites applications for prospecting rights, exploration rights, mining rights, technical co-operation permit, production rights and mining permits in respect of any area of land. Applicants for rights will no longer be able to rely on the "first come, first served" principle when submitting an application.

- *Ownership of tailings created before May 1, 2004*

  The MPRDA provides that historic tailings are not regulated in terms of the MPRDA; however, the MPRDA Bill purports to amend the MPRDA so as to render historic tailings subject to regulation under the MPRDA, resulting in the South African government gaining custodianship of historic tailings.

- *Transfers in interests in companies*

  The MPRDA Bill seeks to require the consent of the Minister for the transfer of any interest in an unlisted company or any controlling interest in a listed company where such companies hold a prospecting right or mining right.

- *Mineral beneficiation*

  A key change is that the MPRDA Bill seeks to make it mandatory for the Minister to “initiate or promote the beneficiation of minerals and petroleum resources in the Republic of South Africa”. The MPRDA Bill affords the broad discretion over beneficiation, without providing any criteria under which such discretion should be exercised.

- *Issue of a closure certificate*

  The MPRDA Bill envisages that a rights holder will remain liable for any latent or residual environmental and associated damage caused by prospecting and mining operations, even after (and notwithstanding) the issue of a closure certificate by the Minister. This means that a rights holder will no longer be indemnified from liability after the issue of a closure certificate.

There is a large degree of uncertainty regarding the changes that will be brought about in the unlikely event that the MPRDA Bill is revived and made law.

The Mining Charter

The South African government has identified the South African mining industry as a sector in which significant participation by HDSAs is required. One of the objects of the MPRDA is to substantially and meaningfully encourage HDSAs to enter the mineral and petroleum industries and to benefit from the exploitation of the nation’s mineral and petroleum resources. In terms of section 100 of the MPRDA, the Minister was empowered to develop a broad-based socio-economic charter in order to set the framework for targets and time periods for giving effect to these objectives.

Among other things, the Original Charter stated that mining companies agreed to achieve 26% HDSA ownership of South African mining industry assets within 10 years (i.e. by the end of 2014). Ownership could comprise active involvement, through HDSA-controlled companies (where HDSAs own at least 50% plus one share of the company and have management control), strategic joint ventures or partnerships (where HDSAs own at least 25% plus one vote of the joint venture or partnership interest and there is joint management and control) or collective investment vehicles, the majority ownership of which is HDSA based, or passive involvement, particularly through broad-based vehicles such as employee stock option plans.

The Original Charter was subsequently amended by the Amended Charter which included targets and timelines for HDSA participation in procurement and enterprise development, beneficiation, employment equity, human resources development, mine community development, housing and living conditions, sustainable development and growth of the mining industry and reporting (monitoring and evaluation). It required mining companies to achieve the following, among others, by no later than December 31, 2014:

- have a minimum effective HDSA ownership of 26%;
- procure a minimum of 40% of capital goods, 70% of services and 50% of consumer goods from HDSA suppliers (i.e. suppliers in which a minimum of 25% + one vote of their share capital must be owned by HDSAs) by 2014 (exclusive of non-discretionary procurement expenditure);
- ensure that multinational suppliers of capital goods contribute a minimum of 0.5% of their annual income generated from South African mining companies into a social development fund from 2010 towards the socio-economic development of South African communities;
- achieve a minimum of 40% HDSA demographic representation at executive management (board) level, senior management (executive committee) level, core and critical skills, middle management level and junior management level;
- invest up to 5% of annual payroll in essential skills development activities; and
- implement measures to improve the standards of housing and living conditions for mineworkers by converting or upgrading mineworkers' hostels into family units, attaining an occupancy rate of one person per room and facilitating home ownership options for all mineworkers in consultation with organized labor.

In addition, mining companies were required to monitor and evaluate their compliance with the Amended Charter and submit annual compliance reports to the DMRE. The "scorecard" attached to the Amended Charter made provision for a phased-in approach for compliance with the above targets over the five year period ending on December 31, 2014. For measurement purposes, the scorecard allocated various weightings to the different elements of the Amended Charter. Failure to comply with the provisions of the Amended Charter would, according to its provisions, ostensibly amount to a breach of the MPRDA and could have resulted in the cancellation or suspension of a mining company's mining rights.

Harmony believes that it had complied with the requirements of the Amended Charter by the December 31, 2014 deadline.

In March 2015, the DMRE prepared an interim report of consolidated results of the self-assessment by reporting companies of compliance with the Amended Charter, reporting relatively broad compliance with the non-ownership requirements of the Amended Charter. However, the DMRE did not report the results of compliance with the HDSA ownership guidelines of the Amended Charter and noted that there was no consensus on certain principles applicable to the interpretation of the ownership element.

On March 31, 2015, the MCSA and the DMRE jointly agreed to approach the North Gauteng High Court to seek a declaratory order that would provide a ruling on the relevant legislation and the status of the Original Charter and the Amended Charter, including clarity on the status of previous empowerment (i.e., HDSA ownership) transactions concluded by mining companies and a determination on whether the ownership element of the Original Charter and the Amended Charter should be a continuous compliance requirement for the duration of the mining right as argued by the DMRE, or a once-off requirement as argued by the MSCA, on the "once empowered always empowered" principle. The MCSA and the DMRE filed papers in court (the "**Main Application**") and the matter was placed on the roll to be heard on March 15, 2016. On February 16, 2017, the High Court postponed the hearing of the application indefinitely to allow the MCSA and the South African government to engage in further discussion on this matter.

The Minister published the Broad-Based Black Socio-Economic Empowerment Charter for the South African Mining and Minerals Industry, 2017 ("**2017 Mining Charter**") which came into effect on June 15, 2017. The MCSA launched an urgent application in the High Court of South Africa, Gauteng Division, Pretoria to interdict the implementation of the 2017 Mining Charter (the "**Interdict Application**") pending a judicial review application on the basis that it was unilaterally developed and imposed on the industry and that the process that was followed by the DMRE in developing the 2017 Mining Charter had been seriously flawed (the "**2017 Review Application**"). However, the Minister and the MCSA reached an agreement on September 13, 2017 under which the Interdict Application did not proceed as the Minister undertook to suspend the 2017 Mining Charter pending the outcome of the 2017 Review Application by the MCSA. The 2017 Review Application was subsequently indefinitely postponed by agreement between the DMRE and the MCSA on the basis that the MCSA had entered into a new round of discussions with the President of South Africa, Cyril Ramaphosa, and the Minister. On February 19, 2018, the Gauteng Division High Court ordered that the DMRE and the MCSA also involve communities affected by mining activities in these new discussions relating to the 2017 Mining Charter.

When the 2017 Mining Charter was published, the MCSA re-enrolled the Main Application for hearing and the High Court hearing was held in December 2017.

On April 4, 2018, the North Gauteng High Court delivered the its judgement (the "**2018 Judgement**"). The effect of the 2018 Judgment is that mining companies are not required to re-empower themselves after their HDSA shareholders have sold out and that the DMRE cannot rely on the provisions of the MPRDA to enforce compliance with the Amended Charter, unless the provisions which the DMRE seeks to enforce were made a term or condition of the mining right. The Court also held that the Minister's promulgation of the Amended Charter did not occur in terms of or in compliance with the duty imposed in terms of section 100(2) of the MPRDA and, as such, the terms of the Amended Charter can have legal consequences or significance only insofar as they are, by any means, reflected in the terms of conditions subject to which the Minister grants a mining right. It also brings the validity and enforceability of any subsequent mining charter into question unless it is legislatively authorized. On April 19, 2018, the DMRE filed a notice of intention to appeal the Gauteng Division High Court’s Judgment but later withdrew its appeal during August 2020.

On September 27, 2018, the Minister published the Mining Charter III on which date it also became effective, as amended by the notice published in the Government Gazette on December 19, 2018 and read with the Implementation Guidelines. It replaces, in their entirety, the Original Charter and the Amended Charter. Mining Charter III imposes new obligations and increased participation by HDSAs in relation to a mining company's ownership, procurement of goods and services, enterprise and supplier development, human resource development and employment equity requirements. The first annual reporting for compliance with Mining Charter III was on or before March 31, 2020, although on April 11, 2020, the Minister gazetted Directions under the regulations of the Disaster Management Act as part of the measures to address, prevent and combat the spread of Covid-19, which extended the date for submission of the first annual report to June 1, 2020. Harmony submitted its first report under Mining Charter III within the specified deadline.

Some of the material changes introduced by Mining Charter III include:

- in relation to existing mining rights, the continuing consequences of historical black economic empowerment transactions will be recognized and existing right holders will not be required to increase their HDSA shareholding for the duration of their mining right in circumstances where they either achieved and maintained 26% HDSA ownership or where they achieved the 26% HDSA ownership but their HDSA shareholder has since exited;
- in relation to the renewal and transfer of existing mining rights, historical BEE credentials will not be recognized and mining companies will be required to comply with the ownership requirements in relation to new mining rights (see below);
- in relation to new mining rights (granted after September 27, 2018) mining companies must have a minimum of 30% BEE shareholding distributed as follows: a minimum of 5% non-transferable *carried* interest to qualifying employees; a minimum of 5% non-transferable *carried* interest to host communities, or a minimum 5% equity equivalent benefit; and a minimum of 20% to a BEE entrepreneur, 5% of which must preferably be for women; "carried interest" is defined as "*shares issued to qualifying employees and host communities at no cost to them and free of any encumbrances. The cost for the carried interest shall be recovered by a right holder from the development of the asset*";
- applications for mining rights lodged and accepted prior to September 27, 2018, will be processed in terms of the Amended Charter (i.e. with a 26% HDSA ownership requirement) but with a further obligation to increase their HDSA shareholding to 30% within five years of the granting of the right;
- BEE shareholding may be concluded at holding company level, mining right level, on units of production, shares or assets and where is concluded at any level other than mining right level, the flow-through principle will apply;
- the permitted beneficiation off-set of up to 11% against the HDSA ownership requirement contained in the Original Charter and Amended Charter has been reduced to 5% unless it was "claimed" prior to September 27, 2018;
- a minimum of 70% of total mining goods procurement spend (including non-discretionary expenditure) must be on South African manufactured goods, allocated amongst HDSA owned and controlled companies, women and youth owned and controlled companies and BEE compliant companies;
- a minimum of 80% of the total spend on services (including non-discretionary expenditure) must be sourced from *South African* companies, allocated among HDSA owned and controlled companies, women and youth owned and controlled companies and BEE compliant companies;
- mining companies must achieve a minimum representation of HDSAs in the following management positions: 50% on the Board of directors (20% of which must be women), 50% in executive (20% of which must be women), 60% in senior management (25% of which must be women); 60% in middle level (25% of which must be women); 70% in junior level (30% of which must be women) and 60% in core and critical skills. In addition; HDSAs with disabilities must constitute 1.5% of all employees.
- the Minister may, by notice in the Government Gazette, review Mining Charter III;
- the ownership and mine community development elements are ring-fenced and require 100% compliance at all times; and
- a mining right holder that has not complied with the ownership element and falls between levels 6 and 8 of the Mining Charter scorecard shall be in breach of the MPRDA and its mining right may be suspended or canceled in accordance with the provisions of the MPRDA.

While Mining Charter III is now effective, there are transitional arrangements in relation to compliance with the procurement and the employment equity element targets.

On March 26, 2019, the MCSA instituted judicial review proceedings in High Court of South Africa for an order reviewing and setting aside certain provisions of Mining Charter III. The provisions challenged by the MCSA relate to those which, among other things:

- provide that mining right holders must at all times comply with the ownership requirements imposed under Mining Charter III;
- stipulate that the continuing consequences of historic empowerment transactions will not be recognized if existing mining rights are renewed or transferred to third parties;
- impose the procurement thresholds for goods and services; and
- indicate that the Minister may invoke the sanctions prescribed under the MPRDA, if a mineral right holder fails to comply with the threshold requirements imposed under the Charter.

The application aligns with the MCSA's previously stated view that most aspects of the Mining Charter III represent a reasonable and workable framework. However, the MCSA's application contends that Mining Charter III does not fully recognize the continuing consequences of previous empowerment transactions, particularly in relation to mining right renewals and transfers of such rights. According to the MCSA, this constitutes a breach of the declaratory order on the matter issued by the North Gauteng High Court in April 2018. On June 30, 2020, the Court ordered that various mine-affected communities and trade unions are joined as parties to the MCSA's application. The MCSA's application was heard before a full bench of judges in May 2021. Judgment was reserved and there is currently no indication as to when it will be delivered. The outcome of the matter remains uncertain.

For details of our compliance in the regard*,* see *"Integrated Annual Report for the 20-F 2021 - Governance- Mining Charter III - compliance scorecard"* on pages 163 to 164.

On March 27, 2020 the Minister published for implementation the Amended Regulations. The Amended Regulations include the following notable changes:

- Mining right applicants must "meaningfully consult" with landowners, lawful occupiers and interested and affected parties in accordance with the procedures contemplated under the EIA Regulations). The office of the Regional Manager is permitted to participate as an observer in these processes.
- Mining right holders must pursuant to their SLPs contribute to the socio-economic development in the areas in which they operate and labor sending areas (i.e. a local municipality from which a majority of mineworkers are from time to time permanently resident). This requirement may impose obligations on mining right holder to effect measures in communities that are located far away from the mine and / or could give rise to some social issues.
- Although most of the provisions regulating environmental matters have been deleted from the Regulations, those sections dealing with mine closure have been retained but have been amended to state that mine closure must be regulated in terms of the NEMA, the EIA Regulations and the Financial Provision Regulations, 2015. It is anticipated that the Financial Provision Regulations, 2015 will be replaced by revised regulations following further engagement with the mining industry.
- The appeal process in the MPRDA Regulations has been replaced with a more comprehensive procedure that includes specific time periods within which appellants, respondents and the competent authority must submit appeals, responses or consider appeals (as the case may be). Although there is no guarantee that the parties will comply with these time periods, the time periods intend to hold the parties accountable and to ensure that appeals are resolved in a timely manner.

The Royalty Act

The Mineral and Petroleum Royalty Act 28 of 2008 and the Mineral and Petroleum Royalty Administration Act 29 of 2008 were assented to on November 21, 2008 with the commencement date set as May 1, 2009. However, the date on which royalties became payable was deferred to March 1, 2010. Royalties are payable by the holders of mining rights to the government according to formula based on a defined earnings before interest and tax. This rate is then applied to a defined gross sales leviable amount to calculate the royalty amount due, with a minimum of 0.5% and a maximum of 5% for gold. For 2021, the average royalty rate for our South African operations was 0.97% of the gross sales leviable amount.

The BBBEE Act and the BBBEE Amendment Act

The BBBEE Act, 53 of 2003 (the "**BBBEE Act**"), which came into effect on April 21, 2004, established a national policy on broad-based black economic empowerment with the objective to (i) remedy historical racial imbalances in the South Africa economy and (ii) achieve economic transformation, by increasing the number of black people who participate in the mainstream South African economy. The BBBEE Act provides for various measures to promote BEE participation, including empowering the Minister of Trade and Industry to issue Codes of Good Practice (the "**BBBEE Codes**"), with which organs of state and public entities and parties interacting with them or obtaining rights and licenses from them would be required to comply. The BBBEE Codes were first published in 2007, and were revised in 2013 (although the revisions only came into effect in 2015). The BBBEE Codes sought to provide a standard framework, in the form of a "generic scorecard", for the measurement of BBBEE across all sectors and industries operating within the South African economy and sought to regularize such sectors and industries by providing clear and comprehensive criteria for the measurement of BBBEE.

On October 24, 2014, the BBBEE Amendment Act, 46 of 2013 (the "**BBBEE Amendment Act**") came into effect. The BBBEE Amendment Act inserted a new provision in the BBBEE Act, whereby the BBBEE Act would trump the provisions of any other law in South Africa which conflicts with the provisions of the BBBEE Act, provided such conflicting law was in force immediately prior to the effective date of the BBBEE Amendment Act. The BBBEE Amendment Act also stipulates that this provision would only be effective one year after the BBBEE Amendment Act is brought into effect, on October 24, 2015. On October 27, 2015, the Minister of Trade and Industry published a government gazette notice declaring an exemption in favor of the DMRE from applying the requirements contained in section 10(1) of the BBBEE Act for a period of 12 months.

There has been some debate as to whether or to what extent the mining industry was subject to the BBBEE Act and the policies and codes provided for thereunder. The BBBEE Codes apply in the absence of sector specific codes which have been agreed to by interested and affected parties active within a specific sector. By way of background, various sectors within the South African economy may negotiate and agree Codes of Good Practice which would govern transformation in that specific sector. In addition, certain codes fall outside of the regulatory framework established by the BBBEE Act and BBBEE Codes promulgated by the Minister of Trade and Industry thereunder. One such sector is the mining industry, where the Original Charter, the Amended Mining Charter and Mining Charter III, which we refer to generally in this section as the "**Mining Charter**")) govern the implementation of BBBEE, among other things, within the mining industry.

For purposes of the BBBEE Act, the Mining Charter is not a "sector code". It is not clear at this stage how the Mining Charter and BBBEE Codes relate to each other. The government may designate the Mining Charter as a sector code, in which case it will be under the auspices of the BBBEE Act. On the other hand, the Mining Charter may remain a stand-alone document under the auspices of the MPRDA and may be subject to the trumping provision, discussed above, to the extent that there is a conflict between the two. This uncertainty may be resolved through either government clarification or judicial attention. The exemption by the Minister of Trade and Industry can be read as confirmation that the Department of Trade and Industry regards the BBBEE Codes as "applicable" to the Mining Industry after the exemption is lifted on October 27, 2016.

On February 17, 2016, the Minister of Trade and Industry published a gazette notice which repealed and confirmed the validity of a number of sector codes. The omission of the Mining Charter from the notice can be interpreted as confirmation that the Mining Charter is not contemplated as a sector code. This supports the interpretation BBBEE Act did not intend to trump the Mining Charter. While it remains to be seen how this will be interpreted, it appears that the BBBEE Act and the BEE Codes will not overrule the Mining Charter in the future and, in any event, our view is that the DMRE is likely to continue implementing the Mining Charter and it is unlikely that the DMRE will begin applying the BBBEE Act and BBBEE Codes in administering the MPRDA, since in order to do so will potentially require an amendment of the MPRDA.

Housing and Living Standards

On December 11, 2019 the Minister published the Housing and Living Conditions Standard for the Minerals Industry (the "**Standard**"). The purpose of the Standard is to ensure that mine employees are provided with adequate housing, healthcare services, balanced nutrition and water. The Standard repeals the previous iteration of the Standard from 2009 and applies to existing and new mining right holders. The underlying purpose of the Standard is to develop decent single and family housing units for mine employees and their families.

Mining right holders are required to develop a housing and living conditions plan taking into account various principles in giving effect to the above objectives including, engaging with all relevant stakeholders, ensuring equity in the implementation and administration of the housing of employees, providing employees with a range of housing options (such as subsidized rental, private ownership, living out allowances and government subsidized ownership) and ensuring that all housing facilities are developed or redeveloped with access to electricity, water and ablutions in accordance with the requisite norms and standards.

Mining right holders have twelve months in which to engage with organized labor, relevant municipalities and the Department of Water and Sanitation regarding mine employee housing and the living conditions that need to be addressed.

Draft Resettlement Guidelines

The Minister published the Draft Mine Community Resettlement Guidelines, 2019 ("**Resettlement Guidelines**") for public comment on December 4, 2019. The Resettlement Guidelines apply to applicants and holders of mining rights, prospecting rights and mining permits pursuant to the MPRDA, which result in the displacement of parties. Resettlement is guided by several fundamental principles including meaningful consultation, gender equality, the avoidance of resettlement, where possible, rules concerning meetings and the protection of existing rights.

Applicants and holders will need to make provision for a Resettlement Plan, Resettlement Action Plan and a Resettlement Agreement. The Resettlement Plan sets out the nature of the project, its expected impacts, the manner in which consultation will be implemented and the various cost implications for the resettlement. The Resettlement Action Plan sets out the specific steps that the holder will need to meet to implement the Resettlement Plan and the Resettlement Agreement records the commitments made by the holder. There are no specific requirements in the Resettlement Guidelines regarding the content of these agreements. However, all stakeholders should be engaged and commit to their respective obligations.

No mining activities may commence until such time as the Resettlement Agreement has been concluded. This includes agreement on the compensation that should be paid to affected parties. Any disputes between the parties regarding the Resettlement Agreement or associated plans, should be resolved between the parties. To the extent that the parties are unable to reach an amicable solution, only then should the Regional Manager-led process in section 54 of the MPRDA be invoked.

Draft Geoscience Regulations

The Minister published the Draft Regulations to the Geoscience Act, 1993 for public comment on March 4, 2021 ("**Draft Regulations**"). The Draft Regulations require, among other things, "right holders" and "non-right holders" to lodge "prospecting geoscience data and information" with the Council for Geoscience ("**Council**"). The nature of information to be lodged is extremely broad and includes historical or legacy data older than fifteen years. Other concerns with the Draft Regulations include, a lack of confidentiality protections in relation to information lodged with the Council, an apparent duplication of the reporting obligations under the MPRDA as well as the costs associated with the collation and lodging of the information.

Mineral Rights - Papua New Guinea

Mining in PNG is regulated by the PNG Mining Act. The Act stipulates that all minerals are the property of the State of PNG (**"PNG Government**") and, subject to the Act, all land is available for exploration and mining. The issuance and administration of mining tenements under the PNG Mining Act is effected through the offices of the MRA established under the PNG Mineral Resources Authority Act 2018, and mining operations are administered by the Chief Inspector of Mines under the PNG Mining (Safety) Act. Mineral policy is administered by the Department of Mineral Policy and Geohazards Management, all three branches falling within the PNG Department of Mining.The permitting process can be very time consuming, and (subject to the applicable legislation) there is no assurance that a mining tenement will be granted or extended.

Mining tenements include:

- exploration licenses, issued for a term not exceeding two years, renewable on application for further two year terms subject to compliance with expenditure and other conditions. Each license contains a condition conferring on the PNG Government the right to make a single purchase up to 30% equitable interest in any mineral discovery under the license at a price pro rata to the accumulated exploration expenditure;
- mining leases, issued for a term not exceeding 20 years, renewable on application for up to ten years at the discretion of the PNG Minister for Mining after considering PNG Mining Advisory Board recommendations;
- special mining leases, issued for a term not exceeding 40 years, renewable on application for up to twenty years at the discretion of the PNG Minister for Mining after considering PNG Mining Advisory Board recommendations and subject to the provisions of any mining development contract which may have been entered into between the PNG Government and the tenement holder;
- mining easements; and
- leases for mining purposes.

These tenements generally confer exclusive rights on the holder to exercise their rights thereunder. However, in PNG, citizens have the right to carry out non-mechanized mining of alluvial minerals on land owned by them, provided that an alluvial mining lease is obtained and provided there is not already a mining lease or special mining lease over the subject land.

Almost all land in PNG is owned by a person or group of persons under customary ownership, and is not generally overlaid by landowner title. The customary owners of the land have in some instances been formally identified through the work of the Land Titles Commission. However, there is often considerable difficulty in identifying landowners of a particular area of land because land ownership may arise from both contract and inheritance, and because of the absence of a formal written registration system.

Along with standard corporate and other taxes and levies, mining companies must pay royalties to the PNG Government and a levy to the MRA, based on production. Prior to commencing exploration, compensation for loss or damage must be agreed with the landowners. Prior to commencing mining, written agreements must be entered into with landowners dealing with compensation and, in company with the PNG Government as a party, a memorandum of agreement dealing with such other matters as the sharing of royalties and other mining benefits among and between landowner groups and Provincial and local government entities.

Potential Changes to PNG Mining Laws

Since 2009, the mining regime in PNG has been the subject of a comprehensive ongoing review involving various PNG Government agencies. The legislation being reviewed includes the PNG Mining Act, PNG Mining (Safety) Act and applicable regulations. Mineral Policy and mining-specific sector policies including biodiversity offsets, offshore mining policy, sustainable development policy, involuntary relocation policy and mine closure policy.

Over that period, various draft revisions of the PNG Mining Act have been circulated and submitted to the PNG Chamber of Mines and Petroleum for its comments, most recently in 2018 and 2020. The most recent draft revisions include an increase in the royalty rate, changes to the terms of the PNG Government's right to acquire an interest in a mine discovery, the introduction of a development levy and a waste fee, the introduction of an obligation to maintain production at minimum prescribed levels, a prohibition on non-local “Fly-In, Fly-Out” employment practices, and the introduction of downstream processing obligations. If introduced, these changes will potentially affect Harmony's operations and projects in PNG, in the form of additional restrictions, obligations, operational costs, taxes, levies, fees and royalty payments, and could have a material adverse effect on Harmony's business, operating results and financial condition.

On June 26, 2020 the Mining (Amendment) Act was enacted to require the real-time provision of production and mineral sales data to the PNG Government. The Mining (Amendment) Act 2020 also amends the PNG Mining Act to provide that the State now has the power to reserve land that is subject to an expired, cancelled, surrendered, or relinquished tenement. Wholly or majority State-owned entities then have a statutory priority in applying for a new tenement over the reserved land.

On July 16, 2020 the proposed PNG Organic Law was tabled for reading in Parliament. The Organic Law (if adopted) will materially alter the legislative and regulatory regime governing mining in PNG, including the transfer of ownership of minerals from the PNG Government to a SOE not subject to the PNG Mining Act of the regulation of the Mineral Resources Authority and the transformation of the methodology of its participation in mining operations from a concessionary to a production sharing regime. The proposed PNG Organic Law is silent on the form and content of the production sharing regime to be entered into, which arrangements it is envisaged will be negotiated by the SOE on a case by case basis.

It is presently uncertain if the PNG Organic Law will be adopted, or (if adopted) whether or how the PNG Organic Law will be applied to Harmony's current operations and projects in PNG. Due to this uncertainty, Harmony is unable to express a view on the likely impact of the changes at the present time. See Item 3. *"Key Information - Risk Factors - Laws governing mineral rights affect our business and could impose significant costs and obligations. Mineral rights in the countries in which we operate could be altered, suspended or canceled for a variety of reasons, including breaches in its obligations in respect of such mining rights"*.

The PNG Chamber of Mines and Petroleum, as the representative industry body, has been collating information from industry participants and engaging with the PNG Government as part of the industry's response to the review proposals. Harmony is a member of the PNG Chamber of Mines and Petroleum and is represented on the sub-committee of the Chamber.

Health and Safety - South Africa

For many years, the safety of persons working in South African mines and quarries was controlled by the Mines and Works Act, 27 of 1956 and then by the Minerals Act, 50 of 1991, which was replaced by the MHSA**.** The objectives of the MHSA are:

- to protect the health and safety of persons at mines;
- to require employers and employees to identify hazards and eliminate, control and minimize the risks relating to health and safety at mines;
- to give effect to the public international law obligations of South Africa that concern health and safety at mines;
- to provide for employee participation in matters of health and safety through health and safety representatives and the health and safety committees at mines;
- to provide effective monitoring of health and safety measures at mines;
- to provide for enforcement of health and safety conditions at mines;
- to provide for investigations and inquiries to improve health and safety at mines;
- to promote a culture of health and safety in the mining industry;
- to promote training in health and safety in the mining industry; and
- to promote co-operation and consultation on health and safety matters between the South African, employers, employees and their representatives.

One of the most important objectives of the MHSA is to protect the health and safety of all persons at mines and not merely the health and safety of employees. An employer is obliged, in terms of the MHSA and the regulations binding in terms thereof, to protect, as far as reasonably practicable, the health and safety of non-employees (such as visitors to a mine and the public who live in close proximity to the mine) and employees (which includes employees of independent contractors) performing work at a mine.

The word "*employer*" in section 102 of the MHSA is defined as the owner of the mine. In turn, an "*owner*" of a mine is defined to include: (i) the holder of the prospecting permit or mining authorization issued under the MPRDA; (ii) if a prospecting permit or mining authorization does not exist, the person for whom the activities in connection with the winning of a mineral are undertaken, but excluding an independent contractor; or (iii) the last person who worked the mine or that person's successor in title.

The aforesaid subsection was amended by section 30(f) of the Mine Health and Safety Amendment Act, 74 of 2008 by substituting the term "*Mineral and Petroleum Resources Development Act*" for the term "*Minerals Act*." Under the new system, mining authorizations do not exist. However, taking into account section 12 of the Interpretation Act 33 of 1957, the word "*authorisation*" must be substituted by the words "*mining right or mining permit*." Accordingly, the holder of the "*mining right or mining permit*" is regarded as the employer for the purposes of the MHSA and the regulations binding thereunder. The employer therefore remains responsible to ensure that applicable provisions of the MHSA and the regulations binding in terms thereof, are complied with to ensure the health and safety of persons, as far as reasonably practicable and to prevent damage to property.

The MHSA prescribes, among other things, general and specific duties for employers and other persons, determines penalties for non-compliance with the MHSA and regulations thereunder, makes allowance for administrative fines to be issued for non-compliance with the MHSA and regulations thereunder, and provides for employee participation by requiring the appointment of health and safety representatives and the establishment of health and safety committees. The MHSA also entrenches the right of employees to refuse to work in dangerous conditions. The MHSA further places an obligation on employees to protect their health and safety, as well as the health and safety of other persons.

See "Integrated Annual Report for the 20-F 2021 - Social - Employee wellness and healthcare" on pages 108 to 113.

The Mine Health and Safety Inspectorate ("**MHSI**") of the DMRE is responsible for the enforcement of the MHSA and the regulations binding in terms thereof. The DMRE also plays an important role in the promotion of health and safety at mines. The MHSI comprises of a Chief Inspector of Mines, Deputy General, Principal Inspectors of Mines for each region and various Senior Inspectors and Inspectors of Mines for each region. Should employers or employees fail to comply with their obligations under the MHSA, the MHSI may take a number of enforcement measures which may include the following:

- the issuing of statutory instructions (for example notices in terms of section 54 or section 55 of the MHSA) if an Inspector of Mines has reason to believe that any occurrence, practice or condition at a mine endangers the health and safety of any person at a mine, or alternatively if an Inspector of Mines has reason to believe that a provision of the MHSA has not been complied with. A notice in terms of section 54 of the MHSA, may halt all mining operations undertaken at a mine or part thereof. If a mine receives notices in terms of section 54 of the MHSA regularly, the production stoppages and the additional costs incurred as a result thereof, will not only affect the production results of a mine but also the reputation and business of a mine. If, however, a notice in terms of section 54 of the MHSA has been issued unlawfully, the mine may appeal the said notice to the Chief Inspector of Mines. It must be noted that the aforesaid appeal does not suspend the operation of the notice issued in terms of section 54 of the MHSA. To suspend the operation of the notice in the above instance, a mine must lodge an urgent application to the Labour Court (being the court with jurisdiction) requesting the suspension of the operation of the notice issued in terms of section 54 of the MHSA pending the outcome of the appeal to the Chief Inspector of Mines;
- the Chief Inspector of Mines may suspend or cancel certificates of competency issued in terms of the MHSA if the holder of that certificate is guilty of gross negligence or misconduct or has not complied with the MHSA or the regulations binding thereunder;
- a Principal Inspector of Mines may recommend prosecution to the National Director of Public Prosecutions if satisfied that there is sufficient admissible evidence that an offence has been committed. Any person convicted of an offence in terms of the MHSA may be issued with a fine or sentenced to imprisonment as may be prescribed; and
- a Principal Inspector of Mines may, after considering the recommendation of an Inspector of Mines and the written representations of the employer, impose an administrative fine for the failure to comply with, amongst others, the provisions of the MHSA and the regulations binding thereunder. In terms of Table 2 of Schedule 8 to the MHSA, the maximum administrative fine which may be imposed on an employer is one million Rand per transgression. The MHSA does not make provision for any internal appeal against an administrative fine which has been issued unlawfully. However, if a mine receives an administrative fine which has been issued unlawfully, the mine may lodge an application in the Labour Court (being the court with jurisdiction) to review the decision to impose an administrative fine.

Over and above the aforesaid, investigation and/or inquiry proceedings in terms of the MHSA are instituted by the MHSI following an accident or occurrence at a mine, which results in the death of any person.

In South Africa the Compensation for Occupational Injuries and Diseases Act (**"COIDA"**) and Occupational Diseases in Mines and Works Act (**"ODMWA"**) established two statutory systems for the payment of compensation for occupationally related injuries and certain occupationally related diseases. COIDA applies to the compensation of all occupational injuries (including payment of compensation in the event of the death of the injured employee), whether or not it occurs in or outside the mining industry. ODMWA applies to diseases which are defined as "*compensatable diseases*", being primarily occupationally related lung diseases like silicosis.

COIDA indemnifies the employer against claims by the employee or his/her dependents for damages incurred as a result of occupational injuries and diseases. However, the Constitutional Court held in *Mankayi v AngloGold Ashanti Limited* 2011 (3) SA 237 (CC) that although COIDA applies to occupational diseases in general, COIDA does not apply in instances where the disease in question is a compensatable disease in terms of ODMWA and which was contracted as a result of the performance of "*risk work*" at a "*controlled mine*". The Court further held that if an employee contracts a compensatable disease as defined in ODMWA, the employee would still be entitled to claim common law damages from the employer.

Health and Safety - Papua New Guinea

PNG has a significant mining industry, and a developing system of occupational health and safety. The PNG Mining (Safety) Act is the principal legislation, which addresses a range of issues such as working hours, minimum safety and reporting requirements. Other legislation and regulations also apply.

The PNG Mining (Safety) Act and the Regulations issued thereunder are currently under review as part of the overall review of mining legislation in PNG. In June 2021, the PNG Ministry of Mining released the draft Mine & Works (Safety & Health) Bill 2021 which, if enacted in its present form, will repeal and replace the PNG Mining (Safety) Act. "See above under "- *Regulation - Mineral Rights - Papua New Guinea*". Harmony continues to engage with the PNG Government through the offices of the Chamber of Mines and Petroleum of PNG, and directly with the PNG Minister for Mining and the Managing Director of the MRA.

See "Integrated Annual Report for the 20-F 2021 - Social - Employee wellness and healthcare" on pages 108 to 113.

Laws and Regulations pertaining to Environmental Protection - South Africa

In South Africa, environmental matters are regulated by national, provincial and municipal laws based on the competencies afforded to each of these spheres of government under South Africa's Constitution and relevant legislation. As a result, there are many statutes and by-laws that are applicable to construction, operation, decommissioning and closure of mining operations. The key legislation includes the NEMA, the NWA, the Air Quality Act, the National Environmental Management: Waste Act, 59 of 2008 (the "**Waste Act**"), the National Nuclear Regulator Act, 47 of 1999, the National Environmental Management: Biodiversity Act, 10 of 2004, the National Heritage Resources Act, 25 of 1999, the Carbon Tax Act and the MPRDA.

This legislation commonly requires businesses whose operations may have an impact on the environment to obtain permits, authorizations and other approvals for those operations. The rationale behind this is to ensure that companies with activities that are reasonably expected to have environmental impacts, can initially assess the extent of the environmental impacts from such activities, as well as to put reasonable and practicable mitigation measures in place to manage these impacts. In addition, businesses and authorities must monitor compliance to ensure that the requirements under the relevant permits, authorization and other approvals are achieved. In addition, the legislation may require compliance with standards or levels for which authorization is not required and impose a duty of care on businesses to ensure that reasonable measures are implemented to prevent pollution or environmental degradation from occurring, continuing or recurring.

NEMA

Section 24 of South Africa's Constitution is the cornerstone of South African environmental law. It affords every person the right to an environment that promotes their health and well-being and places an obligation on the state to create legislation and other instruments to give effect to this right taking into consideration the principles of sustainable development.

In accordance with this obligation, the Minister of Environmental Affairs and Tourism (as he was then) introduced the NEMA. The NEMA is "framework legislation", that is, it provides the core principles and structures in terms of which all environmental legislation and decisions are interpreted, administered and applied. These principles include (but are not limited to) the principles of inter-generational equity, the polluter pays principles, the cradle to grave principle and the principle of sustainable development (the "**Section 2 Principles**").

The NEMA introduces environmental management tools aimed at ensuring that the Section 2 Principles are incorporated into all decisions that may have an effect on the environment. Chief among these tools is the environmental authorization process. Under section 24(1) of the NEMA, the Minister of Environment, Forestry and Fisheries may identify activities that may not commence without an environmental authorization (the "**Listed Activities**").

The Minister of Environmental Affairs published the EIA Regulations and three lists of Listed Activities (the "**Listing Notices**"). The EIA Regulations contemplate two application processes for an environmental authorization: a "basic assessment" process and a "scoping and environmental impact assessment" process. The basic assessment is an abridged assessment process that considers the impacts of the proposed activity on the environment, while the scoping and environmental impact assessment is a much more detailed assessment that is reserved for those activities that are expected to have a greater impact on the environment. The activities listed in Listing Notices 1 and 3 trigger a basic assessment process, while the activities contained in Listing Notice 2 require the applicant to complete a scoping and environmental impact assessment. The period from the date of application until the granting or refusal of an environmental authorization should take no more than 300 days, excluding any appeal processes that suspends the environmental authorization for the duration of the appeal.Due to departmental limitations and other hindering factors, the 300 day time period is not always adhered to.

The most recent iteration of EIA Regulations and Listing Notices was published with effect from December 8, 2014, along with various amendments to the NEMA and the MPRDA pursuant to an agreement (referred to as the "**One Environmental System**") concluded between the Minister of Environmental Affairs, the Minister of Mineral Resources and Energy and the Minister of Water and Sanitation (as such ministries were then called). In terms of the One Environmental System, the DFFE is responsible for the creation of all legislation and regulation relating to the environment. The DMRE however, will be the competent authority responsible with implementing and enforcing this legislation as far as it directly relates to prospecting and mining activities, including the granting of environmental authorization for these activities.

Prior to the One Environmental System, the powers and responsibilities of the DFFE and DMRE overlapped. Any person applying for a prospecting right, mining permit or mining right was required under the MPRDA to conduct an environmental impact assessment and obtain approval (referred to as an Environmental Management Programme or "**EMPr**") from the DMRE. To the extent that the proposed prospecting or mining activities also triggered any listed activities under NEMA and prior versions of the EIA Regulations, an environmental authorization was required from the provincial environmental authorities. In practice, applicants for an EMPr and environmental authorization would conduct one environmental impact assessment and submit the final report to both the DMRE and provincial authority for their respective approvals. This dual system resulted in conflicting conditions with which the applicants were required to comply.

With effect from December 8, 2014, the DMRE became the competent authority in relation to all environmental matters directly related to prospecting, extraction and primary processing of mineral resources, including those ancillary listed activities associated with prospecting and mining operations previously governed by the provincial environmental authorities. Today, any person that seeks to obtain a prospecting right, mining permit or mining right must apply for an environmental authorization from the DMRE. This environmental authorization must be granted before a prospecting right, mining permit or mining right may be granted.

While the One Environmental System has streamlined the environmental authorization process, uncertainty exists (in limited instances) as to whether the DMRE or the environmental authorities are the competent authority to consider and grant environmental authorizations.

The NEMA requires applicants for environmental authorizations in respect of prospecting and mining to assess the environmental liabilities arising from their mining operations and to put up financial provision (in the form of cash, guarantees or certain insurance policies) to the satisfaction of the Minister. The amount of financial provision is assessed annually and, to the extent necessary, the financial provision is adjusted to the satisfaction of the Minister. If, at any point, the holder of environmental authorization fails to fulfill its obligations under the authorization or in terms of environmental laws, the Minister may call upon the financial provision to implement any necessary measures.

Prior to September 2, 2014, financial provision was regulated under section 41 of the MPRDA read with regulation 53 and 54 of the Mineral and Petroleum Resources Development Regulations (the "**MPRDA Regulations**"). These sections and regulations required that a mining right applicant make financial provision for the rehabilitation of negative environmental impact arising from their mining activities. The initial amount and subsequent increases thereof were determined in accordance with the DMRE Guidelines. Pursuant to the DMRE Guidelines and the MPRDA Regulations, the selected financial provision must cater for the actual costs associated with the premature closing, decommissioning and final closure and post closure management of residual and latent environmental impacts.

With effect from September 2, 2014, section 41 of the MPRDA was deleted and replaced with section 24P of the NEMA. Like section 41 of the MPRDA, section 24P of the NEMA states that the prospecting / mining right holder must annually assess their environmental liability in the prescribed manner and adjust the financial provision to the satisfaction of the Minister. The only material difference between section 41 of the MPRDA and section 24P of NEMA is that, in terms of the latter, the prospecting or mining right holder is required to maintain financial provision notwithstanding the issuing of a closure certificate by the Minister, while the former stated that the holder would be absolved of environmental liability once a closure certificate is used.

From September 2, 2014 until November 20, 2015, the amount of financial provision was calculated in accordance with the DMRE Guidelines as the Minister of Environmental Affairs (as she was then) had not published regulations in support of section 24P. The DMRE Guidelines were criticized for undervaluing the costs of environmental rehabilitation thus exposing the DMRE to potential liability in the event that the mining right holder was unable to fulfill its environmental obligations.

On November 20, 2015, the Minister of Environmental Affairs published the Financial Provision Regulations, 2015. The Financial Provision Regulations, 2015 sought to rectify the inadequacies of the DMRE Guidelines by, among other things, including preliminary and general costs in the financial provision calculations, imposing VAT (at 15%) on the total amount, prohibiting the withdrawal of trust funds for concurrent rehabilitation (even in circumstances where the financial provision exceeds the evaluated environmental liability) and ceding a portion of the funds to the Minister as security for possible latent and residual post-closure environmental impacts.

Compliance with these obligations would have resulted in a significant increase in the required financial provision and, consequently were strongly opposed by the mining industry. In response to this opposition, the DFFE undertook to engage further with mining industry and other stakeholders to amend or develop new financial provision regulations. In light of this on-going consultation, the date by which mining companies are required to align their financial provision with the Financial Provision Regulations, 2015 has been extended. The previous extension was until June 2021.However, the Minister of Environmental Affairs published a draft amendment to the Financial Provision Regulations, 2015, which would afford mining right holders until June 19, 2022 to comply with the regulations. However, even if new regulations are finalized before that date, it is likely that the financial provision calculation will be more stringent than the calculations under the DMRE Guidelines and the Company will be required to increase its financial provision.

Upon the suspension, cancellation, termination or lapsing of a prospecting or mining right, Harmony will have to comply with various regulatory requirements including applying for a closure certificate and will remain liable for compliance with the provisions of various relevant regulations, including any latent significant environmental impacts that manifest post-closure, notwithstanding the issuance of a closure certificate by the DMRE.

Until a closure certificate is granted, the Company is required to obtain and maintain financial provision for rehabilitation. The financial provision quantum is currently determined in accordance with a legal framework that may change materially. Upon the issuing of a closure certificate, the Minister may retain a portion of the financial provision for future latent and residual environmental liabilities.

The commencement of a listed activity without an environmental authorization is an offense but could possibly be corrected by submitting an application in terms of section 24G of the NEMA, which is an application for retrospective authorization. There is no guarantee that the competent authority will grant an environmental authorization in terms of this process. They may instruct the applicant to rehabilitate the environment or take any other measures to rectify the unlawful conduct. Even if the authority agrees to grant an environmental authorization, it may only do so after the applicant has paid and an administrative fine. The granting of an environmental authorization under section 24G does not absolve the applicant of potential criminal liability for commencing with an activity without the requisite authorization.

NEMA imposes a statutory obligation on every person who has caused or is likely to cause significant contamination to take reasonable measures in relation thereto. The costs of preventing, controlling or remedying pollution, environmental degradation and consequent adverse health effects must be paid for by those responsible for harming the environment.This duty applies retrospectively and therefor includes contamination caused prior to 1998, when the NEMA came into effect.

A failure to comply with this duty failing to obtain or comply with an environmental authorization and other offenses may, upon successful prosecution result in significant fines of up to R10 million and/or 10 years imprisonment being imposed. In addition, it may result in damages claims, obligations to rehabilitate the environment, paying the costs of the prosecution and even director and employee liability. Any person may use the relevant provisions in the NEMA to initiate the prosecution of an entity, its directors or employees in their personal capacity.

Waste management

Pursuant to section 19 of the Waste Act, the Minister is authorized to publish a list of waste management activities that are likely to have detrimental effect on the environment. No one may commence or undertake a waste management activity except in accordance with the norms and standards created in terms of section 19(3) of the Waste Act or in terms of the provisions of a waste management license. The list of waste management activities that have, or are likely to have, a detrimental effect on the environment set out the various activities for which a waste management license is required. A basic assessment is required in respect of those activities listed in Category A and a scoping and environmental impact assessment is required in respect of Category B listed activities. In respect of those activities listed in Category C, an waste management license is not required but the person seeking to undertake those activities must comply with published norms and standards.

Regulatory uncertainty exists regarding the management and re-processing of residue stockpiles and residue deposits created prior to May 1, 2004, being the date on which so-called “new order” and “old order” mining rights were created by the MPRDA. These residue deposits and residue stockpiles fall outside the scope of the MPRDA (and therefore outside the jurisdiction of the DMRE) and, as such, it is not possible to obtain a mining right or a mining permit over such residue stockpiles or deposits. Amendments were included in 2014 that sought to incorporate the reclamation of residue stockpiles and residue deposits within the scope of the Waste Act and within the jurisdiction of the DMRE. The amendments, however, are unclear and render it uncertain whether the DMRE or the DFFE is the competent authority in respect of these residue stockpiles and deposits. This may lead to possible legal challenge in circumstances where waste management licenses are obtained from the incorrect authority.

Other waste management facilities constructed and/or operated by our operations may also be subject to licensing requirements, including hazardous waste disposal sites and central salvage yards.

In addition to licensing, mines must also comply with the management measures prescribed for residue stockpiles and deposits in the Regulations for Residue Stockpiles and Residue Deposits from a Prospecting, Mining, Exploration or Production Operation in GNR 632 of July 24, 2015. These regulations do not retrospectively apply to the management of existing stockpiles and deposits, so long as they are in an approved EMPr. These regulations have notable cost implications for new residue stockpiles and deposits established after this date as they impose certain liner/barrier requirements for them.

The Waste Act also regulates contaminated land, whether or not the contamination occurred before the commencement of the Waste Act or at a different time from the actual activity that caused the contamination. Consequently, historic, as well as present or future arising, contaminated land which is identified as an investigation area by the environmental authorities, or which is notified as being contaminated by the landowner must be assessed and reported on. The direction of taking monitoring and management measures, or of undertaking site remediation, may follow depending on the level of risk associated with the contamination.

Failure to comply with the provisions of the Waste Act may result in penalties similar to those discussed under the NEMA above.

Water use and pollution

The NWA regulates the management and water quality of water resources, including watercourses, surface water, estuaries and aquifers to ensure the sustainability of all water resources in the interests of all water users.

The NWA defines a water use as:

- taking water from a water resource;
- storing water;
- impeding or diverting the flow of water in a watercourse;
- engaging in a stream flow activities contemplated in the NWA;

engaging in a controlled activity identified in terms of s37(1) of the NWA or declared in terms of s38(1);

- discharging waste or water containing waste into a water resource through a pipe, canal, sewer, sea outfall or other conduit;
- disposing of waste in a manner which may detrimentally impact on a water resource;
- disposing in any manner of water which contains waste from, or which has been heated in, any industrial or power generation process;
- altering the bed, banks, course or characteristics of a watercourse;
- removing, discharging or disposing of water found underground if it is necessary for the efficient continuation of an activity or for the safety of people; and
- using water for recreational purposes.

From a permitting perspective, water resources are regulated through the issuing of water use licenses, publishing of general authorizations and / or permitting persons to continue undertaking water uses that they were undertaking when the NWA came into effect in October1998.

Most mining operations require a water use license in order to conduct their operations, particularly for activities relating to water abstraction, storage, effluent discharge, diversions, and facilities which have the potential to pollute groundwater resources. Water use licenses are difficult to obtain and usually involve a lengthy and delayed application process. Mines are also required to comply with the regulations which were specifically published for the use of water for mining and related activities in GN 704 of June 4, 1999. These regulations provide for limitations on the location of mining infrastructure and requirements for the separation of dirty and clean water systems and the design of certain water management infrastructure.

In addition to the permitting requirements, the NWA includes a duty of care similar to that discussed in the section above in respect of NEMA. Failure to comply with the NWA will result in penalties similar to those set out above in respect of NEMA.

Emissions

See Item 3: *"Key Information - Risk Factors - Risks related to our industry - Compliance with emerging climate change regulations could result in significant costs for Harmony, and climate change may present physical risks to our operations"* for a discussion regarding the laws governing GHG emissions.

Laws and Regulations pertaining to Environmental Protection - Papua New Guinea

The PNG Environment Act regulates the impact of industry and other activities on the environment and sets out the environmental permitting requirements for developments, including mining projects. An environmental impact statement is required for activities that have the highest risk of causing serious environmental harm. This statement must be lodged with the PNG Conservation and Environment Protection Authority (previously the Department of Environment and Conservation) for assessment, which includes a public review and referral phase. For large projects, the review process may also involve an independent peer review.

The ultimate grant of an environmental permit occurs after the endorsement of the environment impact statement by the PNG Environment Council and approval of the proposed activities by the PNG Minister for Environment, Conservation and Climate Change.

Potential Changes to PNG Environment Laws

A process of legislative review is underway and a number of environmental matters are under consideration. This includes a mine closure policy, which contains a mechanism for the provision of financial assurance for mine closure and rehabilitation costs; a biodiversity offset policy, which includes a mechanism for biodiversity offset payments to support biodiversity incentives; and a national oceans policy, which considers issues associated with offshore mining and extractive industries, including potentially deep sea tailings placement.

Harmony's operations and projects in PNG will be affected by any changes to PNG environmental laws, and the Company continues to engage with the PNG Government on these matters through the offices of the Chamber of Mines and Petroleum of PNG, and directly with the PNG Conservation and Environment Protection Authority and relevant PNG ministers.

Labor Relations

South Africa

Employee relations in South Africa are guided by the Labour Relations Act 66 of 1995 as well as by the Employee Relations Framework Policy and mine-based recognition agreements. In South Africa, Harmony recognizes four labor unions (save for the Moab Khotsong and Target Operations where the National Union of Metalworkers of South Africa ("**NUMSA**") is also recognized). As at fiscal year-end, these unions and their corresponding representation were as follows, namely the National Union of Mineworkers (at 58%); the Association of Mineworkers and Construction Union (at 23%); the United Association of South Africa (at 5%) National Union of Metalworkers of South Africa (5%) and Solidarity (at 2%). About 94% of our South African workforce is unionized, with the balance not belonging to a union. See *"Integrated Annual Report for the 20-F 2021 - Social - Caring for our workforce"* on pages 114 to 120.

Australia

Employee relations in Australia are regulated by a combination of federal and state statutes that stipulate minimum standards and provide for collective bargaining and action. All employment contracts are based on the Australian Fair Work Act, 28 of 2009 and the National Employment Standards. Our Australian workforce is not unionized.

Papua New Guinea

Employee relations in PNG are regulated by the PNG Employment Act of 1978 and the PNG Employment of Non-Citizens Act 1978. Individual contracts are entered into, and the workforce is not unionized.

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 Employee Relations Committee.

In addition, Hidden Valley mine employment is guided by the Employment and Training Plan appended to the Memorandum of Agreement ("**MOA**") dated August 2005 between Morobe Consolidated Goldfields Limited, the PNG Government, provincial and local governments and the Landowner Association. The MOA requires that, as far as is reasonably possible, preference in training and employment is given to local and landowner candidates before individuals from other provinces or countries. Compliance with this agreement is a critical issue in maintaining Hidden Valley mine's license to operate.

C. ORGANIZATIONAL STRUCTURE

The information set forth under the heading:

- *"-Who we are "* on page 6

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference. Also see note 2.1 "*Consolidation*" of our consolidated financial statements, set forth beginning on page F-1.

D. PROPERTY, PLANT AND EQUIPMENT

The information set forth under the headings:

- *"- Environment - Environmental management and stewardship "* on pages 69 to 75;
- *"- Delivering profitable ounces - Operational performance"* on pages 31 to 66;

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference. Also see note 15 "*Property, Plant and Equipment*" and note 34 "*Cash Generated by Operations*" of our consolidated financial statements, set forth beginning on page F-1.

Also see Item 4: "*Information on the Company - Business Overview -- Reserves", "- Geology" and "- Capital Expenditures"* and Item 5: "*Operating and Financial Review and Prospects - Tabular Disclosure of Contractual Obligations"*.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion and analysis together with our consolidated financial statements, including the related notes, set forth beginning on page F-1.

A discussion of the changes in our financial condition and results of operations between the fiscal years ended June 30, 2020 and 2019, has been omitted from this Harmony 2021 Form 20-F, but may be found in Item 5, Operating and Financial Review, of the Harmony 2020 Form 20-F for the year ended June 30, 2020, filed with the SEC on October 29, 2020, which is available free of charge on the SEC's website at www.sec.gov and our website at www.harmony.co.za.

A. OPERATING RESULTS

Overview

Harmony is currently the largest producer of gold in South Africa and is furthermore an important producer in PNG. Our gold sales for fiscal 2021 were 47,353 kilograms of gold (1.52 million ounces of gold) and in fiscal 2021 we processed approximately 49.3 million tonnes of ore. As at June 30, 2021, our mining operations and projects reported total proved and probable reserves of approximately 42.5 million gold equivalent ounces.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM has been identified as the CEO's office consisting of the chief executive officer, financial director, executive director: stakeholder relations and corporate affairs, chief operating officer: new business development, corporate strategy and projects, chief executive officer: South-east Asia and chief operating officer: South Africa operations and Senior group executive: enterprise risk and investor relations. Previously, the executive: business development also formed part of the CEO's office, however the position was vacated and subsequently removed from the CEO's office, following the retirement of Frank Abbott on September 30, 2020.

For segment purposes, management distinguishes between "Underground" and "Surface", with each shaft or group of shafts or open-pit mine managed by an operational team.

In the fiscal 2021, Harmony completed the acquisition of the Mponeng mine and Mine Waste Solutions ("**MWS**"), as well as the West Wits ("**WW**") and Vaal River ("**VR**") closure businesses.

Our reportable segments are as follows:

- Bambanani, Doornkop, Joel, Kusasalethu, Masimong, Moab Khotsong, Target 1, Tshepong Operations, Unisel, Mponeng and Hidden Valley; and
- all surface operations, including those that treat historic sand dumps, waste rock dumps and tailings dams, are grouped together under *"All other surface operations*".

Recent Accounting Pronouncements

Recently adopted accounting policies, as well as recent accounting pronouncements with the potential for impact on the consolidated financial statements, are described in note 2 "*Accounting Policies*" to our consolidated financial statements set forth beginning on page F-1.

Covid-19

The national lockdown in South Africa, which began in March 2020 to curb the spread of Covid-19 and allow the country time in which to prepare for the demands the pandemic would have on its health care system, is still in place. Similar restrictions continue to apply in PNG. Harmony continues with a risk assessment-based Covid-19 prevention strategy which was rolled out across all of its operations before the lockdown was announced. This approach supports management in identifying, evaluating and ranking the hazards associated with any exposures to Covid-19 and potential infections. Management believes that this has allowed Harmony to reduce the probability of an employee contracting Covid-19 and to limit the severity should an employee be infected. Harmony's Covid-19 SOP has been adopted and rolled out, ensuring a safe return to work and work environment for each of its employees. The SOP was informed by guidelines provided by the DMRE, the National Council for Infectious Diseases and the World Health Organization.

Requisite staffing, facilities and equipment were put in place to ensure rigorous screening as employees return to work and when at work, as well as to isolate or quarantine employees infected by or exposed to Covid-19, with subsequent testing and treatment. Management adapts the approach continually as more information becomes available and new best practices evolve.

The roll-out of vaccine programs globally since November 2020, despite the subsequent discovery of several mutations, or variants, is seen as a positive move to prevent severe disease and hospitalization. Harmony has four accredited mass vaccination sites in South Africa and three in Papua New Guinea, with plans to accredit six more sites in South Africa. Harmony aims to partially vaccinate 80% of its employees that are willing to be vaccinated by October 2021 and can then assist with the vaccination of employees' families and the communities in which we operate.

The effects of Covid-19 and other macro developments have increased financial risks such as exchange rate, interest rate and commodity price volatility, while also impacting on liquidity and credit risk. Management has put various measures in place to mitigate and/or manage the risks and continues monitoring the situation closely. The extent to which the COVID-19 pandemic will impact our results will depend on the scale, duration and geographic reach of future developments, which are highly uncertain and cannot be predicted, including notably the possibility of a recurrence or "multiple waves" of the outbreak and new variants. See Item 3: "*Key Information - Risk Factors - Risk related to our industry - The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*", and note 4 "*Covid-19 Impact*" and Note 39 "*Financial Risk Management"* of our consolidated financial statements set forth beginning on page F-1 for further details.

Critical Accounting Policies and Estimates

The preparation of our financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported results of our operations. Actual results may differ from those estimates. We have identified the most critical accounting policies upon which our financial results depend. Some of our accounting policies require the application of significant judgment and estimates by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on our historical experience, terms of existing contracts, management's view on trends in the gold mining industry and information from outside sources.

Our significant accounting policies and critical accounting estimates and judgments are described in more detail in note 2 "*Accounting Policies*" and note 3 "*Critical Accounting Estimates and Judgments*", respectively, to our consolidated financial statements set forth beginning on page F-1. This discussion and analysis should be read in conjunction with such consolidated financial statements and the relevant notes. Management has identified the following as critical accounting policies because estimates used in applying these policies are subject to material risks and uncertainties. Management believes the following critical accounting policies, together with the other significant accounting policies discussed in the notes to our consolidated financial statements, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements and could potentially impact our financial results and future financial performance.

Gold Mineral Reserves

Gold mineral reserves are estimates of the amount of ounces that can be economically and legally extracted from the Group's properties. In order to calculate the gold mineral reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves requires the size, shape and depth of the orebodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgments and calculations to interpret the data. These reserves are determined in accordance with the SAMREC Code and SEC Industry Guide 7.

Because the economic assumptions used to estimate the gold mineral reserves change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves may change from year to year. Changes in the proved and probable reserves may affect the Group's financial results and financial position in a number of ways, for example, depreciation and amortization charged in the income statement may change as they are calculated on the units-of-production method.

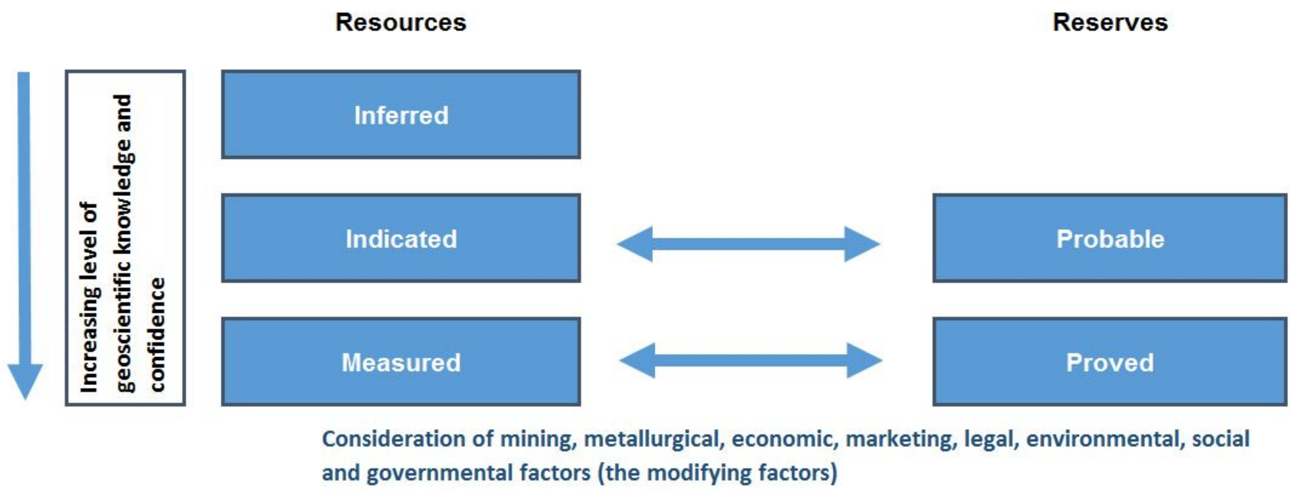
The estimate of the total expected future lives of our mines could be materially different from the actual amount of gold mined in the future. See Item 3: *"Key Information - Risk Factors - Risk related to our operations and business - Estimations of our reserves are based on a number of assumptions, including mining and recovery factors, future cash costs of production, exchange rates, and the relevant commodity prices; as a result, metals produced in future may differ from current estimates".*

Depreciation of Mining Assets

Depreciation of mining assets is computed principally by the units-of-production method over the life of mine, based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

The preparation of consolidated financial statements in compliance with IFRS requires management to assess the useful life of each of its operations separately based on the characteristics of each deposit and select the reserve/resource base that best reflects the useful life of the operation. In most instances, management considers the use of proved and probable reserves for the calculation of depreciation and amortization expense to be the best estimate of the life of the respective mining operation. Therefore, for most of the Company's operations, we use proved and probable reserves only, excluding all inferred resources as well as any indicated and measured resources that have not yet been deemed economically recoverable.

In some instances, proved and probable reserves alone may not provide a realistic indication of the useful life of mine and related assets. In these instances, management may be confident that certain inferred resources will eventually be classified as measured and indicated resources, and if economically recoverable, they will be included in proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has not yet done the necessary development and geological drill work to improve the confidence to the required levels to designate them formally as reserves. In these cases, management, in addition to proved and probable reserves, may also include certain, but not all, of the inferred resources associated with these properties as the best estimate of the pattern in which the asset's future economic benefits are expected to be consumed by the entity.



Management only includes the proved and probable reserves and the inferred resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account. The board of directors and management approach economic decisions affecting these operations based on the life-of-mine plans that include such resources. In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the SAMREC Code. For further discussion on mineral reserves, see *"- Gold Mineral Reserves"* above.

In fiscal 2021 and 2020 the Company added the inferred resources that were included in the life-of-mine plans at Doornkop to the proved and probable reserves in order to calculate the depreciation expense. The difference between calculating depreciation including the inferred resources compared to not including them did not result in a significant difference for the two years. The depreciation calculation for all other operations was done using only the proved and probable reserves.

Impairment of Property, Plant and Equipment

We review and evaluate our mining assets for impairment when events or changes in circumstances indicate the related carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent of the cash flows of other shafts and assets.

Future cash flows are estimated based on estimated quantities of recoverable minerals, expected commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, capital and reclamation costs, all based on detailed life-of-mine plans. The significant assumptions in determining the future cash flows for each individual operating mine at June 30, 2021, apart from production cost and capitalized expenditure assumptions unique to each operation, included gold price, silver price and exchange rate assumptions. These are as follows:

Fiscal year ended June 30, 2021

	Year 1	Year 2	Year 3	Long Term
US$ gold price per ounce	1,805	1,673	1,582	1,500
US$ silver price per ounce	25.72	23.22	21.70	20.70
Rand/gold price (R/kg)	843,000	772,000	735,000	700,000
Rand/US$ exchange rate	14.54	14.36	14.44	14.51
US$/Kina exchange rate	3.50	3.50	3.50	3.50

	South Africa	Hidden Valley
US dollar per ounce		
Underground resources		
Measured	16.50	n/a
Indicated	9.00	n/a
Inferred	3.60	n/a
Surface resources		
Measured	30.00	n/a
Indicated	17.50	9.00
Inferred	8.00	n/a

Key assumptions for the calculations of the mining assets' recoverable amounts are the commodity prices, resource values, marketable discount rates, costs to sell, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the long-term views of several reputable institutions on commodity prices and based on this, derives the commodity prices and resource values.

The recoverable amount of mining assets is determined utilizing real discounted future cash flows or resource multiples in the case of undeveloped properties and certain resource bases. For this reason, the underground resource value has been applied to Target North and Doornkop's Kimberly Reef and the surface resource values have been applied to the Mispah Tailings resource, Vaal River and West Wits surface sources, as presented in the table above.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proved and probable reserves and related exploration stage mineral interests, except for other mine-related exploration potential and greenfields exploration potential discussed separately below, after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such exploration stage mineral interests are risk adjusted based on management's relative confidence in such materials. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an "area of interest" basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex. In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties.

As discussed above under "- *Gold Mineral Reserves*", various factors could impact our ability to achieve our forecasted production schedules from proved and probable reserves. Additionally, commodity prices, capital expenditure requirements and reclamation costs could differ from the assumptions used in the cash flow models used to assess impairment. The ability to achieve the estimated quantities of recoverable minerals from exploration stage mineral interests involves further risks in addition to those factors applicable to mineral interests where proved and probable reserves have been identified, due to the lower level of confidence that the identified mineralized material can ultimately be mined economically. Assets classified as other mine-related exploration potential and greenfields exploration potential have the highest level of risk that the carrying value of the asset can be ultimately realized, due to the still lower level of geological confidence and economic modeling.

Management performed an assessment for impairment triggers as well as indications of reversal of previously recorded impairment losses at June 30, 2021. Due to the group net asset value (before any impairments being recognized or the finalization of the fair value exercise on the acquisition of the Mponeng operations and related assets) exceeding the market capitalization of Harmony as at June 30, 2021, the recoverable amounts for these cash-generating units ("**CGUs**") were calculated. The recoverable amounts for these assets were determined on a fair value less cost to sell basis.

Due to the volatilities experienced in the markets and the uncertainty in forecasting future cash flows due in large part to the impact of the Covid-19 pandemic, management has used various probability scenarios in determining the recoverable amounts for the CGUs at June 30, 2021.

The following were factored into management's judgments:

- infection rates and the timing of the expected peaks in the provinces and/or countries that Harmony's operations are situated in;
- expected disruptions to production together with the mitigation strategies management has in place;
- potential duration of the impact of the virus (prior and post vaccination) and the related restrictions in operations; and
- expectation of the completion date of the vaccination program at a Harmony and governmental level.

Management included estimates of the staffing costs for screening and monitoring employees at work as well as those that are in quarantine. Further costs have been included in the life-of-mine plans for the cost of the vaccination program and the scenarios used by management include further potential costs if vaccinations are required in the future at various intervals.

In preparing the various scenarios, management considered and varied:

- the potential impact on production and therefore on the revenue cash flows, based on historical trends that have been extrapolated to account for varying disruption levels;
- the duration of potential disruptions to production, ranging from 12 months to 24 months; and
- the infection rates and associated costs as well as vaccination costs; this included impacts on production as well as considerations of the potential requirement to re-vaccinate in coming years.

The calculated cash flows were then weighted based on management's expectation of each of the scenarios occurring. The resulting amounts were discounted using the specific discount rate for each operation in order to determine the recoverable amount.

Based on the impairment tests performed, impairments were recorded on certain operations for the 2021 fiscal year. Where CGUs had previously been impaired, management considered whether the impairment loss (or the contributors to the previously recognized impairment loss) no longer exists or might have decreased. Management considered general and specific factors for each CGU and concluded that although overall the gold price had improved from the time that the impairment losses had been recognized, the specific circumstances that led to the original impairments had not reversed. Furthermore, the service potential of the asset has not increased. Due to the continued volatility seen in the gold prices as well as the exchange rates, coupled with the fact that the factors resulting in the previously recognized impairment losses had not reversed, as well as the group net asset value exceeding the market capitalization, management resolved it to be appropriate for no reversal of previously recognized impairment losses to be recorded for the period under review.

During fiscal 2021 we recorded an impairment of R1.1 billion. Material changes to any of these factors or assumptions discussed above could result in future impairment charges, particularly around future commodity price assumptions. A 10% decrease in commodity price assumptions at June 30, 2021 would have resulted in impairments as follows:

	(R millions)
Tshepong Operations	5,325
Target 1	1,267
Joel	359
Kusasalethu	821
Bambanani*	413
Other assets	101
Moab Khotsong*	1,916
Kalgold	390
Doornkop	1,914
Target 3	178
Mponeng	2,249
Mine Waste Solutions	96
West Wits	35

*The goodwill balance attributed to this cash generating unit would be reduced first. See *"- Carrying Value of Goodwill"* below.

A 10% increase would have resulted in an impairment of R178 million being recorded at Target 3. At all other operations, a 10% increase would not have resulted in any impairments being recorded.

This analysis assumes that all other variables remain constant.

Carrying Value of Goodwill

We evaluate, at least on an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent of the cash flows of other shafts and assets. To accomplish this, we compare the recoverable amounts of our cash generating units to their carrying amounts. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If the carrying value of a cash generating unit were to exceed its recoverable amount at the time of the evaluation, an impairment loss is recognized by first reducing goodwill, and then the other assets in the cash generating unit on a pro rata basis. Assumptions underlying fair value estimates are subject to risks and uncertainties. If these assumptions change in the future, we may need to record impairment charges on goodwill not previously recorded.

As at June 30, 2021 our goodwill related to the Moab Khotsong and Bambanani cash generating units. An impairment of R187 million on goodwill relating to Bambanani was recorded in fiscal 2021 as the carrying value exceeded the recoverable amount. No impairment on goodwill was recorded in fiscal 2020 as the recoverable amounts exceeded the carrying values.

Derivatives and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The difference between the fair value of the derivative at initial recognition and expected forward transaction price is deferred and recognized as a day-one gain or loss. The day-one gain or loss is amortized over the derivative contract period and recognized in profit or loss in gains/losses on derivatives.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

Cash flow hedge

The Group designates, as cash flow hedges, certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions. The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within gains/losses on derivatives.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the forecast sale that is hedged takes place and affects profit or loss. The gain or loss relating to the effective portion of the Rand gold forward sales contracts is recognized in profit or loss within revenue.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction that was hedged is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Derivatives not designated for hedge accounting purposes

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value as well as gains and losses on expiry, disposal or termination of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in gains/losses on derivatives.

Provision for Environmental Rehabilitation

Our mining and exploration activities are subject to various laws and regulations governing the protection of the environment. Estimated long term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the Group's environmental management plans. Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created is capitalized to mining assets against an increase in the rehabilitation provision. The mining asset is depreciated as discussed above. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programs to prevent and control pollution is charged against income as incurred. See Item 3: "*Key Information - Risk Factors - Risks related to our industry - We are subject to extensive environmental regulations in the countries in which we operate".*

Provision for Silicosis Settlement

The Group's portion of the potential cost of settling the silicosis and TB class actions that have been instituted against it in South Africa has been provided for. The expected contributions (cash flows) to the Tshiamiso Trust, which will manage the settlement process have been discounted over the expected period of time during which contributions will be made. Annual changes in the provision consists of the time value of money (recognized as finance cost) and changes in estimates (recognized as other operating expenses).

See Item 3: "*Key Information - Risk Factors - Risk related to our operations and business - The cost of occupational health care services and the potential liabilities related to occupational health diseases may increase in future and may be substantial*".

Deferred Taxes

The taxable income from gold mining at our South African operations was subject to a formula to determine the taxation expense. The tax rate calculated using the formula was capped to a maximum mining statutory rate of 34% for fiscal 2021 and fiscal 2020. Taxable income is determined after the deduction of qualifying mining capital expenditure to the extent that it does not result in an assessed loss. Excess capital expenditure is carried forward as unredeemed capital expenditure and is eligible for deduction in future periods, taking the assessed loss criteria into account. Further to this, mines are ring-fenced and are treated separately for tax purposes, with deductions only being available to be claimed against the mining income of the relevant ring-fenced mine.

In terms of IAS 12 - Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and at our South African operations, such average tax rates are directly impacted by the profitability of the relevant ring-fenced mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at balance sheet date.

The future profitability of each ring-fenced mine, in turn, is determined by reference to the life-of-mine plan for that operation. The life-of-mine plan is based on parameters such as the Group's long term view of the US$ gold price and the Rand/ US$ exchange rate, as well as the reserves declared for the operation. As some of these parameters are based on market indicators, they differ from one year to the next. In addition, the reserves may also increase or decrease based on updated or new geological information, as well as the other factors mentioned above under "-*Gold Mineral Reserves*".

Where it is not probable that future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognized. Assessing recoverability of deferred tax assets requires management to make significant estimates related to expectation of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations, reversals of deferred tax liabilities and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, our ability to realize the net deferred tax assets recorded at the balance sheet date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which we operate could limit our ability to obtain the future tax benefits represented by deferred tax assets recorded at the balance sheet date.

Revenue

Most of our revenues are derived from the sale of gold. As a result, our operating results are directly related to the price of gold. Historically, the price of gold has fluctuated widely. The gold price is affected by numerous factors over which we do not have control. See Item 3:"*Key Information - Risk Factors - Strategic and market risks - The profitability of our operations, and cash flows generated by those operations, are affected by changes in the price of gold; a fall in the gold price below our cash cost of production and capital expenditure required to sustain production for any sustained period may lead to losses and require Harmony to curtail or suspend certain operations*". As a general rule, we sell the majority of our gold produced at market prices to obtain the maximum benefit from increases in the prevailing gold price.

Since fiscal 2017, Harmony entered into derivative contracts to manage the variability in cash flows from the Group's production, in order to create cash certainty and protect the Group against lower commodity prices. At year end the limits set by the Board were for 20% of the production from gold over a 24-month period. The limit set by the Board for silver is 50% of the exposure over a 24-month period. Management continues to top up these programs as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels.

A portion of the production of the South African operations is linked to Rand gold forward sale contracts. The majority of the Rand gold forward contracts have been designated as cash flow hedging instruments and hedge accounting is applied on these contracts. In addition, during 2019 US$ gold forward sale contracts were entered into for the production of the Hidden Valley operation and have been designated as cash flow hedging instruments. Contracts entered before January 1, 2019 were not designated as hedging instruments and the gains/losses are accounted for in profit or loss.

Significant changes in the price of gold over a sustained period of time may lead us to increase or decrease our production in the near term.

Streaming arrangement

Harmony's indirect subsidiary, MWS**,** acquired as part of the Mponeng Acquisition, has a contract with Franco-Nevada Barbados ("**Franco-Nevada**") pursuant to which Franco-Nevada is entitled to receive 25% of all the gold produced through MWS. As part of the Mponeng Acquisition, Harmony assumed the obligations under the Franco-Nevada contract.

The contract is a streaming agreement that commenced on December 17, 2008 for which Franco-Nevada paid US$125 million upfront for the right to purchase 25% of the gold production through MWS for a fixed amount of consideration until the balance of gold cap is delivered. As at October 1, 2020, the US$125 million upfront payment was settled. The gold cap is a provision included in the contract, which stipulates the maximum quantity of gold to be sold to Franco-Nevada over the term of the agreement. The consideration is determined as the lower of the quoted spot gold price as per the London Metals Exchange or US$400 per ounce adjusted with an annual escalation adjustment. As the performance obligation to deliver gold is met, the contract liability unwinds into revenue.

Harmony's Realized Gold Price

In fiscal 2021, the average gold price received by us was R851,045 per kilogram or $1,719/oz. This average gold price includes the realized gains on the hedging instruments, where hedge accounting was applied.

Gold prices have rallied to an all-time high following the global economic fallout of Covid-19 and ongoing geopolitical uncertainty supporting its safe haven status with investors, peaking in August 2020. The price of gold in US$ terms closed at US$1,770/oz on June 30, 2021, relatively unchanged from the closing price of US$1,781/oz on June 30, 2020. The average spot gold price received (that is, excluding the impact of hedging gains or losses) for the 2021 year was 18% higher at US$1,805/oz than in 2020 (US$1,529/oz).

Harmony is exposed to the impact of any significant decreases in the commodity prices on its production. This is mitigated to some extent by commodity derivatives and hedging arrangements, but as Harmony has limitations for the volume of forward sales, commodity derivatives or hedging arrangements it may enter into for its future production, it is exposed to the impact of decreases in the commodity prices on the remainder of its unhedged production. See Item 3: "*Key Information - Risk Factors - Risk related to our industry - We are exposed to the impact of any significant decreases in the commodity prices on our production*".

In addition to the US$ gold price, the gold price received is impacted by the exchange rate of the Rand and other non-US$ currencies to the US dollar. An appreciation of the Rand and other non-US$ currencies against the US dollar will result in a decrease in the revenue recorded, without considering the impact of the hedging instruments. Conversely, a depreciation of these currencies against the US dollar would result in an increase of revenue recorded. See Item 3: "*Key Information - Risk Factors - Strategic and market risks - Foreign exchange fluctuations could have a material adverse effect on our operational results and financial condition*". During fiscal 2021, the exchange rate appreciated from R15.66/US$1 in fiscal 2020 to R15.40/ US$1 in fiscal 2021. See "- *Exchange Rates*" below for a further discussion.

The following table sets out the average, the high and the low London Bullion Market price of gold and our average sales price during the past two fiscal years:

	Fiscal Year Ended June 30,	
	2021	2020
Average (US$/oz)	1,850	1,562
High (US$/oz)	2,063	1,781
Low (US$/oz)	1,681	1,384
Harmony's average sales price[1] (US$/oz))	1,719	1,461
Average exchange rate (R/US$)	15.40	15.66
Harmony's average sales price[1] (Rand/kilogram)	851,045	735,569

[1]Our average sales price differs from the average gold price due to the timing of our sales of gold within each year. In addition, the effect of hedge accounting i.e. realized gains/losses from the cash flow hedges have been included in revenue.

Costs

Our cash costs typically make up between 70% and 80% of our total costs (excluding impairments and disposal/loss on scrapping of assets). The remainder of our total costs consists primarily of exploration costs, employment termination costs, corporate and sundry expenditure, and depreciation and amortization. Our cash costs consist primarily of production costs. Production costs are incurred on labor, equipment, consumables and utilities. Labor costs are the largest component and typically comprise between 60% and 65% of our production costs.

Our US dollar translated costs are very sensitive to the exchange rate of the Rand and other non-US currencies to the US dollar. See "- *Exchange Rates*" below. Appreciation of the Rand and other non-US currencies against the US dollar increases working costs at our operations when those costs are translated into US dollars. See Item 3: "*Key Information - Risk Factors - Strategic and market risks - Foreign exchange fluctuations could have a material adverse effect on our operational results and financial condition*".

All-in sustaining unit costs for the Group increased by 11% to R723,054 per kilogram in fiscal 2021 mainly due to inflationary increases in wages and salaries, as well as electricity tariff increases. Royalties also increased due to higher profitability on the back of stronger gold prices. Also contributing to the increase is the inclusion of costs related to the Mponeng and MWS operations, acquired as part of the Mponeng Acquisition with effect from October 1, 2020.

Our cash costs have increased from R553,513 per kilogram in fiscal 2020 to R600,592 per kilogram in fiscal 2021, mainly due to increased labor and energy costs, royalty expenses and inflationary pressures on supply contracts. The increase is also attributable to the inclusion of costs attributable to the recently-acquired Mponeng and MWS operations.

Management conducts a thorough review of costs at all operations to ensure that costs are properly managed and within budget. However, it should be noted that there are risks beyond our control such as safety stoppages, which would result in production being negatively affected while certain costs would still be incurred. This is discussed in more detail in Item 3: "*Key Information - Risk Factors - Risks related to our industry - Given the nature of mining and the type of gold mines we operate, we face a material risk of liability, delays and increased cash costs of production from environmental and industrial accidents and pollution compliance breaches*" and "- *The nature of our mining operations presents safety risks*". We are also exposed to price increases on electricity, which is regulated, as well as the implementation of other levies such as carbon tax. See Item 3: "*Key Information - Risk Factors - Risks related to our operations and business - Disruptions to the supply of electricity and increases in the cost of power may adversely affect our results of operations and financial condition*" and "- *Risks related to our industry - Compliance with emerging climate change regulations could result in significant costs for us, and climate change may present physical risks to our operations*".

We remain subject to risks related to the volatility of commodity prices, as well as potential shortage of supply and disruptions of supply chain due to the ongoing geopolitical instability caused by Covid-19 and the related lockdowns experience worldwide. See Item 3: "*Key Information - Risk Factors - Risks related to our industry - The impact from, and measures taken to address, the Covid-19 pandemic may adversely affect our people, and may impact our business continuity, operating results, cash flows and financial condition*", "- *Strategic and market risks - Fluctuations in input production prices linked to commodities may adversely affect our operational results and financial condition"* and "- *Risks related to our operations and business - Actual and potential shortages of production inputs and supply chain disruptions may affect our operations and profits*".

Reconciliation of Non-GAAP Measures

The World Gold Council ("**WGC**") published industry guidance in June 2013 on the calculation of "all-in sustaining costs" and "all-in cost" non-GAAP measures, developed to create a better understanding of the overall costs associated with producing gold. Although Harmony is not a member of the WGC, we started disclosing all-in sustaining costs in fiscal 2014. The all-in sustaining cost measure is an extension of the existing cash cost measure (referenced below) and incorporates costs related to sustaining production.

All-in sustaining costs include mine production costs, transport and refinery costs, applicable general and administrative costs, costs associated with movements in production inventories, ore stockpiles, as well as ongoing environmental rehabilitation costs, transfers for stripping activities and costs associated with royalties. Employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. The following costs are also included: local economic development ("**LED**") expenditure for continuing operations, corporate costs, sustaining exploration costs and sustaining capital expenditure including ongoing capital development ("**OCD**") expenditure and rehabilitation accretion and amortization for continuing operations. Gold ounces/kilograms sold are used as the denominator in the all-in sustaining costs per ounce/kilogram calculation.

Our cash costs consist primarily of production costs and are expensed as incurred. The cash costs are incurred to access ore to produce current mined reserves. Cash costs do not include capital development costs, which are incurred to allow access to the orebody for future mining operations and are capitalized and amortized when the relevant reserves are mined.

Total cash costs include mine production costs, transport and refinery costs, applicable general and administrative costs, ore stockpiles, as well as ongoing environmental rehabilitation costs as well as transfers for stripping activities and costs associated with royalties. Employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. The costs associated with movements in production inventories are excluded from total cash costs. Gold ounces/kilograms produced are used as the denominator in the total cash costs per ounce/kilogram calculation.

Changes in all-in sustaining costs per ounce/kilogram and cash costs per ounce/kilogram are affected by operational performance. In US dollar terms, these measures are also affected by the changes in the currency exchange rate between the Rand and the US dollar and, in the case of the PNG operations, the Kina. All-in sustaining costs, all-in sustaining costs per ounce/kilogram, total cash costs and total cash costs per ounce/kilogram are non-GAAP measures. These measures should not be considered by investors in isolation or as an alternative to production costs, cost of sales, or any other measure of financial performance calculated in accordance with IFRS. In addition, the calculation of these measures may vary from company to company and may not be comparable to other similarly titled measures of other companies. However, we believe that all-in sustaining costs per ounce/kilogram and cash costs per ounce/kilogram are useful indicators to investors and management of a mining company's performance as they provide (i) an indication of the cash generating capacities of our mining operations, (ii) the trends in all-in sustaining costs and cash costs as the Company's operations mature, (iii) a measure of a company's performance, by comparison of cash costs per ounce/kilogram to the spot price of gold and (iv) an internal benchmark of performance to allow for comparison against other companies.

While recognizing the importance of reducing all-in sustaining costs and cash costs, our chief focus is on controlling and, where possible, reducing total costs, including overhead costs. We aim to control total unit costs per ounce/kilogram produced by maintaining our low total cost structure at our existing operations. We have been able to reduce total costs by implementing a management structure and philosophy that is focused on reducing management and administrative costs.

The following is a reconciliation of total all-in sustaining costs, as a non-GAAP measure, to the nearest comparable GAAP measure, cost of sales under IFRS:

	Fiscal year ended June 30,	
	2021	2020
	(in R millions, except for ounce/ kilogram amounts)	
Total cost of sales - under IFRS	35,489	25,908
Depreciation and amortization expense	(3,875)	(3,508)
Rehabilitation costs	(135)	(47)
Care and maintenance costs of restructured shafts	(144)	(146)
Employment termination and restructuring costs	(332)	(40)
Share-based payments	(114)	(130)
Impairment	(1,124)	—
By-products credits	(1,035)	(938)
Other	183	157
Capitalized stripping	1,047	675
LED expenditure	120	136
Corporate, administration and other expenditure costs	724	529
Capital expenditure (OCD)	2,376	1,709
Capital expenditure (Exploration, abnormal expenditure and shaft capital)	1,059	760
Total all-in sustaining costs	34,239	25,065
Per kilogram calculation:		
Kilogram sold	47,353	38,481
Total all-in sustaining costs per kilogram	723,054	651,356
Total all-in sustaining costs (US$ million)	2,223	1,600
Per ounce calculation:		
Ounces sold	1,522,431	1,237,187
Total all-in sustaining costs per ounce	1,460	1,293

The following is a reconciliation of total cash costs, as a non-GAAP measure, to the nearest comparable GAAP measure, cost of sales under IFRS:

	Fiscal year ended June 30,	
	2021	2020
	(in R millions, except for ounce/ kilogram amounts)	
Total cost of sales - under IFRS	35,489	25,908
Depreciation and amortization expense	(3,875)	(3,508)
Rehabilitation costs	(135)	(47)
Care and maintenance costs of restructured shafts	(144)	(146)
Employment termination and restructuring costs	(332)	(40)
Share-based payments	(114)	(130)
Impairment	(1,124)	—
By-product revenue	(1,035)	(938)
Other	8	—
Gold and uranium inventory movement	(57)	(151)
Total cash costs	28,681	20,948
Per kilogram calculation:		
Kilograms produced	47,755	37,863
Total cash costs per kilogram	600,592	553,513
Total cash costs (US$)	1,862	1,338
Per ounce calculation: Ounces produced	1,535,352	1,217,323
Total cash costs per ounce	1,213	1,099

Within this report, our discussion and analysis is focused on the all-in sustaining costs and total cash costs measure.

Exchange Rates

Our revenues are very sensitive to the exchange rate of the Rand and other non-US currencies to the US dollar.

Currently, the majority of our earnings are generated in South Africa. Since gold is generally sold in US dollars, most of our revenues are received in US dollars. The average gold price received by us during fiscal 2021 before including the effect of the cash flow hedges increased by R158,200 per kilogram to R893,769 per kilogram from R735,569 per kilogram during fiscal 2020. Appreciation of the Rand against the US dollar decreases our revenues, which serves to reduce operating margins and net income from our South African operations. Depreciation of the Rand against the US dollar increases the revenue, which serves to increase operating margins and net income from our South African operations. Accordingly, strengthening of the Rand generally results in poorer earnings for us if there is not a similar increase in the gold price.

The exchange rates obtained when converting US dollars to Rand are determined by foreign exchange markets, over which we have no control. The spot rate as at June 30, 2021 was R14.27 per US$1.00, compared with R17.32 per US$1.00 as at June 30, 2020, reflecting an appreciation of 18% of the Rand against the US dollar. The average exchange rate for fiscal 2021 was R15.40 per US$1.00, reflecting an appreciation of 2% of the Rand against the US dollar when compared with fiscal 2020.

Harmony has entered into foreign exchange derivative contracts in the form of zero cost collars, which establish a minimum (floor) and maximum (cap) Rand/US dollar exchange rate at which to convert US dollars to Rand. The Group also uses forward exchange contracts to manage the risks. At June 30, 2021, the nominal amount of the derivative contracts was US$116 million and is over a 24-month period with a weighted average cap price of US$1=R18.54 and weighted average floor price of US$1=R16.93. Additionally, at June 30, 2021 Harmony had open forward exchange forward contracts which had a nominal amount of US$26 million spread over a 24-month period at an average exchange rate of US$1 = R18.43.

Due to the impact of the Covid-19 pandemic, the Rand had weakened significantly in fiscal 2020. In fiscal 2021, the Rand strengthened against the US and Australian dollar and closed at R14.27/US$1.00 and R10.72/A$1 respectively. These movements in the currencies expose the Group's operations to foreign currency gains and losses on foreign-denominated receivables and liabilities, including derivatives, and also impact the Group’s translation of its international operating results and net assets into its Rand presentation currency, which resulted in a foreign exchange translation loss of R1.2 billion.

The majority of our working costs are incurred in Rand and, as a result of this, any appreciation of the Rand against the US dollar would increase our working costs when translated into US dollars. Depreciation of the Rand against the US dollar would cause a decrease in our costs in US dollar terms. Similarly, at our international operations, appreciation of the Australia dollar or Kina against the US dollar would cause an increase in our costs in US dollar terms. See Item 3: “*Key Information - Risk Factors - Strategic and market risks - Foreign exchange fluctuations could have a material adverse effect on our operational results and financial condition*”.

We have several credit facilities and loans denominated in US dollars. This exposes us to the changes in the Rand and Kina against the US dollar, which would affect the borrowing amount as well as the interest recognized. This will also affect the cash flows when the borrowings are raised and repaid as well as at the time of the payments of the interest.

The Bank of Papua New Guinea has been systematically allowed the Kina to weaken against the US dollar over several years. In fiscal 2020, the Kina weakened by 2.6% and in fiscal 2021 weakened further by 1.4%. Since the introduction of a 150 basis point trading band in June 2014 the Kina weakened by 44.46% against the US dollar as at June 30, 2021. Should the trading band continue and depending on the level the exchange rate is set at, it could have a negative impact on the results of the Hidden Valley operation, as well as the cost of development at Wafi-Golpu and other PNG exploration sites.

Inflation

Our operations have been materially affected by inflation. Inflation in South Africa was 4.9% at the end of fiscal 2021, up from 2.2% at the end of fiscal 2020. The increase in fiscal 2021 is off a lower base in fiscal 2020 mainly due to the lower fuel price and lower consumer demand brought on by the Covid-19 national lockdown at the end of fiscal 2020. Working costs have increased considerably over the past several years resulting in significant cost pressures for the mining industry. In addition, the effect on inflation of the increase in electricity tariffs of 15.6% in fiscal 2021 and 9.4% in fiscal 2020, together with an increase that is yet to be determined by Eskom in fiscal 2022, will have a negative effect on the profitability of our operations.

The inflation rate in PNG ended fiscal 2020 at 4.7%, while the annualized inflation stood at 3.3% at the end of fiscal 2021.

Our profits and financial condition could be adversely affected if the cost inflation is not offset by a concurrent devaluation of the Rand and other non-US currencies and/or an increase in the price of gold. See Item 3: "*Key Information - Risk Factors - Strategic and market risks - Our operations may be negatively impacted by inflation*".

South African Socio-Economic Environment

We are domiciled and listed in South Africa and the majority of our operations are in South Africa. As a result, we are subject to various economic, fiscal, monetary and political policies and factors that affect South African companies generally. See Item 3: "*Key Information - Risk Factors - Risks related to our industry - The socio-economic framework in the regions in which we operate may have an adverse effect on our operations and profits*".

South African companies are subject to exchange control limitations. While exchange controls have been relaxed in recent years, South African companies remain subject to restrictions on their ability to deploy capital outside of the Southern African Common Monetary Area. See Item 10: "*Additional Information - D. Exchange Controls*".

SLPs have been developed for each of our South African operations. These SLPs are prepared in line with legislation governing the participation of HDSAs in mining assets.

We have been granted all of our mining licenses under the MPRDA. We have therefore already started to incur expenses relating to HDSA participation. We believe the biggest challenge will lie in maintaining these licenses, as we will have a responsibility in respect of human resource development, procurement and local economic development. We are however unable to provide a specific amount of what the estimated cost of compliance will be but we will continue to monitor these costs on an ongoing basis. See Item 4: "Regulation - *Mineral Rights - South Africa – The Mining Charter.*"

Electricity in South Africa

The South African state utility, Eskom, generates approximately 90% of the electricity used in South Africa and approximately 40% of the electricity used in Africa. Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors. During fiscal 2021, the electricity supply in South Africa saw more pressure than the previous years, with increased power interruptions (also referred to as load shedding). Especially in our third quarter of fiscal 2021, there were periods where load shedding lasted for multiple consecutive days, due principally to lack of availability from Eskom's generating plant. In early June 2021, Harmony contributed to a few hours of voluntary load reduction which exempted the company from reducing load for the rest of the South African winter.

The supply and demand for electricity is still very tight especially during the evening peak periods between 5:00 p.m. and 8:00 p.m. Harmony has signed up four sites, which provide pumping and/or ventilation services, to participate in a pilot from Eskom called Critical Peak Pricing. For a limited number of hours, when the electrical network is under pressure, Eskom notifies the operation that tariffs will be increased significantly. For the rest of the time there is a saving on energy tariffs compared to non-participating shafts. In addition to this, Harmony has renewed its contract agreement with an Energy Service Company ("**ESCO**") to ensure that various energy saving projects are implemented and sustained. Although Eskom has proposed to reduce the ratio between different Time-of-Use periods, these changes were not approved by NERSA.

The South African government remains committed to ensuring energy security for the country, through the roll-out of the independent power producer program as an integral part of the energy mix. It remains committed to ensuring the provision of reliable and sustainable electricity supply, as part of mitigating the risk of carbon emissions. See Item 3: "*Key Information - Risk Factors - Risks related to our operations and business - Disruptions to the supply of electricity and increases in the cost of power may adversely affect our results of operations and financial condition*".

Renewable energy

Energy is the critical component of the country's future policy mix. Future supply of electricity will be influenced by the extent to which renewables, primarily wind, are efficient, sustainable and ensure security of electricity supply at competitive economic prices.

Forecasts predict that renewable energy technologies, predominantly solar- and wind-based systems, will further grow in the coming decades, overcoming coal-based electricity around 2030 (IEA, 2015). South Africa is no exception and renewable energy has entered the country's electricity landscape as a significant trend.

Discussions around other technologies, such as gas-to-power and nuclear energy, are also adding to this dynamic. Significant vested interests are still at play alongside substantial state support to maintain the domination of the coal industry over the electricity supply industry in South Africa.

See "*Integrated Annual Report for the 20-F 2021 - Governance - Social and ethics committee: Chairperson's report*" on pages *161 to 162*, "*Integrated Annual Report for the 20-F 2021 - Environment - Environmental management and stewardship*" on pages *69 to 75 and Climate change, energy and emissions management on page 79 to 82.*

Electricity tariffs

As a major electricity consumer and mostly being supplied by Eskom, Harmony is exposed to significant electricity costs as a result of rising electricity tariffs. In April 2021, Eskom was granted a 15.6% tariff increase and the short term outlook does not look promising. Eskom's unsustainably high debt and falling sales are likely to continue to contribute to further above-inflation tariff increases. This is likely to result in further self-generation activity by Eskom's customers, which could further weaken Eskom. Although a new MYPD should provide price stability, challenges remain. See Item *: "Key Information - Risk Factors - Risks related to our operations and business - Disruptions to the supply of electricity and increases in the cost of power may adversely affect our results of operations and financial condition".*

Energy efficiency

Harmony has worked closely with Eskom to manage electricity use and peak demand, underlining our commitment to reduce energy consumption. This includes demand-side management ("**DSM**") strategies to reduce electricity consumption in peak periods; timing our pumping to coincide with cheaper off-peak periods, making more efficient use of Eskom tariffs that reward load-shifting, and improving the efficiency of pumping operations.

In 2016 Harmony contracted an ESCO to improve its energy management practices and aggressively mitigate the impact of higher-than-inflation electricity price increases on its operational costs. Energy management has not only contributed to the significant reduction in electricity cost, but also assists in maintaining the performance of implemented initiatives. This way Harmony focuses on continuously implementing new initiatives and technologies, while eliminating the risk of forfeiting the benefit of completed projects. Energy management has led to R1 billion of saving on electricity over the contract period. For the 2021 fiscal year Harmony realized a 43.5 GWh energy saving (R50 million) on newly implemented projects at a capital expenditure of R5 million. Furthermore, additional energy savings of 142.6 GWh (R168 million) was realized in the form of maintaining previously implemented projects.

The Mponeng and MWS operations were acquired as part of the Mponeng Acquisition with effect from October 1, 2020. The 2022 fiscal year will be the first to include these operations for a full year. This will lead to a significant increase in energy consumption and cost, but also presents new opportunities for energy savings.

We have implemented various energy efficiency projects in recent years. See "*Integrated Annual Report for the 20-F 2021 - Environment - Environmental management and stewardship*" on pages 69 to 75 and *"- Climate change, energy and emissions management* on pages 79 to 82."

Carbon tax

On June 1, 2019 the Carbon Tax Act became effective. The carbon tax has been designed to fix liability on the person who conducts an activity in South Africa that results in GHG emissions above a certain threshold. The carbon tax design requires the calculation of liability to be based on the sum of GHG emissions, which result from fuel combustion, industrial processes and fugitive emissions. Taxpayers must determine emissions in accordance with the reporting methodology approved by DFFE. The tax will be phased in over time. The first phase, which ends in 2022, is designed to largely be revenue-neutral in terms of its aggregated impact, given the complementary tax energy incentives and reduction or credit for the current electricity levy.

Based on published legislation, commentary and governmental information, carbon tax poses a low cost to Harmony until December 31, 2022. Gas emissions reported to the DFFE for a company's National Greenhouse Gas Emission Reporting submission will be taxed at a base value of R120 per tonne of carbon dioxide equivalent before allowances making effective tax rate R48 per tonne of carbon dioxide equivalent. From the second phase onwards, carbon tax might also affect the price of electricity. The impact of the carbon tax on the Company arising from electricity usage after December 31, 2022 has been modeled to grow over time as allowances are anticipated to fall away therefore progressively increasing from approximately R70m to R160m for fiscal year 2023 to fiscal year 2030.

We estimate the impact to our business from carbon tax will be R300 million to R500 million by 2030. Harmony has set its internal carbon price (for the South African operations) to match that of the proposed carbon tax. Harmony is also at risk due to potential pass through costs from its suppliers in the short term from increased fuel prices. The carbon tax on liquid fuels will be imposed at the source. It is estimated that the increased fuel price would be R0.13/liter. This is expected to have an impact on the Company's operational expenses.

Estimates have been included in the life-of-mine plans and resource base models used for impairments since fiscal 2019 and affected the profitability of all operations, and in some cases, the impact was significant.

See Item 3: "*Key Information - Risk Factors - Risks related to our industry - Compliance with emerging climate change regulations could result in significant costs for us, and climate change may present physical risks to our operations*" for further discussion on the potential impact.

Results of Operations

Years Ended June 30, 2021 and 2020

Revenues

Revenue increased by R12,488 million mainly due to a 26.1% increase in the gold produced from 37,863 kilograms in fiscal 2020 to 47,755 kilograms. The average gold price received increased by 15.7% from R735,569 per kilogram in fiscal 2020 to R851,045 per kilogram.

Overall gold production increased mainly due to the inclusion of the Mponeng and MWS operations into Harmony's portfolio. These operations contributed a total of 8,948 kilograms or 18.7% of the total gold produced for the nine months from October 1, 2020.

The Mponeng mine sold 5,299 kilograms for the nine months while the various surface sources acquired in the transaction sold 1,406 kilograms. The MWS operations sold 2,043 kilograms in the same period.

At Kusasalethu, gold sold increased by 29.0% to 3,980 kilograms as the operation recovers from geological challenges in high grade areas during fiscal 2020. The recovered grade increased by 15.3% to 5.65g/t in fiscal 2021 from 4.90g/t supported by a 15.1% increase in ore milled.

Production from waste rock dumps excluding the newly acquired surface sources saw gold sold increasing by 19.2% from 1,780 kilograms in fiscal 2020 to 2,121 kilograms during fiscal 2021. This was mainly due to an increase in the recovery grade of 17.3% to 0.460g/t during fiscal 2021.

At Doornkop, gold sold increased by 18.6% from 3,038 kilograms in fiscal 2020 to 3,603 kilograms in fiscal 2021, mainly due to the recovery from the national lockdown in fiscal 2020 as ore milled increased by 25.0%.

During fiscal 2021 a decision was taken to close Unisel mine as it has reached the end of its commercially viable life. Gold sold in fiscal 2021 decreased by 75.7% from 994 kilograms in fiscal 2020 to 242 kilograms in fiscal 2021.

At Target 1, gold sold decreased by 27.6% from 2,237 kilograms in fiscal 2020 to 1,619 kilograms during fiscal 2021. The recovered grade decreased by 20.6% from 4.13g/t in fiscal 2020 to 3.28g/t in fiscal 2021. This was mainly due to pillar failures and backfill dilution in two massive stopes affecting the recovered grade and volumes; a revised plan was adopted in the second half of the fiscal year to address these constraints.

Streaming arrangement

As part of the acquisition of MWS, Harmony assumed obligations under the Franco-Nevada contract. In fiscal 2021, 16,257oz had been delivered to Franco-Nevada, bringing the balance of gold ounces to be delivered as at June 30, 2021 to 84,429oz. The non cash consideration for the delivery of gold ounces included in revenue amounted to R397 million.

Cost of sales

Cost of sales includes production costs, depreciation and amortization, impairment of assets and share-based payments.

Production costs (cash costs/all-in sustaining costs)

The following table sets out our total kilograms produced and weighted average cash costs per kilogram and total kilograms sold and weighted average all-in sustaining costs per kilogram for fiscal 2020 and fiscal 2021:

	Year Ended June 30, 2021				Year Ended June 30, 2020				Percentage (increase)/ decrease	
	Cash costs		All-in sustaining costs		Cash costs		All-in sustaining costs		Cash costs per kg	All-in sustaining costs per kg
	(kg produced)	(R/kg)	(kg sold)	(R/kg)	(kg produced)	(R/kg)	(kg sold)	(R/kg)		
South Africa										
Kusasalethu	3,999	742,452	3,980	814,048	3,015	849,782	3,085	923,054	13	12
Doornkop	3,670	595,550	3,603	680,524	2,994	567,632	3,038	649,041	(5)	(5)
Tshepong Operations	7,419	663,030	7,353	815,333	7,293	583,018	7,399	713,202	(14)	(14)
Moab Khotsong	7,166	536,710	7,095	626,795	6,592	497,953	6,799	566,942	(8)	(11)
Mponeng	5,446	532,812	5,299	659,760	—	—	—	—	n/a	n/a
Masimong	2,012	715,835	1,993	764,577	1,999	620,804	2,027	655,888	(15)	(17)
Target 1	1,603	1,037,115	1,619	1,232,098	2,244	670,647	2,237	817,066	(55)	(51)
Bambanani	1,992	586,588	1,975	641,426	2,132	480,620	2,162	522,990	(22)	(23)
Joel	1,424	796,982	1,414	936,296	1,391	718,024	1,412	826,970	(11)	(13)
Unisel	247	721,271	242	782,126	982	583,274	994	613,382	(24)	(28)
Other - surface	8,088	569,369	8,025	636,015	4,349	488,329	4,379	519,293	(17)	(22)
International										
Hidden Valley	4,689	356,233	4,755	677,659	4,872	348,054	4,949	562,648	(2)	(20)
Total kg	47,755		47,353		37,863		38,481			
Weighted average[(1)]		600,592		723,054		553,513		651,356	(9)	(11)

[1]The offsetting of the by-product income for management's reporting purposes has the effect of decreasing the cash costs and the all-in sustaining costs.

For further information about the use of Non-GAAP measures, see "*Operating and Financial Review and Prospects - Costs - Reconciliation of Non-GAAP Measures*" above.

The South African underground operations produced lower levels of gold as a result of the impact of the national lockdown relating to Covid-19 in fiscal 2020.

Our average cash costs increased by 8.5%, or R47,079 per kilogram, from R553,513 per kilogram in fiscal 2020 to R600,592 per kilogram in fiscal 2021. Cash costs per kilogram vary with the working costs per tonne (which are, in turn, affected by the number of tonnes processed) and grade of ore processed. Production costs increased by 35.5% from R22.0 billion in fiscal 2020 to R29.8 billion in fiscal 2021, mainly due to the acquisition of the Mponeng and MWS operations. Production cost for these operations amounted to R5.2 billion for the nine months from October 2020. The effect of the reduction in cost due to the national lockdown during the last quarter of fiscal 2020, annual inflationary pressures as well as higher royalties due to an increase in revenue also contributed to the increase in production cost.

At Target 1, all-in sustaining cost increased by 50.8% from R817,066 per kilogram in fiscal 2020 to R1,232,098 per kilogram in fiscal 2021, mainly due to lower production mainly due to flexibility constraints in the massive stoping section and ventilation constraints that started in FY20. Combined, these affected underground grade recovered.

At Bambanani, all-in sustaining cost increased by 22.6% from R522,990 per kilogram in fiscal 2020 to R641,426 per kilogram in fiscal 2021, mainly due to an increase in cost as well lower gold sold resulted from lower production and grade recovered.

At Masimong, all-in sustaining cost increased by 16.6% from R655 888 per kilogram in fiscal 2020 to R764 577 per kilogram in fiscal 2021, mainly due to an increase in production cost.

At Tshepong Operations, all-in sustaining cost increased by 14.3% from R713 202 per kilogram in fiscal 2020 to R815 333 per kilogram in fiscal 2021, mainly due to an increase in production cost.

At Joel, all-in sustaining cost increased by 13.2% from R826,970 per kilogram in fiscal 2020 to R936,296 per kilogram in fiscal 2021, mainly due to an increase in production cost.

Depreciation and amortization

Depreciation and amortization increased from R3.5 billion in fiscal 2020 to R3.9 billion in fiscal 2021 year due to the operations in fiscal 2021 running for the entire year with no shutdowns, while the charge for fiscal 2020 was impacted by lower production as a result of the closure of underground operations in response to the Covid-19 pandemic. The inclusion of the Mponeng mine and related operations and assets in the asset base also contributed to the increase year on year.

Impairment of assets

An impairment charge of R1.1 billion was recorded in fiscal 2021. No impairment or reversal of impairment was recorded in fiscal 2020.

Tshepong Operations recorded an impairment of R759 million and had a recoverable amount of R5.8 billion. The impairment was due to the updated life-of-mine plan which included a reduction in planned gold resulting from lower grade. There was also a change in the mining profile in the revised life-of-mine plan, which impacted on the timing of cash flows, which were then later than in comparison to the prior year plan. These changes affected the discounted cash flows used to determine the recoverable amount of the operation.

Bambanani had a recoverable amount of R341 million in fiscal 2021 and recorded a goodwill impairment of R187 million. The impairment was mainly as a result of a reduction in grade over the remainder of the operation's life. The reduction in grade is due to unexpected changes in the orebody and a lower mine call factor.

Target 3 recorded an impairment of R178 million. Previous plans to explore the sale of the operation have been abandoned and further development was considered not a viable option at this stage. Therefore management has determined a recoverable amount of Rnil.

Gains/(losses) on derivatives

Gains on derivatives amounted to R1,022 million in fiscal 2021, compared to a loss of R1,678 million in fiscal 2020. Gains and losses on derivatives include the fair value movements of derivatives which have not been designated as hedging instruments for hedge accounting purposes or where hedge accounting has been discontinued, the amortization of day-one gains and losses for derivatives and the hedging ineffectiveness. The day-one adjustment arises from the difference between the contract price and market price on the day of the transaction.

(a) Foreign exchange derivatives

Harmony maintains a foreign exchange derivative program in the form of zero cost collars, which establish a floor and cap US$/Rand exchange rate at which to convert US dollars to Rand, and forward exchange contracts. As hedge accounting is not applied, the resulting gains and losses have been recorded in the income statement. In fiscal 2021, a gain amounted to R1,217 million was recorded compared to a loss of R1,235 million in fiscal 2020.

(b) US$ commodity contracts

Harmony maintains a derivative program for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale derivative contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price. Hedge accounting has been applied to US$ gold contracts entered into after January 1, 2019. A loss of R273 million was recognized in revenue for fiscal 2021 (2020: R134 million). The unamortized portion of day-one loss was R5 million in fiscal 2021, compared with a loss of R8 million in fiscal 2020. For all other contracts, the resulting gains and losses are recorded in gains/losses on derivatives in the income statement. In fiscal 2021, a loss on derivative of R256 million was recorded in the income statement compared to a gain of R6 million in fiscal 2020.

(c) Rand gold contracts

Harmony entered into Rand gold forward sale derivative contracts to hedge the risk of lower Rand gold prices. Cash flow hedge accounting is applied to the majority of these contracts, resulting in the effective portion of the unrealized gains and losses being recorded in other comprehensive income (other reserves). The contracts that matured realized a loss of R1,263 million in fiscal 2020 compared to a loss of R2,023 million in fiscal 2021, which has been included in revenue.

During fiscal 2021 and 2020 a negligible amount of hedge ineffectiveness was experienced. The unamortized portion of the day-one loss remained steady at R18 million in fiscal 2020 and R18 million in fiscal 2021. Gain from non-hedge accounted Rand gold contracts of R111 million was included in Gains/(losses) on derivatives in fiscal 2021 compared to a loss of R174 million in fiscal 2020.

(d) Discontinuance of hedge accounting

As a result of the original 21-day lockdown announced in South Africa, effective March 27, 2020, aimed to slow the spread of Covid-19, Harmony closed all deep-level underground mines in South Africa. As a result of the closure, a significant volume of the underlying exposure that was originally intended to be hedged was delayed.

A total of 63,400 ounces of gold forwards were originally set to mature in the months of April and May 2020. After assessing forecasts of gold production at April 1, 2020, the hedged items, being the sales of gold, relating to 30,500 ounces of gold forwards were assessed to no longer be probable. The hedged items relating to the remaining balance of gold forwards were still considered to be highly probable.

Due to the fact that the occurrence of the forecast transactions/hedged items were no longer considered probable, there was no longer an effective hedging relationship and therefore hedge accounting for these hedges was discontinued. Unrealized losses relating to the hedges amounting to R48 million and R187 million of restructured contracts discussed below, previously recognized in other comprehensive income, were immediately reclassified to profit or loss and disclosed under gains/losses on derivatives.

(e) Restructuring of contracts

In response to the gold forwards' hedged items no longer being probable and in order to better match the cash flows relating to the underlying exposure, certain of the Rand gold forwards with maturities between April 15, 2020 and May 31, 2020 were effectively extended to mature between the periods July 2020 and March 2021.

The restructured gold forwards retained the pricing of the original forwards. They were not designated as hedging instruments as the difference in the costing structure would have required a different effectiveness assessment than currently used by management. Unrealized losses relating to the hedges amounting to R187 million, previously recognized in other comprehensive income, were immediately reclassified to profit or loss and disclosed under gains/losses on derivatives. All subsequent gains and losses on the restructured hedges were recognized in profit or loss.

As at June 30, 2021, all the restructured gold forwards had matured.

Corporate, administration and other expenditure

Corporate, administration and other expenditure amounted to R1.1 billion in fiscal 2021 compared to R611 million in fiscal 2020. The increase was largely attributable to the acquisition integration costs of R205 million incurred in relation to the Mponeng Acquisition and an increase in remuneration costs and employee incentive payments from a reduced base in fiscal 2020 following the group-wide pay cuts in response to the Covid-19 pandemic.

Foreign exchange translation gain/loss

A foreign exchange translation loss of R892 million was recorded during fiscal 2020 compared to a gain of R670 million in fiscal 2021. The foreign exchange translation gain in 2021 is predominantly caused by favorable translations on US dollar loan balances which was attributable to the Rand strengthening against the US dollar. The US$/Rand exchange ended at US$/R14.27 for fiscal 2021 whereas for fiscal 2020 the rate was US$/R17.32.

Other operating expenses

(a) Silicosis settlement provision

During fiscal 2021, Harmony's potential cost to settle the silicosis and TB class actions increased by R80 million, compared to R36 million in fiscal 2020 respectively as a result of changes in estimates.

(b) Loss on scrapping of property, plant and equipment

A loss on scrapping of R161 million (2020: R62 million) was recorded in fiscal 2021. This related to the abandonment of individual surface assets for which no future economic benefits are expected from their use or disposal.

(c) Remeasurement of contingent consideration

A remeasurement of the contingent consideration liability of R127 million relating to the Mponeng Acquisition was recorded in fiscal 2021.

Acquisition-related costs

Expenses of R124 million were incurred during fiscal 2021 related to various costs attributable to the Mponeng Acquisition. These costs include legal and advisory fees.

Finance costs

Finance costs for fiscal 2021 and 2020 remained relatively stable at R661 million mainly due to the fact that the decrease in finance costs charged on borrowings was offset by the increase in time value of money and inflation component of rehabilitation costs and the decrease in interest cost capitalized. Interest cost capitalized decreased due to the impact of the foreign exchange gain for the year on the capitalization rate calculation, resulting in a lower rate.

(a) Gain on bargain purchase

A gain on bargain purchase of R303 million arose in connection with the Mponeng Acquisition. At acquisition, the fair value of the net identifiable assets acquired amounted to R4.2 billion and the total consideration amounted to R3.98 billion consisting of cash consideration of R3.4 billion and contingent consideration of R544 million.

Income and mining taxes

In fiscal 2020 and 2021, the tax rates for companies were 34% for mining income and 28% for non-mining income for South African companies and 30% for Australian companies and PNG mining companies.

	Fiscal year ended June 30,	
Income and mining tax	**2021**	**2020**
Effective income and mining tax rate	20%	(43)%

The effective tax rate for fiscal 2021 was lower than the mining statutory tax rate of 34% for Harmony and our subsidiaries as a whole, mainly due to the use of unredeemed capital allowances and assessed losses. Refer to note 12 "*Taxation*" of our consolidated financial statements for the assumptions used. These changes, together with changes in the temporary differences, had the following impacts:

- The change in rates on temporary differences, other than hedge accounted derivatives, resulted in an increase in the deferred tax expense and liability of R55 million.
- Unwinding of temporary differences related to unredeemed capital expenditure balance resulted in an increase of R301 million in the deferred tax expense.
- Unwinding of temporary differences related to the assessed loss balance resulted in an increase of R144 million in the deferred tax expense.
- The Rand strengthened during the year which had the effect of reducing the loss on the rand gold contracts that matured during fiscal 2021 as well as positively impacting those that were outstanding at June 30, 2021. The temporary differences related to the Rand gold derivatives changed from deductible temporary differences (i.e. resulting in a deferred tax asset) to taxable temporary differences (resulting in a deferred tax liability). Management assessed the rates at which the temporary differences are expected to reverse and revised the rate from the weighted average deferred tax rate to the non-mining tax rate of 28%. This accounts for R184 million of the deferred tax deficit directly charged to other comprehensive income.
- The net deferred tax positions for each of the group's entities are assessed separately. As at June 30, 2020 a deferred tax asset was recognized in Harmony Gold Mining Company Limited (Harmony Company) and Randfontein Estates Limited (Randfontein Estates). Subsequently, the net deferred tax asset balance had decreased due to the utilization of assessed losses, unredeemed capital expenditure and a decrease in the net derivative liability. Harmony Company's deferred tax asset balance reduced to R175 million while Randfontein Estates' deferred tax asset became a deferred tax liability. Furthermore, the newly acquired Chemwes (Pty) Limited (Chemwes Company) reported a net deferred tax asset position of R97 million.

Deferred tax rates for the South African operations are calculated based on estimates of the future profitability of each ring-fenced mine when temporary differences will reverse. The future profitability of each ring-fenced mine, in turn, is determined by reference to the life-of-mine plan for that operation, which is based on parameters such as the Group’s long term view of the US$ gold price and the Rand/US$ exchange rate, as well as the reserves declared for the operation. As some of these parameters are based on market indicators, they differ from one year to the next. In addition, the reserves may also increase or decrease based on updated or new geological information. Changes in the future profitability of each ring-fenced mine impact the deferred tax rates used to recognize temporary differences at these operations. See “*-Critical Accounting Policies and Estimates - Deferred taxes*” above. The movement in deferred tax on temporary differences due to changes in estimated effective tax rates results primarily from the movement in the effective deferred tax rate at Freegold (includes the Bambanani, Joel and Tshepong operations), Harmony (includes the Masimong and Unisel operations), Randfontein Estates (includes Doornkop and Kusasalethu) and Moab Khotsong. The deferred tax rate at Freegold increased from 11.4% in fiscal 2020 to 12.1% in fiscal 2021, Harmony decreased from 29.8% to 27.4% in fiscal 2021, Randfontein Estates decreased from 10.1% to 5.1% in fiscal 2021, Moab Khotsong increased from 17.3% to 17.6% in fiscal 2021.

South Africa. Generally, South Africa imposes tax on worldwide income (including capital gains) of all our South African incorporated tax resident entities at a rate of 28% on non-mining income. The South African entities pay taxes separately on mining income and non-mining income. The amount of our South African mining income tax is calculated on the basis of a gold mining formula that takes into account our total revenue and profits from, and capital expenditure for, mining operations in South Africa. 5% of total mining revenue is exempt from taxation in South Africa as a result of the application of the gold mining formula. The amount of revenue subject to taxation is calculated by deducting qualifying capital expenditures from taxable mining income. The amount by which taxable mining income exceeds 5% of mining revenue constitutes taxable mining income. We and our subsidiaries account for taxes separately that are determined in respect of each entity. Hence, South Africa does not make use of any group basis of taxation.

South Africa has a Controlled Foreign Company regime which effectively attributes certain types of passive income derived by offshore subsidiaries and imputes that income in taxable income as if it had been derived in South Africa under South African tax rules.

Australia. Generally, Australia also imposes tax on the worldwide income (including capital gains) of all of our Australian incorporated and tax resident entities. The current income tax rate for companies is 30%.

Harmony Gold (Australia) Proprietary Limited ("**Harmony Gold Australia**") and its wholly-owned Australian subsidiary companies are recognized and taxed as a single entity, called a consolidated group. Under the Australian Tax Consolidation rules all of the Australian subsidiary companies are treated as divisions of the Head Company, Harmony Gold Australia. As a result, inter-company transactions between group members are generally ignored for tax purposes. This allows the group to transfer assets between group members without any tax consequences, and deems all tax losses to have been incurred by Harmony Gold Australia.

PNG. PNG mining projects are taxed on a project basis. Therefore, each project is taxed as a separate entity, even though it may be one of a number of projects carried on by the same company. Capital development and exploration expenditure incurred in PNG is capitalized for tax purposes and can be deducted at 25% per annum on a diminishing value basis against project income, with the deduction being limited to the lesser of 25% of the diminished value or the income of the project for the year.

PNG mining companies are taxed at a rate of tax of 30%. Mining operations in PNG are subject to a 2% royalty and 0.5% Production Levy which are payable to the PNG Government.

Export Sales

All of our gold produced in South Africa during fiscal 2019 to 2021 was refined by Rand Refinery Proprietary Limited ("**Rand Refinery**"). Rand Refinery is owned by a consortium of the major gold producers in South Africa and Harmony holds a 10.4% interest at June 30, 2021. Until March 31, 2019, all of our gold and silver produced in PNG was sold to The Perth Mint Australia, a Perth-based refinery. Since February 14, 2019, the metals have been sold to the Australian Bullion Corporation.

Recent Developments

See Item 4: "*Information on the Company - History and Development of the Company - Recent Developments - Developments since June 30, 2021*".

B. LIQUIDITY AND CAPITAL RESOURCES

We centrally manage our funding and treasury policies. There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to us. We have generally funded our operations and our short-term and long-term liquidity requirements from: (i) cash generated from operations; (ii) credit facilities and other borrowings; and (iii) sales of equity securities.

	Fiscal year ended June 30,	
	2021	2020
	(R in millions)	
Operating cash flows	9,179	4,723
Investing cash flows	(8,464)	(3,558)
Financing cash flows	(4,299)	4,305
Foreign exchange differences	46	(106)
Total cash flows	(3,538)	5,364

Operations

Net cash provided by operations is primarily affected by the quantities of gold sold, the gold price, the Rand/US$ exchange rate, cash costs per ounce and, in the case of the international operations, the Australian dollar and PNG Kina versus US dollar exchange rate. A significant adverse change in one or more of these parameters could materially reduce cash provided by operations as a source of liquidity. Net cash generated by operations increased from R4.7 billion in fiscal 2020 to R9.2 billion in fiscal 2021. This increase is mainly due to the the higher gold price received and the inclusion of the results of the Mponeng operations and related assets.

Investing

Net cash utilized by investing activities increased from R3.6 billion in fiscal 2020 to R8.5 billion in fiscal 2021. The increase principally relates to the Mponeng Acquisition (R3.4 billion). The increase was further supplemented by the additions in property, plant and equipment of R5.1 billion compared to R3.6 billion spent in fiscal 2020.

The last condition precedent for the Mponeng Acquisition was fulfilled during September 2020, resulting in an acquisition date of October 1, 2020. See note 14 "*Acquisitions and Business Combinations*" of our consolidated financial statements and See Item 10.C *"Material Contracts - Sale Agreement"* for further details.

Financing

Financing activities utilized R4.3 billion in fiscal 2021, compared to cash generated of R 4.3 billion in fiscal 2020. This was mainly due to the receipt of proceeds from issue of shares and borrowing raised in fiscal 2020. In fiscal 2020, Harmony completed a placing (the "**Placing**") in respect of 60,278,260 new ordinary shares with existing and new institutional investors at a price of R57.50 per share, raising gross proceeds of approximately US$200 million (R3.5 billion). The shares issued represented, in aggregate, approximately 11.1% of Harmony's issued ordinary share capital before the Placing. The proceeds of the Placing were used by the company to discharge the US$200 million cash consideration for the Mponeng Acquisition.

In fiscal 2021, borrowings repaid amounted to R3.5 billion and no additional borrowing was drawn whereas in fiscal 2020 borrowings drawn of R6.5 billion and borrowings repaid of R5.7 billion resulted in the net inflow amount of R880 million.

Outstanding Credit Facilities and Other Borrowings

On September 26, 2019, Harmony and a syndicate of local and international lenders, which was jointly arranged by Nedbank Limited and ABSA Bank Limited, concluded a US$400 million syndicated term loan and revolving credit facility. The initial term of three years was extended by one year in July 2020. US$300 million (R4,541 million) was drawn down on the syndicated term loan and revolving credit facility in October 2019 and a further US$50 million (R900 million) was drawn down in April 2020. During fiscal 2021, US$150 million (R2.3 billion) was repaid on the loan. US$200 million (R2.8 billion) remained outstanding as at June 30, 2021.

The key terms of the US$400 million syndicated term loan and revolving credit facility are:

Term facility:	$200 million
Margin on term facility:	3.1% over 3 month LIBOR
Revolving facility:	$200 million
Margin on revolving facility:	2.9% over 3 month LIBOR
Maturity:	Three years, extendable by 1 year
Security:	Certain shares and claims

On July 9, 2018, we entered into a four-year loan with Westpac - Bank - PNG - Limited for the amount of US$24 million (R322 million) to finance the acquisition of fleet equipment for the Group's Papua New Guinea operations. The US$24 million four-year loan is repayable in quarterly installments. During fiscal 2020, US$6 million (R96 million) was repaid on the loan. During fiscal 2021, US$6 million (R96 million) was repaid on the loan and US$7.6 million (R109 million) remained outstanding at June 30, 2021.

The key terms of the US$24 million four-year loan are:

Facility:	$24 million
Margin on term facility:	3.2% over 3 month LIBOR
Maturity:	Four years
Security:	Certain vehicles and machinery

On November 8, 2018, Harmony concluded a four-year R2 billion syndicated facility with Nedbank and ABSA which consists of a R600 million term facility and a R1.4 billion revolving credit facility to replace the R1 billion revolving credit facility. During fiscal 2021, R1.1 billion was repaid. As at June 30, 2021, R453 million remained outstanding and R1,400 million was available on the revolving credit facility and Rnil was available on the term facility.

The key terms of the R2 billion four-year syndicated term loan and revolving credit facility are:

Term facility:	R600 million
Margin on term facility:	2.9% over 3 month JIBAR
Revolving facility:	R1.4 billion
Margin on revolving facility:	2.8% over 3 month JIBAR
Maturity	Four years from close
Security	Certain shares and claims

We need to comply with certain debt covenants for the US$400 million syndicated term loan and revolving credit facility and the R2 billion four-year syndicated term loan and revolving credit facility.

The debt covenant tests are as follows:

The Group's interest cover ratio shall not be less than five (EBITDA[1]/Total interest paid).

Tangible net worth[2] to total net debt ratio shall not be less than 4 times or 6 times when dividends are paid.

Leverage[3] shall not be more than 2.5 times.

1 *EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring cost.*

2 *Tangible net worth is defined as total equity less intangible assets.*

3 *Leverage is defined as total net debt to EBITDA.*

In June 2020, lenders agreed to relax the tangible net worth to total net debt covenant from four times to two times until December 2020, in order to provide flexibility to Harmony following the disruptions from the Covid-19 pandemic. From January 1, 2021, the original covenants were reinstated. No breaches of the covenants were identified during the tests in the 2020 and 2021 fiscal years.

Recently Retired Credit Facilities and Other Borrowings

On June 16, 2020, we entered into a US$200 million bridge loan facility with a syndicate of lenders in order to fund the acquisition of assets from AngloGold Ashanti Limited. No draw-down was made on the facility as at June 30, 2020 and the facility was subsequently canceled on July 6, 2020.

On July 28, 2017, we entered into a syndicated term loan and revolving credit facilities agreement in the amount of up to US$350 million, with Nedbank Limited, Absa Bank Limited, JP Morgan Chase Bank N.A, Caterpillar Financial Services Corporation, HSBC Bank Plc, State Bank of India, The Bank of China and Citibank N.A, with Nedbank Limited and Absa Bank Limited acting as arrangers, and Nedbank Limited acting as facility agent. The facility agreement allowed the lenders to transfer their facility commitments. Margin on the US$175 million revolving credit facility was 3% over a 3 month LIBOR and 3.15% over a 3 month LIBOR for the US$175 million term loan. R4.4 billion was subsequently repaid in October 2019 from drawings under the US$400 million syndicated term loan and revolving credit facility, thereby settling the loan.

Capital Expenditures

Total budgeted capital expenditures for fiscal 2022 are R8,029 million. See Item 4: "*Information On The Company - Business Overview - Capital Expenditures"* for details regarding the budgeted capital expenditures for each operation. We currently expect that our planned operating capital expenditures will be financed from operations, including use of our current facilities, as described in "*-Outstanding Credit Facilities and Other Borrowings" above*, and new borrowings as needed.

The following table sets forth our authorized capital expenditure as of June 30, 2021:

	R'millions
Authorized and contracted for[1]	373
Authorized but not yet contracted for	7,425
Total	**7,798**

[1] Including our share of the PNG joint operation's capital expenditure of R32 million.

Working Capital and Anticipated Financing Needs

The board believes that our working capital resources, by way of cash generated from operations, borrowings and existing cash on hand, are sufficient to meet our present working capital needs. The South African operations are generally expected to fund their capital internally. The Wafi-Golpu project in PNG is, however, expected to require additional capital expenditure over the next two to five years to complete construction, some of which will be funded from cash generated by operations and the balance by debt. We may also consider other options or structures to finance Harmony's portion of the Wafi-Golpu project. For more information on our planned capital expenditures, see "*-Capital Expenditure*" above. Also see *Item 3: "Key Information - Risk Factors - Risks related to our operations and business - Our operations have limited proved and probable reserves. Exploration for additional resources and reserves is speculative in nature, may be unsuccessful and involves many risks"*. Our board believes that we will have access to adequate financing on reasonable terms given our cash-based operations and modest leverage. Our ability to generate cash from operations could, however, be materially adversely affected by increases in cash costs, decreases in production, decreases in the price of gold and appreciation of the Rand and other non-US dollar currencies against the US dollar. In addition, South African companies are subject to significant exchange control limitations, which may impair our ability to fund overseas operations or guarantee credit facilities entered into by overseas subsidiaries. See Item 10: *"Additional Information - D. Exchange Controls".*

The information set forth under the heading:

- *"- Delivering profitable ounces - Operational performance*" on pages 31 to 66 of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

C: RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Not applicable.

D. TREND INFORMATION

The information set forth under the heading:

- *"- Delivering profitable ounces - Operational performance*" on pages 31 to 66 of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

E. OFF-BALANCE SHEET ARRANGEMENTS

Contractual obligations in respect of mineral tenement leases in PNG amount to R17 million at June 30, 2021.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our contractual obligations and commercial commitments consist primarily of credit facilities, post-retirement health care and environmental obligations.

Contractual Obligations on the Balance Sheet

The following table summarizes our contractual obligations as of June 30, 2021:

	Payments Due by Period				
	Total	Less Than 12 Months July 1, 2021 to June 30, 2022	12-36 Months July 1, 2022 to June 30, 2024	36-60 Months July 1, 2024 To June 30, 2026	After 60 Months Subsequent June 30, 2026
	(R'millions)	(R'millions)	(R'millions)	(R'millions)	(R'millions)
Bank facilities[1]	3,649	505	3,144	—	—
Post-retirement health care[2]	247	—	—	—	247
Environmental obligations[3]	4,662	—	—	—	4,662
Silicosis settlement obligation[4]	854	175	350	329	—
Contingent consideration[5]	648	—	36	388	224
Streaming contract liability[6]	1,218	464	690	64	—
Total contractual obligations	**11,278**	**1,144**	**4,220**	**781**	**5,133**

1 See Item 5: *"Operating and Financial Review and Prospects - Liquidity and Capital Resources - Outstanding Credit Facilities and Other Borrowings"*. The amounts include the interest payable over the terms of the facilities. Where a variable rate is applicable, the rate at the reporting date has been used for the future periods.

2 This liability relates to post-retirement medical benefits of Freegold, Moab Khotsong and Mponeng employees at the time of acquisition as well as for former employees who retired prior to December 31, 1996 and is based on actuarial valuations conducted during fiscal 2021.

3 We make provision for environmental rehabilitation costs and related liabilities based on management's interpretations of current environmental and regulatory requirements. See Item 5: *"Operating and Financial Review and Prospects - Operating Results - Critical Accounting Policies and Estimates - Provision for environmental rehabilitation"*.

4 This liability relates to potential cost of settling the silicosis and TB class actions that have been instituted against the group in South Africa. See Item 3: "*Key Information - Risk Factors - Risks related to our operations and business - The cost of occupational health care services and the potential liabilities related to occupational health diseases may increase in future and may be substantia*l" and note 27 "*Other provisions"* to our consolidated financial statements set forth beginning on page F-1.

5 The liability was included as part of the consideration transferred for the acquisition of the Mponeng operations and related assets. See Item 10: *"Additional information - Material contracts - Sale agreement " and* Item 5: *"Operating and Financial Review and Prospects - Results of the operations - Remeasurement of contingent consideration"*.

6 The liability relates to the contractual obligation to deliver the stipulated gold ounces to Franco-Nevada over the remaining term of the agreement. See Item 5: *"Operating and Financial Review and Prospects - Operating Results - Critical Accounting Policies and Estimates - Streaming arrangement"* and note 31 "*Streaming arrangements"* to our consolidated financial statements set forth beginning on page F-1.

Commercial Commitments

The following table provides details regarding our commercial commitments as of June 30, 2021:

	Amount of Commitments Expiring by Period				
	Total	Less Than 12 Months July 1 , 2021 to June 30, 2022	12-36 Months July 1, 2022 to June 30, 2024	36-60 Months July 1, 2024 To June 30, 2026	After 60 Months Subsequent June 30, 2026
	(R'millions)	(R'million)	(R'million)	(R'million)	(R'millions)
Guarantees[1]	960	—	—	—	960
Capital commitments[2]	373	373	—	—	—
Total commitments expiring by period	**1,333**	**373**	**—**	**—**	**960**

1 R479 million of these guarantees relate to our environmental and rehabilitation obligation.

2 Capital commitments consist only of amounts committed to external suppliers, although a total of R7.8 billion has been approved by the board for capital expenditures.

G. SAFE HARBOR

The information set forth under the heading *"Cautionary statement about forward-looking statements"* on page iii is incorporated herein by reference.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

The information set forth under the heading:

- *"-Our leadership"* on pages 13 to 14

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

B. COMPENSATION

The information set forth under the heading:

- *"-Remuneration report"* on pages 145 to 156

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

C. BOARD PRACTICES

The information set forth under the headings:

- *"-Corporate governance"* on pages 130 to 140;
- *"-Board committees"* on pages 141 to 144;
- *"-Remuneration report"* on pages 145 to 156; and
- *"-Audit and risk committee: Chairperson's report"* on pages 157 to 160.

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

D. EMPLOYEES

The information set forth under the heading:

- *"-Caring for our workforce"* on pages 114 to 120

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

E. SHARE OWNERSHIP

The information set forth under the heading:

- "See note 37 "*Related Parties*" of our consolidated financial statements, set forth beginning on page F-1.

of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

We are an independent gold producer, with no single shareholder exercising control. As of October 22, 2021, our issued share capital consisted of 616,525,702 ordinary shares. To our knowledge, (a) we are not directly or indirectly owned or controlled: (i) by another corporation; or (ii) by any foreign government, and (b) there are no arrangements (including any announced or expected takeover bid), the operation of which may at a subsequent date result in a change in our control.

The voting rights of our major shareholders do not differ from the voting rights of other holders of the same class of shares.

A list of the beneficial holders that hold 5% or more of our securities as of September 23, 2021 is set forth below:

Holder	Number of shares	Percentage
African Rainbow Minerals Limited[1]	74,665,545	12.12 %
Van Eck Global Associates Corporation	58,573,115	9.51 %
Government Employees Pension Fund (PIC)	48,452,144	7.86 %
Fairtree Asset Management (Pty) Ltd	40,067,765	6.5 %

[1] Patrice Motsepe, our Chairman, has an indirect holding in African Rainbow Minerals Limited.

The table below shows the significant changes in the percentage ownership held by major shareholders, to the knowledge of Harmony's management, during the past three years.

	Beneficial ownership as of June 30, 2021		
	2021	2020	2019
	%	%	%
African Rainbow Minerals Limited	12.12	12.38	13.89
Van Eck Associates Corporation	9.16	10.11	12.21
Public Investment Corporation of South Africa	7.77	4.85	3.93
Fairtree Capital	5.81	5.40	4.01

B. RELATED PARTY TRANSACTIONS

See note 37 "*Related Parties*", note 18 (b) "*Other non-current assets*", note 21 *"Investments in Associates"* and note 22 *"Investment in Joint Operations"* of our consolidated financial statements, set forth beginning on page F-1.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

Please refer to Item 18: *"Financial Statements"* and Item 3: *"Key Information - Selected Financial Data"*.

Legal Proceedings

None of our properties is the subject of pending material legal proceedings. We have been involved in a number of claims and legal and arbitration proceedings incidental to the normal conduct of our business, such as the ones described below.

Provision for silicosis settlement

A provision of R917 million was recognized during fiscal 2017 for Harmony's potential cost to settle the silicosis and TB class actions that have been instituted against it in South Africa. At June 30, 2021 and June 30, 2020 the provision was R854 million and R892 million respectively, primarily due to the time value of money accretion. This was offset by the change in estimate due to the timing of cash flows.

The provision recorded in the financial statements is subject to adjustment or reversal in the future, depending on a number of factors, including changes in benefit take-up.

See See Item 3: "*Key Information - Risk Factors - Risks related to our operations and business - The cost of occupational health care services and the potential liabilities related to occupational health diseases may increase in future and may be substantial*" and to Note 27 "Other Provisions - *Provision for silicosis settlement"* of our consolidated financial statements set forth beginning on page F-1.

B. SIGNIFICANT CHANGES

See Item 4: "*Information on the Company - History and Development of the Company - Recent Developments - Developments since June 30, 2021*."

ITEM 9 THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

The principal trading market for our ordinary shares is the JSE, where they trade under the symbol "HAR". Our ordinary shares trade on the NYSE in the form of ADSs, under the symbol "HMY".

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

The Securities Exchange in South Africa

The JSE is the premier stock exchange in Africa and is based in South Africa where it has operated as a marketplace for the trading of financial products for 130 years.

The JSE connects buyers and sellers in a variety of financial markets that include equities and equity derivatives, commodity derivatives, currency derivatives and interest rate instruments. It is one of the top 20 exchanges in the world in terms of market capitalization and a member of the World Federation of Exchanges.

The market capitalization of the JSE equities index (FTSE/JSE Africa All Shares Index) was R8,119 billion (US$369 billion) at June 30, 2021. The JSE mining index (FTSE/JSE Africa Mining Index) market capitalization was R1,712 billion (US$120 billion)[1] at June 30, 2021, 21.1% of the overall JSE market capitalization.

[1] Source: Bloomberg

Strate Settlement

Under Strate, South Africa's Central Securities Depository ("**CSD**"), there are essentially two types of clients: controlled and non-controlled. A controlled client is one who elects to keep his shares and cash with his broker and these shares are held in custody at the broker's chosen Custodian Bank, the CSD Participant ("**CSDP**"). A non-controlled client is one who appoints his own CSDP to act as custodian on his behalf. Equity settlements take place on a contractual T+3 (where T= trade date) settlement cycle. Securities and funds become due for settlement three business days after the trade. Contractual settlement is a market convention embodied in the rules of the JSE which states that a client has a contractual obligation to cause a JSE trade to settle on settlement day. The JSE, in its capacity as Settlement Authority, ensures that all on-market trades entered into by two JSE member firms settle three days after the trade date.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM OF INCORPORATION

Information on our Memorandum of Incorporation can be found in Exhibit 1.1 filed with this Harmony 2021 Form 20-F.

Voting Rights

There are no limitations imposed by South African law or by our charter on the right of non-resident or foreign owners to hold or vote our ordinary shares.

C. MATERIAL CONTRACTS

US$200 Million Bridge Loan

On June 16, 2020, Harmony entered into a bridge loan facility of US$200 million with a syndicate of lenders in order to provide financing the Mponeng Acquisition.

The US$200 million bridge loan bore interest of 1.8% over LIBOR for the first six months, 2.4% over LIBOR for the next three months and 3.0% over LIBOR for the last three months.

The US$200 million bridge loan is secured by a cessation and a pledge over all the shares and claims in certain operating subsidiaries in the Group.

No draw-down was made on the facility as at June 30, 2020 and the facility was subsequently canceled on July 6, 2020.

Sale Agreement

On February 12, 2020, the Company announced an agreement to purchase the remaining South African producing assets and related liabilities of AngloGold Ashanti Limited pursuant to the Mponeng Acquisition. The Mponeng Acquisition includes the following assets and liabilities:

- the Mponeng mine and its associated assets and liabilities;
- the Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities;
- First Uranium (Pty) Limited which owns Mine Waste Solutions (Pty) Limited and Chemwes (Pty) Limited as well as associated tailings assets and liabilities (the FUSA Group);
- Covalent Water Company (Pty) Limited, AngloGold Security Services (Pty) Limited and Masakhisane Investments (Pty) Limited; and
- certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities.

Consideration for the Mponeng Acquisition was a cash payment of US$200 million, due on the closing date, and contingent consideration subject to the following criteria:

- US$260 per ounce payable on all underground production from the Mponeng, Savuka and Tau Tona mines in excess of 250,000 ounces per year for six years commencing January 1, 2021; and
- US$20 per ounce payable on underground production from the Mponeng, Savuka and Tau Tona mines sourced from levels developed in the future below the current infrastructure.

The agreement is subject to certain conditions precedent, the last of which was fulfilled in September 2020. Closing of the Mponeng Acquisition occurred with effect on October 1, 2020. See note 14 "*Acquisitions and Business Combinations* " to our consolidated financial statements set forth beginning on page F-1.

US$400 Million Syndicated Term Loan and Revolving Credit Facility

On September 26, 2019, Harmony and a syndicate of local and international lenders, which was jointly arranged by Nedbank Limited and ABSA Bank Limited, concluded a US$400 million syndicated term loan and revolving credit facility. The US$400 million syndicated term loan and revolving credit facility initially matured in September 2022, but its term was extended to September 2023 in July 2020.

Under the terms of the US$400 million syndicated term loan and revolving credit facility Harmony agreed to apply all amounts borrowed by it in repayment of the US$350 million three-year syndicated term loan and revolving credit facility and for exploration activities, feasibility costs, capital costs, operational costs, other corporate expenses and other strategic objectives relating to the Group outside of South Africa.

The term loan bears interest of 3.1% over three month LIBOR; the revolving facility bears interest of 2.9% over three month LIBOR.

The US$400 million syndicated term loan and revolving credit facility is secured by a cessation and a pledge over all the shares and claims in certain operating subsidiaries in the Group.

During fiscal 2021, US$150 million (R2.3 billion) was repaid on the loan. US$200 million (R2.8 billion) remained outstanding as at June 30, 2021.

R2 Billion Four-year Syndicated Term Loan and Revolving Credit Facility

On November 8, 2018, Harmony, as borrower, entered into a R2 billion four-year syndicated term loan and revolving credit facility with Nedbank Limited and ABSA Bank Limited. The R2 billion four-year syndicated term loan and revolving credit facility matures in November 2022.

The term facility bears interest at 2.90% over three month JIBAR; the revolving facility bears interest at 2.80% over three month JIBAR.

The R2 billion four-year syndicated term loan and revolving credit facility is secured by a cession and pledge over all the shares and claims in certain operating subsidiaries in the Group.

As at June 30, 2021, R453 million remained outstanding and R1,400 million was available on the revolving credit facility and Rnil was available on the term facility.

US$24 Million Four-year Loan

On July 9, 2018, Harmony, as a borrower, entered into a loan to finance its new fleet in Hidden Valley with Westpac - Bank - PNG - Limited. The loan is repayable in quarterly installments and matures in July 2022.

The US$24 million four-year loan bears interest at 3.20% over three month LIBOR. The loan is secured by a cession and pledge of vehicles and machinery purchased. The outstanding balance under the loan at June 30, 2021 was R109 million.

D. EXCHANGE CONTROLS

Introduction

The following is a general outline of South African exchange controls. Investors should consult a professional adviser pertaining to the exchange control implications of their particular investments.

The Republic of South Africa's exchange control regulations provide for restrictions on the exportation capital from a Common Monetary Area member, consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini. Transactions between South African residents (including corporations) and foreigners are subject to these exchange controls, which are administered by the Financial Surveillance Department of the South African Reserve Bank ("**SARB**").

Since 1995 a number of exchange control regulations have been relaxed with regard to both residents and non-residents. Following the initial reforms, ongoing relaxations have been introduced with the aim of achieving a macroprudential risk based approach to the management of foreign exchange. The reforms are being made to, among other things, enable international firms to make investments through South Africa to the rest of Africa and to further enhance opportunities for offshore portfolio diversification for resident investors. In addition, the relaxations have also significantly raised the size of the discretionary allowances available to residents for overseas transactions.

A considerable degree of flexibility is built into the system of exchange controls, and the SARB possesses substantial discretionary powers in approving or rejecting the applications that fall outside the authority granted to authorized dealers.

These comments relate to exchange controls in force at June 30, 2021. These controls are subject to change at any time, however, the government has previously announced most changes during the annual budget statement in February. It is not possible to predict whether existing exchange controls will be changed or relaxed by the South African government in the future. Investors are urged to consult a professional adviser as to the exchange control implications of their particular investments.

Government Regulatory Considerations

Shares

A foreign investor may invest freely in shares in a South African company, whether listed on the JSE or not, through normal banking channels against settlement in foreign currency or Rand from a non-resident Rand account. A foreign investor may also sell his or her share investment in a South African company and transfer the proceeds out of South Africa without restriction. However, when the Company is not listed on the JSE, the SARB must be satisfied that the sale price of any shares reflects fair market value.

Under present South African exchange control regulations, our ordinary shares and ADSs are freely transferable outside the Common Monetary Area between non-residents of the Common Monetary Area. No prior SARB approval is required for the transfer of proceeds to South Africa, in respect of shares listed on the JSE, provided these funds enter the country through the normal banking channels. In addition, the proceeds from the sale of ordinary shares on the JSE on behalf of those holders of ordinary shares who are not residents of the Common Monetary Area are freely remittable to those holders. Share certificates and warrant certificates held by non-residents will be endorsed with the words “non-resident.”

Loans

Generally, the granting of loans to us or our subsidiaries, and our ability to borrow from non-South African sources and the repatriation of dividends, interest and royalties by us will be regulated by the Exchange Control Department of the SARB. If a foreign investor wishes to lend capital to a South African company, the prior approval of the SARB must be sought mainly in respect of the interest rate and terms of repayment applicable to such loan.

Interest on foreign loans is subject to a withholding tax of 15% and freely remittable abroad, provided the loans received prior approval from the SARB. However, this rate may be reduced depending on the applicability of a double taxation treaty.

Investments

We are required to seek approval from the SARB to use funds held in South Africa to make investments outside of South Africa.

Dividends

Dividends declared by a listed company are subject to a withholding tax of 20% and freely transferable out of South Africa from both trading and non-trading profits earned in South Africa through a major bank as agent for the SARB to non-resident shareholders. However, this rate may be reduced depending on the applicability of a double taxation treaty.

Where 75% or more of a South African company’s capital, voting power, power of control or earnings is directly or indirectly controlled by non-residents, such a company is designated an “affected person” by the SARB, and certain restrictions are placed on its ability to obtain local financial assistance. We are not, and have never been, designated an “affected person” by the SARB.

If an affected entity made use of local borrowing facilities, the affected entity must apply for SARB approval prior to remitting dividends offshore. As a general rule, an affected entity that has accumulated historical losses may not declare dividends out of current profits unless and until such time that the affected entity’s local borrowings do not exceed the local borrowing limit.

E. TAXATION

Certain South African Tax Considerations

The summary set out in this section is based on current law and our interpretation thereof. Amendments to the law may change the tax treatment of acquiring, holding or disposing of our ordinary shares or ADSs, as applicable, which changes may possibly occur on a retrospective basis. The following summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our ordinary shares or ADSs, and does not cover the tax consequences that depend upon your particular tax circumstances. This summary is not intended to constitute tax advice. This summary does not address the foreign tax consequences for person that are not residents of South Africa and specifically excludes the tax consequences for persons who are not residents of South Africa whose holding of shares or ADSs is effectively connected with a permanent establishment in South Africa through which the holder carries on business activities, or who is not the beneficial recipient of the dividends, or where the source of the transaction or dividends is deemed to be in South Africa. In addition, it does not cover the tax consequences for a holder that is not entitled to the benefits of the double taxation agreement concluded between the Republic of South Africa and the United States of America signed on February 17, 1997 (“**US Treaty**”). It also assumes that the holders hold the ordinary shares or ADSs on capital account (that is, for investment purposes) as opposed to on revenue account (that is for speculative purposes or as trading stock). The Supreme Court of Appeal in South Africa indicated that gains will be on revenue account if they are derived as part of a business in carrying out a scheme of profit making. We recommend that you consult your own tax adviser concerning the consequences of holding our ordinary shares or ADSs, as applicable, in your particular situation.

Dividends

With effect from April 1, 2012, South Africa introduced a Dividends Tax, which is a withholding tax on dividends effectively borne by the shareholder receiving the dividend. The rate at which Dividends Tax is levied is 20% effective from February 22, 2017 (previously 15%). Dividends Tax is imposed on, amongst others, non-resident shareholders, and it is withheld by the company declaring and paying the dividend to its shareholders or the regulated intermediary, as the case may be, as a withholding agent. Dividends tax is not payable to the extent that the recipient is, amongst others, a South African resident company that has provided the relevant declaration and undertaking to the company declaring and paying the dividend.

Article 10 of the US Treaty provides that a dividend paid by a company that is a resident of South Africa for tax purposes to a resident of the US for tax purposes may be taxed in the US. Article 10 of the US Treaty further provides that such a dividend may also be taxed in South Africa. However, the tax charged in South Africa may not exceed 5% of the gross amount of the dividends if the beneficial owner is a company that holds directly at least 10% of the voting stock of the South African company paying the dividends. In all other cases, the US Treaty provides for a withholding tax of 15% of the gross amount of the dividends.

With effect from January 1, 2012 it is deemed that an amount will be derived by a person from a source within South Africa if the amount constitutes a dividend received by or accrued to that person. Residents of the US can make use of the lower rate as provided for in the US Treaty if the relevant declaration and undertaking are provided to Harmony beforehand. It was recently enacted that the declaration and undertaking should be renewed after a five-year period effective from July 1, 2020. No time limitation will be imposed on the validity of the declarations and undertakings if a regulated intermediary applies the Financial Intelligence Centre legislation, the common reporting standard regulations in relation to the declarations or the agreement between the Government of South Africa and the Government of the US to improve International Tax Compliance and to Implement the US Foreign Account Tax Compliance Act.

Capital Gains Tax

Capital Gains Tax ("**CGT**") was introduced in South Africa with effect from October 1, 2001. In the case of an individual, 40% in respect of years of assessment commencing 1 March 2016 (previously 33.3%) of the capital gain is included in the individual's taxable income (effectively 18%) should the individual pay tax at the marginal rate of 45% from March 1, 2017. In the case of a corporate entity or trust, 80% in respect of years of assessment commencing March 1, 2016 of such gain is included in its taxable income (effectively a rate of 22.4% for a corporate entity and 36% for a trust). CGT is only applicable to non-residents if the proceeds from the sale are sourced in South Africa or are attributable to a permanent establishment of the non-resident shareholder. The US Treaty (which will prevail in the event of a conflict) provides that the US holder of ordinary shares or ADSs will not be subject to CGT if the assets have been held as capital assets, unless they are linked to a permanent establishment of such non-resident shareholder in South Africa. To the extent that shares or ADSs are held on revenue account, a similar principle applies with reference to the payment of income tax. Subject to Article 13 of the US Treaty (as indicated below) income tax is only payable to the extent that the gain is attributable to the carrying on of a business in South Africa through a permanent establishment situated in South Africa. The current corporate rate is equal to 28%. Any gains realized on the disposal of equity shares are automatically deemed to be of a capital nature if the equity shares have been held for a continuous period of at least three years. Such provision applies automatically and is not elective. However, this deeming provision does not include an ADS.

Generally, the domestic laws of South Africa provide that an amount received or accrued in respect of the disposal of an asset that constitutes immovable property held by that person or any interest or right of whatever nature of that person to or in intellectual property where that property is situated in South Africa is deemed to have been sourced in South Africa and be subject to South African tax. It includes the disposal of any equity shares held by a person in a company if:

- 80% or more of the market value of the equity shares, ownership or right to ownership or vested interest, as the case may be, at the time of disposal thereof is attributable directly or indirectly to immovable property held otherwise than as trading stock. This requirement will include rights to variable or fixed payments as consideration for the working of, or the right to work mineral deposits, sources and other natural resources in the Republic; and
- the person directly or indirectly holds at least 20% of the equity shares in the company or ownership or right to ownership of the other entity.

The provisions of the US Treaty override the deemed source rules to the extent applicable. Article 13 of the US Treaty provides that South Africa is entitled to tax a gain that is attributable to the alienation of real property situated in South Africa, which concept includes the equivalent of a US real property interest, even if held through means of shares.

Securities Transfer Tax

Securities Transfer Tax ("**STT**") is payable in respect of the transfer of any security issued by a South African company. STT is levied at a rate of 0.25% of the taxable amount of the security concerned (generally the market value). A security is defined to include a depository receipt in a company, in addition to shares in a company. STT is not payable on the issue of any security.

Although ADSs in respect of our shares are not listed on the JSE, reference is specifically made in the legislation to the transfer of depository receipts in a South African company. As a consequence, STT will therefore be payable on the transfer of ADSs. In addition, the process of depositing shares listed on the JSE in return for ADSs, or withdrawing such shares from the deposit facility, will attract STT as and when the shares are transferred to or from the depository institution.

STT is payable by the broker or participant if a transaction is effected through a stockbroker or an exchange participant, but it may be recovered from the person acquiring the beneficial ownership of the rights concerned. In other instances, STT is payable by the person acquiring beneficial ownership.

STT is also payable on the subsequent redemption or cancellation of shares or ADSs.

Interest

South Africa has imposed a withholding tax on interest paid by any person to or for the benefit of any foreign person to the extent that the interest is regarded as having been received or accrued from a source within South Africa at the rate of 15% with effect from March 1, 2015. In terms of the US Treaty this rate is reduced to zero. However, the rate may change to 5% or 10% once the US Treaty is renegotiated. US residents can only make use of the lower rate as provided for in the US Treaty if the relevant declaration and undertaking are provided to the company paying the interest. It was recently enacted that the declaration and undertaking should be renewed after a five-year period effective from July 1, 2020. No time limitation will be imposed on the validity of the declarations and undertakings if a regulated intermediary applies the Financial Intelligence Centre legislation, the common reporting standard regulations in relation to the declarations or the agreement between the Government of South Africa and the Government of the US to improve International Tax Compliance and to Implement the US Foreign Account Tax Compliance Act.

Withholding tax on Service Fees

There is no separate withholding tax on service fees. The monitoring of service fees is now dealt with on the basis that these types of arrangements must be reported to SARS. Transactions between residents and non-residents must thus be reported if they relate to consultancy, construction, engineering, installation, logistical, managerial, supervisory, technical or training services, in circumstances where the expenditure exceeds or is anticipated to exceed R10 million in aggregate and does not otherwise qualify as remuneration.

Capitalization Shares

Capitalization shares issued to holders of shares in lieu of cash dividends do not constitute dividends and are currently not subject to Dividends Tax. However, these shares have a base cost of zero for income tax purposes.

Certain Material United States Federal Income Tax Considerations

The following is a discussion of certain material US federal income tax consequences of acquiring, holding and disposing of the ordinary shares (for purposes of this summary, references to the ordinary shares include the ADSs, unless the context otherwise requires).

You will be a "**US holder**" if you are a beneficial owner of ordinary shares and you are:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for US federal income tax purposes) organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if: (i) a US court can exercise primary supervision over the trust's administration and one or more US persons are authorized to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

This summary only applies to US holders that hold ordinary shares or ADSs as capital assets. This summary is based on the US Internal Revenue Code of 1986, as amended, (the "**Code**"), its legislative history, existing and proposed US Treasury regulations, published Internal Revenue Service ("**IRS**") rulings, the US Treaty and court decisions that are now in effect, any and all of which are subject to differing interpretations and which could be materially and adversely changed. Any such change could apply retroactively and could affect the continued validity of this summary. This summary does not consider the potential effects, both adverse and beneficial, of any proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time.

This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the ordinary shares. In particular, this summary deals only with US holders that will hold the ordinary shares as capital assets within the meaning of Section 1221 of the Code. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person that will hold the ordinary shares as a hedge against currency risk or as a position in a "straddle" or conversion transaction, tax-exempt organization, person whose "functional currency" is not the US dollar, person liable for alternative minimum tax, person required to accelerate the recognition of any item of gross income with respect to shares or ADSs as a result of such income being recognized on an applicable financial statement or a person who owns directly, indirectly or by attribution, at least 10% of our stock. This summary also does not address any aspect of US federal non-income tax laws, such as gift or estate tax laws, or state, local, or non-US tax laws, or, except as discussed below, any tax reporting obligations of a holder of our ordinary shares.

If a partnership (including for this purpose any entity treated as a partnership for US federal income tax purposes) is a beneficial owner of the ordinary shares, the US federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of the ordinary shares that is a partnership and partners in such a partnership should consult their own tax advisors about the US federal income tax consequences of acquiring, holding, and disposing of the ordinary shares.

We believe that we will not be a passive foreign investment company (“**PFIC**”), for US federal income tax purposes for the current taxable year. However, we cannot assure you that we will not be considered a PFIC in the current or future years. The determination whether or not we are a PFIC is a factual determination that is based on the types of income we earn and the value of our assets and cannot be made until the close of the applicable tax year. In addition, this determination is based in part upon certain US Treasury regulations proposed in June 2019 that are not yet in effect (the "**Proposed Regulations**") and are subject to change in the future. If Harmony were to be treated as a PFIC, US holders of ordinary shares or ADSs would be required (i) to pay a special US addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of ordinary shares or ADSs at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Such holder may also be required to file IRS Form 8621. Additionally, dividends paid by Harmony would not be eligible for the reduced rate of tax described below under "- *Taxation of Dividends*". Although we believe we have adopted a reasonable interpretation of the Proposed Regulations and administrative pronouncements, there can be no assurance that the IRS will follow the same interpretation. The remainder of this discussion assumes that Harmony is not a PFIC for US federal income tax purposes. ***You should consult your own tax advisers regarding the potential application of the PFIC regime.***

Each prospective purchaser should consult his or her tax advisor with respect to the US federal, state, local and non-US tax consequences of acquiring, owning, or disposing of shares or ADSs.

US holders of ADSs

For US federal income tax purposes, a US holder of ADSs generally will be treated as the owner of the corresponding number of underlying ordinary shares held by The Bank of New York Mellon as depositary ("**Depositary**") for the ADSs, and references to ordinary shares in the following discussion refer also to ADSs representing the ordinary shares.

Deposits and withdrawals of ordinary shares by US holders in exchange for ADSs will in general not result in the realization of gain or loss for US federal income tax purposes. Your tax basis in withdrawn ordinary shares will be the same as your tax basis in the ADSs surrendered, and your holding period for the ordinary shares will include the holding period of the ADSs.

Taxation of Dividends

Distributions paid out of Harmony’s current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any South African withholding tax paid by Harmony with respect thereto, will generally be taxable to you as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions that exceed Harmony’s current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of your basis in the ordinary shares and thereafter as capital gain. However, we do not maintain calculations of our earnings and profits in accordance with US federal income tax accounting principles. You should therefore assume that any distribution by us with respect to the shares will be reported as ordinary dividend income. You should consult your own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from us.

Dividends paid by Harmony generally will be taxable to non-corporate US holders at the reduced rate normally applicable to long-term capital gains, provided that either (i) Harmony qualifies for the benefits of the US Treaty, or (ii) with respect to dividends paid on the ADSs, the ADSs are considered to be "readily tradable" on the NYSE, and certain other conditions are met. You will be eligible for this reduced rate only if you are an individual, and have held the ordinary shares or ADSs for more than 60 days during the 121 day period beginning 60 days before the ex-dividend date.

For US federal income tax purposes, the amount of any dividend paid in Rand will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the date the dividends are received by you or the Depositary (in the case of ADSs), regardless of whether they are converted into US dollars at that time. If you or the Depositary, as the case may be, convert dividends received in Rand into US dollars on the day they are received, you generally will not be required to recognize foreign currency gain or loss in respect of this dividend income.

Effect of South African Withholding Taxes

As discussed above in "- *Taxation - Certain South African Tax Considerations - Dividends*", under current law, South Africa imposes a withholding tax of 20% on dividends paid by Harmony. A US holder will generally be entitled, subject to certain limitations, to a foreign tax credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for South African income taxes withheld by Harmony.

US holders that receive payments subject to this withholding tax will be treated, for US federal income tax purposes, as having received the amount of South African taxes withheld by Harmony, and as then having paid over the withheld taxes to the South African taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the US holder from Harmony with respect to the payment.

The rules governing foreign tax credits are complex. You should consult your tax adviser concerning the foreign tax credit implications of the payment of South African withholding taxes.

Taxation of a Sale or other Disposition

Upon a sale or other disposition of ordinary shares or ADSs, other than an exchange of ADSs for ordinary shares and vice versa, you will generally recognize US source capital gain or loss for US federal income tax purposes equal to the difference between the amount realized and your adjusted tax basis in the ordinary shares or ADSs. Your tax basis in an ordinary share or ADS will generally be its US dollar cost. This capital gain or loss will be long-term capital gain or loss if your holding period in the ordinary shares or ADSs exceeds one year. However, regardless of your actual holding period, any loss may be treated as long-term capital loss to the extent you receive a dividend that qualifies for the reduced rate described above under " - *Taxation of Dividends*" and also exceeds 10% of your basis in the ordinary shares. The deductibility of capital losses is subject to significant limitations.

Foreign currency received on the sale or other disposition of an ordinary share will have a tax basis equal to its US dollar value on the settlement date. Foreign currency that is purchased will generally have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase ordinary shares or upon exchange for US dollars) will be US source ordinary income or loss.

To the extent you incur STT in connection with a transfer or withdrawal of ordinary shares as described under "-*Certain South African Tax Considerations - Securities Transfer Tax*" above, such securities transfer tax will not be a creditable tax for US foreign tax credit purposes.

Information with Respect to Foreign Financial Assets

US holders of “specified foreign financial assets” with an aggregate value in excess of US$50,000 at the end of the taxable year, or US$75,000 at any time during the taxable year, are generally required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts held for investment that have non-United States issuers or counter parties and (iii) interests in foreign entities. US holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the ordinary shares.

US Information Reporting and Backup Withholding Rules

Payments of dividends and other proceeds with respect to ordinary shares or ADSs by US persons will be reported to you and to the IRS as may be required under applicable regulations. Backup withholding may apply to these payments if you fail to provide an accurate taxpayer identification number or certification of exempt status or fail to comply with applicable certification requirements. Some holders are not subject to backup withholding. You should consult your tax adviser as to your qualification for an exemption from backup withholding and the procedure for obtaining an exemption.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

Our current Memorandum of Incorporation may be examined at our principal place of business at: Randfontein Office Park, Corner of Main Reef Road and Ward Avenue, Randfontein, 1759, South Africa.

We file annual reports on Form 20-F with, and furnish periodic reports on Form 6-K to, the SEC. You can obtain access to the documents filed via the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system on the SEC’s website (*http://www.sec.gov*).

This Harmony 2021 Form 20-F reports information primarily regarding Harmony’s business, operations and financial information relating to the fiscal year ended June 30, 2021. For more recent updates regarding Harmony, you may inspect any reports, statements or other information that Harmony files with the SEC.

No material referred to in this annual report as being available on our website is incorporated by reference into, or forms any part of, this annual report. References herein to our website shall not be deemed to cause such incorporation.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the heading *“Cautionary statement about forward-looking statements”* on the inside front cover is incorporated herein by reference.

General

We are exposed to market risks, including credit risk, foreign currency risk, commodity price risk and interest rate risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, we may enter into derivative financial instruments to manage these exposures. We have policies in areas such as counterparty exposure and hedging practices, which have been approved by our audit committee. We do not hold or issue derivative financial instruments for trading or speculative purposes.

We did not apply hedge accounting to incidental hedges held in the past.

In accordance with IFRS 9 - *Financial Instruments*, we account for our derivative financial instruments as hedging transactions if the following criteria are met:

- in the case of a hedge of an anticipated future transaction, there is a high probability that the transaction will occur, and
- in the case of a cash flow hedge, the hedging instrument is expected to be highly effective.

During fiscal 2021 and 2020, we designated the majority of the gold forward sales contracts as cash flow hedging instruments and applied hedge accounting to these transactions. See *‘- Commodity Price Sensitivity*’ below.

Foreign Currency Sensitivity

In the ordinary course of business, we enter into transactions denominated in foreign currencies (primarily US dollars, Australian dollars and PNG Kina). In addition, we incur investments and liabilities in US dollars, Australian dollars and PNG Kina from time to time. As a result, we are subject to transaction and translation exposure from fluctuations in foreign currency exchange rates.

Harmony enters into foreign exchange hedging contracts to manage these risks. This can take the form of zero cost collars, which establish a minimum (floor) and maximum (cap) Rand/US dollar exchange rate at which to convert the US dollars we receive on our gold sales to Rand or outright forward contracts that fix the forward exchange rate. At June 30, 2021, the nominal amount of the zero cost collars is US$116 million spread over a 24-month period with a weighted average cap price of US$1=R18.54 and weighted average floor price of US$1=R16.93. Additionally, at June 30, 2021 Harmony had open foreign exchange forward contracts which had a nominal amount of US$26 million spread over a 24-month period at an average exchange rate of US$1 = R18.43.

Commodity Price Sensitivity

General

Our revenues and costs are very sensitive to the exchange rate of the Rand and other non-US currencies to the US dollar because our gold is sold in US dollars, but most of our operating costs are incurred in Rand and other non-US currencies. During fiscal 2021 and 2020, Harmony entered into forward sales to establish the sales price in advance of its future gold production, which includes the foreign exchange rate. See "- *Foreign Currency Sensitivity"* above.

The market price of gold has a significant effect on our results of operations, our ability to pay dividends and undertake capital expenditures, and the market price of our ordinary shares.

Gold prices have historically fluctuated widely and are affected by numerous industry factors over which we do not have any control. See Item 3: *"Key Information - Risk Factors - Strategic and market risks - The profitability of our operations, and cash flows generated by those operations, are affected by changes in the price of gold. A fall in the gold price below our cash cost of production and capital expenditure required to sustain production for any sustained period may lead to losses and require Harmony to curtail or suspend certain operations"*. The aggregate effect of these factors, all of which are beyond our control, is impossible for us to predict.

Harmony's Hedging Policy

As a general rule, we sell our gold production at market prices. However, commencing in fiscal 2017, Harmony entered into derivative contracts to manage the variability in cash flows from the Group's production, in order to create cash certainty and protect the Group against lower commodity prices. See Item 5: *"Operating and financial review and prospects* - Operating results *- Revenue".*

Commodity Sales Agreements

At June 30, 2021, the open Rand gold forward sale contracts amounted to 309,000 ounces spread over 18 months at an average of R976,000/kg. The open US$ gold forward contracts amounted to 73,000 ounces spread over 24 months at an average of US$1,743/oz. The open US$ silver zero cost collars amounted to 2,055,000 ounces spread over 24 months with a weighted average floor of US$21.72/oz and a weighted average cap of US$23.99/oz.

At June 30, 2020, the open Rand gold forward sale contracts amounted to 470,000 ounces spread over 24 months at an average of R743,000/kg. The open US$ gold forward contracts amounted to 87,000 ounces spread over 24 months at an average of US$1,543/oz. The open US$ silver zero cost collars amounted to 1,600,000 ounces spread over 15 months with a weighted average floor of US$17.91/oz and a weighted average cap of US$19.41/oz.

Interest Rate Sensitivity

Our interest rate risk arises mainly from long-term borrowings. We have variable interest rate borrowings. Variable rate borrowings expose us to cash flow interest rate risk. Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

The sensitivity analysis was performed based on 100 basis points for all borrowings and financial assets in fiscal 2020 as an indicator of the potential impact of interest rate changes to the group. Management has refined the approach for determining reasonable possible changes from the prior year. The refined approach, which uses a larger population of market analyst forecasts, aims to provide an improvement in the estimation of reasonable possible changes used for sensitivity analysis. In fiscal 2021, The analysis was performed on a sensitivity of 25 basis points for all borrowings and financial assets. The analysis assumes that all other variables remain constant.

Sensitivity analysis-borrowings

	Fiscal year ended June 30,	
	2021	2020
	(R in millions)	
Increase in 25 basis points (2020:100 basis points)	(1)	(77)
Decrease in 25 basis points (2020:100 basis points)	1	77

Sensitivity analysis - financial assets

	Fiscal year ended June 30,	
	2021	2020
	(R in millions)	
Increase in 25 basis points (2020:100 basis points)[(a)]	16	58
Decrease in 25 basis points (2020:100 basis points)[(a)]	(16)	(58)

(a) The comparative year's computed sensitivity analysis permissibly excludes cash received on June 30, 2020 as a result of the the equity raise on 24 June 2020. Refer to note 14 "*Acquisitions*" of our consolidated financial statements.

For further information on sensitivities, see note 39 "*Financial Risk Management*" to our consolidated financial statements set forth beginning on page F-1.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

On October 7, 2011, Harmony appointed Deutsche Bank Trust Company Americas in place of The Bank of New York Mellon as its Depositary for the ADSs evidenced by ADRs. A copy of our form of amended and restated deposit agreement (the "**Deposit Agreement**") among the Depositary, owners and beneficial owners of ADRs and Harmony was filed with the SEC as an exhibit to our Form F-6 filed on September 30, 2009.

The Depositary collects fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of the distributable property to pay the fees.

The principal terms regarding fees and charges that an ADS holder might have to pay, as well as any fee and other payments made by the Depositary to us as part of the Deposit Agreement, are summarized below:

Fees and Expenses

Persons depositing shares or withdrawing shares holders must pay:	**For:**
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• The execution and delivery of ADRs • The surrender of ADRs
$.02 (or less) per ADS	• Any cash distribution to you
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the Depositary to ADR holders
Registration or transfer fees	• Transfer and registration of equity shares on our share register to or from the name of the Depositary or its agent when you deposit or withdraw shares
Expenses of the Depositary	• Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement) • Converting foreign currency
Taxes and other governmental charges the Depositary or the custodian have to pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
Any charges incurred by the Depositary or its agents for servicing the deposited securities	• As necessary

In addition, ADR holders must pay any tax or other governmental charge payable by the Depositary or its custodian on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the Depositary may:

- refuse to effect any transfer of such ADRs or any withdrawal of ADSs;
- withhold any dividends or other distributions; or
- sell part or all of the ADSs evidenced by such ADR,

and may apply dividends or other distributions or the proceeds of any sale in payment of the outstanding tax or other governmental charge. The ADR holder remains liable for any shortfall.

Fees and payments made by the Depositary

The Depositary has agreed to reimburse Harmony for expenses Harmony incurs that are related to the maintenance expenses of our ADR facility. The Depositary has agreed to pay the standard out-of-pocket maintenance costs for the ADRs, which consist of the expenses of printing and distributing dividend checks, electronic filing of US federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls. The amount of reimbursement available to Harmony is not necessarily tied to the amount of fees the Depositary collects from investors.

During the fiscal year ended June 30, 2021, Harmony received net direct and indirect payments of R24,117,609 from the Depositary.

PART II
ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15 CONTROLS AND PROCEDURES

A. DISCLOSURE CONTROLS AND PROCEDURES

As of June 30, 2021, our management, with the participation of our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), carried out an evaluation, pursuant to Rule 13a-15 promulgated under the Exchange Act of the effectiveness of our "disclosure controls and procedures". Based on the foregoing, our management, including the CEO and CFO, concluded that our disclosure controls and procedures were effective as of June 30, 2021.

B. MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining effective internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Harmony's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management has excluded Mponeng operations and related assets from our assessment of internal control over financial reporting as of June 30, 2021, because it was acquired by the Company in a business combination during the year ended June 30, 2021. Mponeng operations and related assets consist of the Mponeng, Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities, certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities (the VR Remaining assets) and wholly-owned subsidiaries (First Uranium (Pty) Limited, Covalent Water Company (Pty) Limited, AngloGold Security Services (Pty) Limited and Masakhisane Investments (Pty) Limited) whose total assets and total revenues excluded from management's assessment of internal control over financial reporting represent approximately 14% of consolidated total assets and approximately 19% of consolidated total revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended June 30, 2021.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in "*Internal Control -Integrated Framework* (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Management has assessed the effectiveness of internal control over financial reporting, as of June 30, 2021, and has concluded that such internal control over financial reporting was effective based upon those criteria.

PricewaterhouseCoopers Inc., an independent registered public accounting firm, which has audited the consolidated financial statements included in this Annual Report, has issued an attestation report on the effectiveness of Harmony's internal control over financial reporting as of June 30, 2021.

C. ATTESTATION REPORT OF THE REGISTERED PUBLIC ACCOUNTING FIRM

See report of PricewaterhouseCoopers Inc., an independent registered public accounting firm, which is included on page F-2 of exhibit 99.1. The consolidated financial statements, together with the report of PricewaterhouseCoopers Inc., are incorporated by reference to exhibit 99.1 and shall be deemed filed as part of the Harmony 2021 Form 20-F.

D. CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There has been no change in Harmony's internal control over financial reporting that occurred during fiscal 2021 that has materially affected or is reasonably likely to materially affect, Harmony's internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Ms. Fikile De Buck, independent non-executive chairman of the audit and risk committee, is regarded as being the Company's "audit committee financial expert" as defined by the rules of the SEC.

In addition, the audit committee members through their collective experience meet a majority of the definitions of the SEC for an "audit committee financial expert" in both the private and public sectors. The members have served as directors and officers of numerous public companies and have over the years developed a strong knowledge and understanding of IFRS, overseeing the preparation, audit and evaluation of financial statements. We believe that the combined knowledge, skills and experience of the Audit Committee, and their authority to engage outside experts as they deem appropriate to provide them with advice on matters related to their responsibilities, enable them, as a group and under the guidance of Ms. De Buck, to act effectively in the fulfillment of their tasks and responsibilities required under the Sarbanes-Oxley Act.

ITEM 16B. CODE OF ETHICS

The information set forth under the heading:

- "-*Corporate governance*" on pages 130 to 140 of the Integrated Annual Report for the 20-F 2021 is incorporated herein by reference.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

A. AUDIT FEES

The following sets forth the aggregate fees billed for each of the last two fiscal years for professional fees to our principal accountants for the audit of the annual financial statements or for services normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years.

Fiscal year ended June 30, 2020	Rand	33.7 million
Fiscal year ended June 30, 2021	Rand	49.5 million

B. AUDIT-RELATED FEES

The following sets forth additional aggregate fees to those reported under "Audit Fees" in each of the last two fiscal years that were provided by the principal accountant that are reasonably related to the performance of the audit or review of the financial statements:

Fiscal year ended June 30, 2020	Rand	4.8 million
Fiscal year ended June 30, 2021	Rand	5.8 million

Fees related to interim reviews.

C. TAX FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for professional services rendered by the principal accountant for tax compliance, tax advice and tax planning:

Fiscal year ended June 30, 2020	Rand	0.4 million
Fiscal year ended June 30, 2021	Rand	—

Services comprised advice on disclosure for completion of certain tax returns.

D. ALL OTHER FEES

The following sets forth the aggregate fees billed in each of the last two fiscal years for products and services provided by the principal accountant not described above, including advisory services related to our Interactive Date File (XBRL information):

Fiscal year ended June 30, 2020	Rand	1.1 million
Fiscal year ended June 30, 2021	Rand	0.9 million

E. AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

Our audit committee pre-approves our engagement of PricewaterhouseCoopers Inc. to render audit or non-audit services in terms of its non-audit services policy. All of the services described above were approved in terms of the Company's delegation of authority framework and the audit committee's policy on non-audit services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASE OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Significant ways in which Harmony's corporate governance practices differ from practices followed by US domestic companies under the listing standards of the NYSE.

Foreign private issuers, such as Harmony, must briefly highlight any significant ways in which their corporate governance practices differ from those followed by US domestic companies subject to the listing standards of the NYSE. Set out below is a brief summary of the significant differences.

US domestic companies are required to have a nominating/corporate governance committee and all members of this committee must be non-executive directors. The JSE Listing Requirements also require the appointment of such a committee, and stipulate that all members of this committee must be non-executive directors, the majority of whom must be independent. Harmony has a Nomination Committee comprised of five non-executive board members, three of whom are independent. The lead independent non-executive director serves as chairman of the Nomination Committee. For US domestic companies, all members of this committee are required to be independent. The current chairman of our board of directors, Dr Patrice Motsepe, is a member of the Nomination Committee and is also chairman of one of Harmony's largest shareholders, African Rainbow Minerals Limited, and is thus not independent. He is, however, in terms of South African governance practices, permitted to be a member of the Nomination Committee.

US domestic companies are required to have a compensation committee composed entirely of independent directors. Harmony has appointed a Remuneration Committee, comprised of five board members, all of whom are non-executive and four of whom are independent. Andre Wilkens holds 101,303 shares in Harmony and is an executive manager of African Rainbow Minerals Limited. Consequently, he is not independent under NYSE listing rules. He is, however, in terms of South African governance practices, permitted to be a member of the Remuneration Committee.

The non-executive directors of US domestic companies must meet at regularly scheduled executive sessions without management. Although the JSE Listing Requirements do not require such meetings, the board meets without executives after each board meeting. The board also has unrestricted access to all company information, records, documents and property. Directors may, if necessary, take independent professional advice at the Company's expense and non-executive directors have access to management and may meet separately with management, without the attendance of executive directors.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

GLOSSARY OF MINING TERMS

The following explanations are not intended as technical definitions, but rather are intended to assist the general reader in understanding certain terms as used in this annual report.

Alluvial: the product of sedimentary processes in rivers, resulting in the deposition of alluvium (soil deposited by a river).

All-in sustaining costs: all-in sustaining costs include mine production costs, transport and refinery costs, applicable general and administrative costs, costs associated with movements in production inventories, ore stockpiles, as well as ongoing environmental rehabilitation costs as well as transfers for stripping activities and costs associated with royalties. Employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. The following costs are also included: LED expenditure for continuing operations, share-based payments for continuing operations, corporate costs, sustaining exploration costs and sustaining capital expenditure including OCD expenditure and rehabilitation accretion and amortization for continuing operations. Depreciation costs are excluded. All-in sustaining costs per ounce and per kilogram are attributable all-in sustaining costs divided by attributable ounces or kilograms of gold sold.

Auriferous: a substance that contains gold (Au).

Beneficiation: the process of adding value to gold products by transforming gold bullion into fabricated gold products.

By-products: Any products emanating from the core process of producing gold, including silver and uranium in South Africa and copper, silver and molybdenum in Papua New Guinea.

Carbon in leach (CIL): Gold is leached from a slurry of gold ore with cyanide in agitated tanks and adsorbed on to carbon granules in the same circuit. Granules are separated from the slurry and treated to remove the gold.

Carbon In Pulp (CIP): Gold is leached conventionally from a slurry of gold ore with cyanide in agitated tanks. The leached slurry passes into the CIP circuit where carbon granules are mixed with the slurry and gold is absorbed onto the carbon. Granules are separated from the slurry and treated to remove gold.

Carbon In Solution (CIS): a process similar to CIP except that the gold, which has been leached by the cyanide into solution, is separated by the process of filtration (solid/liquid separation). The solution is then pumped through six stages where the solution comes into contact with the activated carbon granules.

Cash costs: total cash costs include site costs for all mining, processing and administration, reduced by contributions from by-products and include royalties and production taxes. Depreciation, rehabilitation, corporate administration, retrenchment, capital and exploration costs are excluded. Total cash costs per ounce and per kilogram are attributable total cash costs divided by attributable ounces or kilogram of gold produced.

Conglomerate: a coarse-grained classic sedimentary rock, composed of rounded to sub-angular fragments larger than 2mm in diameter (granules, pebbles, cobbles, boulders) set in a fine-grained matrix of sand or silt, and commonly cemented by calcium carbonate, iron oxide, silica or hardened clay.

Cut-off grade: minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.

Decline: an inclined underground access way.

Depletion: the decrease in quantity of ore in a deposit or property resulting from extraction or production.

Development: process of accessing an orebody through shafts or tunneling in underground mining.

Electro-winning: the process of removing gold from solution by the action of electric currents.

Elution: removal of the gold from the activated carbon before the zinc precipitation stage.

Exploration: activities associated with ascertaining the existence, location, extent or quality of mineralized material, including economic and technical evaluations of mineralized material.

Fabricated gold: gold on which work has been performed to turn it into a product, such as jewelry, which differs from a pure investment product, such as a gold bullion bar.

Footwall: the underlying side of a fault, orebody or stope.

Forward sale: the sale of a commodity for delivery at a specified future date and price.

Gold reserves: the gold contained within proved and probable reserves on the basis of recoverable material (reported as mill delivered tons and head grade).

Gold produced: refined gold derived from the mining process, measure in ounces or kilograms in saleable form.

Grade: quantity of gold contained in a unit weight of gold-bearing material, generally expressed in ounces per short ton of ore or in kilograms per metric tonne.

Greenfield: a potential mining site of unknown quality.

Head grade: the grade of the ore as delivered to the metallurgical plant.

Indicated mineral resource: Part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information using appropriate techniques from outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but close enough for continuity to be assumed.

Inferred mineral resource: Part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability.

Leaching: dissolution of gold from crushed or milled material, including reclaimed slime, prior to absorption on to activated carbon.

Level: the workings or tunnels of an underground mine that are on the same horizontal plane.

Measured mineral resource: part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information using appropriate techniques from outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Measures: conversion factors from metric units to US units are provided below.

Metric unit		US equivalent
1 tonne	= 1 t	= 1.10231 short tons
1 gram	= 1 g	= 0.03215 ounces
1 gram per tonne	= 1 g/t	= 0.02917 ounces per short ton
1 kilogram per tonne	= 1 kg/t	= 29.16642 ounces per short ton
1 kilometer	= 1 km	= 0.621371 miles
1 meter	= 1 m	= 3.28084 feet
1 centimeter	= 1 cm	= 0.3937 inches
1 millimeter	= 1 mm	= 0.03937 inches
1 hectare	= 1 ha	= 2.47105 acres

Metallurgical plant: a processing plant used to treat ore and extract the contained gold.

Mill delivered tons: a quantity, expressed in tons, of ore delivered to the metallurgical plant.

Milling/mill: the comminution of the ore, although the term has come to cover the broad range of machinery inside the treatment plant where the gold is separated from the ore.

Mineralization: the presence of a target mineral in a mass of host rock.

Mineralized material: a mineralized body that has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metals to warrant further exploration. Such a deposit does not qualify as a reserve until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Mineral reserves: that part of mineralized material which at the time of the reserve determination could be economically and legally extracted or produced. Mineral reserves are reported as general indicators of the life-of-mineralized materials. Changes in reserves generally reflect:

- development of additional reserves;
- depletion of existing reserves through production;
- actual mining experience; and
- price forecasts.

Grades of ore actually processed may be different from stated reserve grades because of geologic variation in different areas mined, mining dilution, losses in processing and other factors. Recovery rates vary with the metallurgical characteristics and grade of ore processed. Neither reserves nor projections of future operations should be interpreted as assurances of the economic life-of-mineralized material nor of the profitability of future operations.

Open-pit/Opencast/Open cut: mining in which the ore is extracted from a pit. The geometry of the pit may vary with the characteristics of the orebody.

Ore: a mixture of mineralized material from which at least one of the contained minerals can be mined and processed at an economic profit.

Ore grade: the average amount of gold contained in a ton of gold bearing ore expressed in ounces per ton or grams per tonne.

Orebody: a well-defined mass of mineralized material of sufficient mineral content to make extraction economically viable.

Ounce: one Troy ounce, which equals 31.1035 grams.

Overburden: the soil and rock that must be removed in order to expose an ore deposit.

Overburden tons: tons that need to be removed to access an ore deposit.

Placer: a sedimentary deposit containing economic quantities of valuable minerals mainly formed in alluvial environments.

Precipitate: the solid product of chemical reaction by fluids such as the zinc precipitation referred to below.

Probable reserves: reserves for which quantity and grade and/or quality are computed from information similar to that used for proved reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proved reserves, is high enough to assume continuity between points of observation.

Prospect: an area of land with insufficient data available on the mineralization to determine if it is economically recoverable, but warranting further investigation.

Prospecting license: an area for which permission to explore has been granted.

Proved reserves: (i) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and (11) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.

Pyrite: a brassy-colored mineral of iron sulphide (compound of iron and sulfur).

Quartz: a mineral compound of silicon and oxygen.

Recovery grade: the actual grade of ore realized after the mining and treatment process.

Reef: a gold-bearing sedimentary horizon, normally a conglomerate band, which may contain economic levels of gold.

Refining: the final stage of metal production in which final impurities are removed from the molten metal by introducing air and fluxes. The impurities are removed as gases or slag.

Rehabilitation: the process of restoring mined land to a condition approximating its original state.

Sampling: taking small pieces of rock at intervals along exposed mineralization for assay (to determine the mineral content).

Shaft: a shaft provides principal access to the underground workings for transporting personnel, equipment, supplies, ore and waste. A shaft is also used for ventilation and as an auxiliary exit. It is equipped with a surface hoist system that lowers and raises conveyances for men, materials and ore in the shaft. A shaft generally has more than one conveyancing compartment.

Slimes: the finer fraction of tailings discharged from a processing plant after the valuable minerals have been recovered.

Slurry: a fluid comprising fine solids suspended in a solution (generally water containing additives).

Smelting: thermal processing whereby molten metal is liberated from beneficiated mineral or concentrate with impurities separating as lighter slag.

Spot price: the current price of a metal for immediate delivery.

Stockpile: a store of unprocessed ore.

Stope: the underground excavation within the orebody where the main gold production takes place.

Stripping: the process of removing overburden to expose ore.

Sulphide: a mineral characterized by the linkages of sulfur with a metal or semi-metal, such as pyrite, FeS.

Syncline: a basin-shaped fold.

Tailings: finely ground rock from which valuable minerals have been extracted by milling.

Tailings dam (slimes dam): Dam facilities designed to store discarded tailings.

Ton: one ton is equal to 2,000 pounds (also known as a “short” ton).

Tonnage: quantities where the ton or tonne is an appropriate unit of measure. Typically used to measure reserves of gold-bearing material in situ or quantities of ore and waste material mined, transported or milled.

Tonne: one tonne is equal to 1,000 kilograms (also known as a “metric” tonne).

(in this Annual Report we have used metric tonnes unless specified otherwise and we may have used Ton(s) and Tonne(s) interchangeably)

Trend: the arrangement of a group of ore deposits or a geological feature or zone of similar grade occurring in a linear pattern.

Unconformity: the structural relationship between two groups of rock that are not in normal succession.

Waste: ore rock mined with an insufficient gold content to justify processing.

Waste rock: the non-mineralized rock and/or rock that generally cannot be mined economically that is hoisted to the surface for disposal on the surface normally close to the shaft on an allocated dump.

Yield: the actual grade of ore realized after the mining and treatment process.

Zinc precipitation: a chemical reaction using zinc dust that converts gold solution to a solid form for smelting into unrefined gold bars.

PART III

ITEM 17 FINANCIAL STATEMENTS

Not applicable.

ITEM 18 FINANCIAL STATEMENTS

The following consolidated financial statements, together with the report of PricewaterhouseCoopers Inc., are incorporated by reference to exhibit 99.1 and shall be deemed filed as part of the Harmony 2021 Form 20-F:

- Index to Financial Statements;
- Report of Independent Registered Public Accounting Firm; and
- Consolidated Financial Statements.

ITEM 19. EXHIBITS

1.1 Amended Memorandum of Incorporation of Harmony dated February 1, 2018 http://www.sec.gov/Archives/edgar/data/1023514/000162828019012525/exhibit1amendedmoi.htm

2.1 Notice of annual general meeting dated October 28, 2021 to be held on December 7, 2021.

2.2 Amended and Restated Deposit Agreement among Harmony, Deutsche Bank Trust Company Limited, as Depositary, and owners and holders of American Depositary Receipts, dated as of October 7, 2011 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2011, filed on October 24, 2011) http://www.sec.gov/Archives/edgar/data/1023514/000119312511278584/d242812dex22.htm

2.3 Form of ADR (included in Exhibit 2.2) (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2011, filed on October 24, 2011) http://www.sec.gov/Archives/edgar/data/1023514/000119312511278584/d242812dex22.htm

4.1 Deed of Extinguishment of Royalty (Wafi-Golpu Project) dated February 16, 2009 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2009, filed on October 26, 2009) http://www.sec.gov/Archives/edgar/data/1023514/000095012309053204/u07679exv4w25.htm

4.2 Agreement of Lease dated March 20, 2013 between ARMGold/Harmony Freegold Joint Venture Company (Proprietary) Limited and Harmony Gold Mining Company Limited (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2013, filed on October 25, 2013) http://www.sec.gov/Archives/edgar/data/1023514/000119312513411617/d612311dex430.htm

4.3 First Addendum to the Exchange and Sale of Mining Right Portions Agreement dated April 16, 2014 between Armgold/Harmony Freegold Joint Venture Company Proprietary Limited and Sibanye Gold Limited (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2014, filed on October 23, 2014) http://www.sec.gov/Archives/edgar/data/1023514/000119312514379647/d804845dex453.htm

4.4 Reinstatement and Second Addendum to the Exchange and Sale of Mining Right Portions Agreement dated May 6, 2014 between Armgold/Harmony Freegold Joint Venture Company Proprietary Limited and Sibanye Gold Limited (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2014, filed on October 23, 2014) http://www.sec.gov/Archives/edgar/data/1023514/000119312514379647/d804845dex454.htm

4.5 Loan Agreement between Harmony Gold Mining Company Limited and the Trustees for the time being of the ARM Broad-Based Economic Empowerment Trust, dated March 1, 2016 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2016, filed on October 26, 2016) http://www.sec.gov/Archives/edgar/data/1023514/000120561316000327/ex4_63.htm

4.6 Intercreditor agreement between African Rainbow Minerals Limited and Harmony Gold Mining Company Limited, dated March 1, 2016 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2016, filed on October 26, 2016) http://www.sec.gov/Archives/edgar/data/1023514/000120561316000327/ex4_64.htm

4.7 Second Amendment and Restatement Agreement amongst Nedbank Limited (acting through its Corporate and Investment Banking division) (as Original Lender, Arranger and Facility Agent), the Trustees for the time being of the ARM Broad-Based Economic Empowerment Trust (as Borrower), African Rainbow Minerals Limited (as Guarantor) and Harmony Gold Mining Company Limited (as Guarantor), dated March 1, 2016 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2016, filed on October 26, 2016) http://www.sec.gov/Archives/edgar/data/1023514/000120561316000327/ex4_67.htm

4.8 Subordination Agreement between Nedbank Limited (acting through its Corporate and Investment Banking division), the Trustees for the time being of the ARM Broad-Based Economic Empowerment Trust, African Rainbow Minerals Limited and Harmony Gold Mining Company Limited, dated March 1, 2016 (incorporated by reference to Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2016, filed on October 26, 2016) http://www.sec.gov/Archives/edgar/data/1023514/000120561316000327/ex4_68.htm

4.9 Harmony Gold Mining Company Limited 2006 Share Plan as amended and approved November 25, 2016 (incorporated by reference to /Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2017, filed on October 26, 2017) http://www.sec.gov/Archives/edgar/data/1023514/000162828017010249/exhibit438harmonygold2006s.htm

4.10 Wafi-Golpu Joint Venture Agreement, dated May 22, 2008 between Wafi Mining Limited, Newcrest PNG 2 Limited and Wafi-Golpu Services Limited (incorporated by reference to /Harmony's Annual Report on Form 20-F for the fiscal year ended June 30, 2017, filed on October 26, 2017) http://www.sec.gov/Archives/edgar/data/1023514/000162828017010249/exhibit439wafi-golpujointv.htm

4.11 Amended and restated trust deed of the Harmony ESOP trust dated Jun 13, 2019 https://www.sec.gov/Archives/edgar/data/1023514/000162828020015058/exhibit448amendedesoptrust.htm

4.12 ZAR2,000,000,000 Term and Revolving Credit Facilities Agreement dated November 8, 2019 for Harmony Gold Mining Company Limited arranged by Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) and ABSA Bank Limited (acting through its Corporate and Investment Banking division) with Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division) and ABSA Bank Limited (acting through its Corporate and Investment Banking division) http://www.sec.gov/Archives/edgar/data/1023514/000162828019012525/exhibit450termrcfr2billion.htm

4.13 Facility Agreement dated July 9, 2018 among into between Morobe Consolidated Goldfields Limited, Harmony Gold (Australia) Proprietary Limited and Westpac Bank - PNG - Limited http://www.sec.gov/Archives/edgar/data/1023514/000162828019012525/exhibit451morobewestpacloan.htm

4.14 Harmony Gold Mining Company Limited Deferred Share Plan 2018 Scheme Rules http://www.sec.gov/Archives/edgar/data/1023514/000162828019012525/exhibit452deferredsharepla.htm

4.15 Sale agreement , dated February 12, 2020, entered into between Angolgold Ashanti Limited and Harmony Gold Mining Company Limited and Harmony Moab Khotsong Operations Proprietary Limited and Golden Core Trade and Invest Proprietary Limited https://www.sec.gov/Archives/edgar/data/1023514/000162828020015058/exhibit453projectprismsale.htm

4.16 Term an revolving credit facilities agreement up to USD 400,000,000, dated August 19, 2019, entered into between Harmony Gold Mining Company Limited, arranged by ABSA Bank Limited (acing through its Corporate and Investment Banking Division) and Nedbank Limited (acing through its Nedbank Corporate and Investment Banking Division) with Absa Bank Limited (acing through its Corporate and Investment Banking Division) acting as Facility Agent https://www.sec.gov/Archives/edgar/data/1023514/000162828020015058/exhibit454term_rcaxexecuti.htm

4.17 Bridge facility agreement of up to USD 200,000,000 for Harmony Moab Khotsong Operations Proprietary Limited and Golden Core Trade and Invest Proprietary Limited arranged by ABSA Bank Limited (acing through its Corporate and Investment Banking Division) and Citibank N.A. (London Branch) and Firstrand Bank Limited (London Branch) and J.P. Morgan Securities PLC with Absa Bank Limited (acing through its Corporate and Investment Banking Division) acting as Facility Agent https://www.sec.gov/Archives/edgar/data/1023514/000162828020015058/exhibit455bridge_facilityx.htm

4.18 ARM - BBEE Loan Agreement, dated 28 June 2021, entered between Harmony Gold Mining Limited and the trustees for the time being of ARM - Broad Based Economy Empowerment Trust

8.1 Significant subsidiaries of Harmony Gold Mining Company Limited

†12.1 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

†12.2 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

†13.1 Certification of the principal executive officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

†13.2 Certification of the principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

††15.1 Integrated Annual Report for the 20-F 2021 dated October 29, 2021

99.1 Consolidated Financial Statements 2021 dated October 29, 2021

† This certification will not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that the Registrant specifically incorporates it by reference.

†† Certain of the information included in Exhibit 15.1 is incorporated by reference into the Harmony 2021 Form 20-F, as specified elsewhere in this report, in accordance with Rule 12b-23(a) of the Exchange Act. With the exception of the items so specified, the Integrated Annual Report for the 20-F 2021 is not deemed to be filed as part of Harmony 2021 Form 20-F.

101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 12 of the Exchange Act, we hereby certify that we meet all of the requirements for filing on Form 20-F and that we have duly caused this annual report to be signed on our behalf by the undersigned, thereunto duly authorized.

HARMONY GOLD MINING COMPANY LIMITED

By: /s/ Peter Steenkamp

Peter Steenkamp

Chief Executive Officer

Date: October 29, 2021

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to shareholders that the annual general meeting ("**AGM**") of Harmony Gold Mining Company Limited ("**Harmony** or **Company**") will, as contemplated by section 63(2)(a) of the Companies Act 71 of 2008, as amended ("**Act**") and clause 19 of the Company's memorandum of incorporation ("**MOI**"), be held entirely by electronic communication on Tuesday, 7 December 2021 at 10:00 (SA time), to conduct the business set out below and to consider, and adopt, if deemed fit, with or without modification, the ordinary and special resolutions set out in this Notice of AGM ("**Notice of AGM**").

For more information about the online facility and the prescribed procedures and means of connecting thereto, please see the section titled "Electronic Participation" below in this Notice of AGM.

In terms of section 59(1)(a) and (b) of the Act, the board of directors of the Company ("**Board**") has set the record date for the purpose of determining which shareholders of the Company are entitled to:
- receive this Notice of AGM (being the date on which a shareholder must be registered in the Company's securities register to receive this Notice of AGM) as Friday, 22 October 2021; and
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the Company's securities register to participate in and vote at the AGM) as Friday, 26 November 2021. Accordingly, the last date to trade in order to participate in and vote at the meeting is Tuesday, 23 November 2021.

As the AGM will cater for Electronic Participation only, it will not be desirable nor practical for voting to take place by way of show of hands. Accordingly, the chairman has already determined that all voting will be by way of poll through the facility provided by the electronic online facilities. See further the section set forth at the end of this Notice of AGM under the title: "Electronic Participation".

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The audited consolidated annual financial statements of the Company, incorporating the reports of the auditors, the audit and risk committee, and the directors for the year ended 30 June 2021 will be presented to the shareholders of the Company at the AGM as required in terms of section 30(3)(d) of the Act, read with section 61(8)(a) of the Act.

The complete audited consolidated annual financial statements of the Company are available on Harmony's website at **www.har.co.za**.

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with regulation 43(5)(c) of the Act, the social and ethics committee's report in the **Integrated Annual Report 2021** (available at **www.har.co.za**) will be presented to shareholders at the AGM.

RESOLUTIONS FOR CONSIDERATION AND ADOPTION

1. Ordinary resolution number 1:

Election of a new director

"RESOLVED THAT Peter Turner be and is hereby elected as a director of the Company with immediate effect." (See Peter Turner's resumé below).

Peter was appointed to the Harmony board on 19 February 2021. Peter has over forty years of experience in the mining industry in both open-pit and deep-level underground mines. This wealth of experience was achieved through his tenures at Sibanye Stillwater Limited, AngloGold Ashanti Limited and Gold Fields Limited. He brings a wealth of expertise to the board, having managed mining operations throughout Africa (South Africa, Namibia, Mali, Tanzania and Ghana).

The percentage of voting rights required for ordinary resolution number 1 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 1.

2. Ordinary resolution number 2:

Re-election of director

"RESOLVED THAT Karabo Nondumo, who retires by rotation at this annual general meeting in accordance with the MOI, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Karabo Nondumo's resumé below).

Karabo was appointed to the board on 3 May 2013. She is an entrepreneur who has interests in provision of Industrial supplies & Investments. She held Executive Head roles within Vodacom Business and Mergers & Acquisitions at Vodacom Group. She's a previous CEO of AWCA Investment Holdings Limited. She was an associate as well as executive assistant to the chairman at Shanduka Group.

Karabo is a qualified Chartered Accountant and a member of the South African Institute of Chartered Accountants (SAICA) and African Women Chartered Accountants (AWCA). She has extensive experience in the Telecommunications, Financial Services and Mining sectors. She is an independent non-executive director of:

- Harmony Gold Mining Company Limited (Technical, Investment and Audit & Risk subcommittees)
- Sanlam Limited (Chair: Social and Ethics Committee, member of Risk & Compliance, Audit & Actuarial, HR and Nominations subcommittees)
- TCI-Tiso Proprietary LImited
- MTN Group Operating companies in Swaziland, Zambia, Uganda and Rwanda (Chair: Audit and Risk committees)

She is an advisory member of Senatla Capital and a trustee of Mabindu and Ubuntu-Botho Women's Trusts.
Previous board roles include MTN Group Operating companies in Sudan and South Sudan, Brightrock Holdings Limited; Merafe Resources Limited; SA Express Airways SOC Limited; Rolfes Holdings Limited and Richards Bay Coal Terminal.

The percentage of voting rights required for ordinary resolution number 2 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 2.

3. Ordinary resolution number 3:

Re-election of director

"RESOLVED THAT Vishnu Pillay, who retires by rotation at this AGM in accordance with the MOI, and who is eligible and available for re-election, be and is hereby re-elected as a director of the Company with immediate effect." (See Vishnu Pillay's resumé below).

Vishnu was appointed to the board on 8 May 2013. He was executive head: joint ventures and exit operations of Anglo American Platinum Limited, a position he retired from on 31 December 2018. Before joining Anglo American Platinum in 2011, he was executive vice president and head of South African operations for Gold Fields Limited and, prior to that, vice-president and head of operations at Driefontein Gold Mine.

His 35-year mining career was shared between Gold Fields Limited and Anglo American Platinum. It was briefly interposed with a two-year period in 2004 with the Council for Scientific and Industrial Research in South Africa, where he was director of mining technology and group executive for institutional planning and operations.

Vishnu also previously served on the Board of Foskor Proprietary Limited as an Independent Non-Executive Director.

The percentage of voting rights required for ordinary resolution number 3 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 3.

4. Ordinary resolution number 4:

Re-election of audit and risk committee member

"RESOLVED THAT John Wetton, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee, with immediate effect, to hold office until the next AGM." (See John Wetton's resumé below).

John was appointed to the board on 1 July 2011. He spent his professional career with Ernst & Young ("EY") in the United Kingdom and South Africa mainly in corporate audit.

He attended several post qualification programmes including those presented by University of Cape Town Graduate School of Business, Harvard Business School and Gordon Institute of Business Science.

When EY integrated globally, he had a business development role across Sub-Saharan Africa and was also part of the team that led the strategic integration of EY's practices and services throughout sub-Saharan Africa. For several years he led EY's mining group and acted as senior partner for many of the firm's major mining and construction clients. He was a member of EY's executive management committee (Board) and was, until retirement, a member of the EY Africa Governance Board.

The percentage of voting rights required for ordinary resolution number 4 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 4.

5. Ordinary resolution number 5:

Re-election of audit and risk committee member

"RESOLVED THAT, subject to ordinary resolution number 2 being passed, Karabo Nondumo, who is a non-executive director of the Company, be and is hereby elected as a member of the Company's audit and risk committee with immediate effect to hold office until the next AGM." (See Karabo Nondumo's resumé under ordinary resolution number 2).

The percentage of voting rights required for ordinary resolution number 5 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 5.

6. Ordinary resolution number 6:

Re-election of audit and risk committee member

"RESOLVED THAT Given Sibiya, who is a non-executive director of the Company, be and is hereby re-elected as a member of the Company's audit and risk committee, with immediate effect, to hold office until the next AGM." (See Given Sibiya's resumé below).

Given was appointed to the board on 13 May 2019. She is a Chartered Accountant and until 31 August 2014 was Head: Internal Audit at SekelaXabiso (Pty) Ltd. She has over 29 years' experience in internal and external auditing, risk management, management consulting, corporate governance and forensic auditing. Prior to joining SekelaXabiso Proprietary Limited, she spent nine years at SizweNtsaluba VSP where she was Director: Forensics and where from 2005 she headed the Corporate Governance Services Division. She also worked for Anglo American Corporation as an internal auditor in the Group Audit Services Department from April 1994 to May 1996. Prior to that, she served articles at KPMG Aiken & Peat from 1991 to early 1994.

She has served as a member of the audit & risk committee for a number of entities, including as chairperson of the audit committee for Basil Read Holdings Limited, South African Express Airways SOC Limited and Brand South Africa. She currently serves as a non-executive board member of Ithala SOC Limited and is audit committee chairperson of The Presidency and the chairperson of the Composers, Authors and Publishers Association (CAPASSO).

The percentage of voting rights required for ordinary resolution number 6 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 6

7. Ordinary resolution number 7:

Re-appointment of external auditors

"RESOLVED THAT PricewaterhouseCoopers Incorporated be and is hereby reappointed as the external auditor, with Sizwe Masondo as designated audit partner, of the Company to hold office from this AGM until conclusion of the next AGM."

The percentage of voting rights required for ordinary resolution number 7 to be adopted: more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on ordinary resolution number 7.

8. Ordinary resolution number 8:

Approval of remuneration policy

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV Report on Corporate Governance for South Africa, 2016 ("**King IV**"), that the remuneration policy of the Company, as set out in the **Integrated Annual Report 2021** (available at **www.har.co.za**), be and is hereby approved."

As this matter is non-binding, no minimum voting threshold is needed. However, if 25% (twenty five percent) or more of the voting rights exercised on ordinary resolution number 8 are against such resolution, the Board will commit to implementing the measures set out in the remuneration policy read with King IV.

9. Ordinary resolution number 9:

Approval of the implementation report

"RESOLVED, as a non-binding advisory vote in accordance with the recommendations of King IV, that the implementation report of the Company, as set out **Integrated Annual Report 2021** (available at **www.har.co.za**) be and is hereby approved."

As this matter is non-binding, no minimum voting threshold is needed. However, if 25% (twenty five percent) or more of the voting rights exercised on ordinary resolution number 9 are against such resolution, the Board will commit to implementing the measures set out in the implementation report read with King IV.

10. Ordinary resolution number 10:

General authority to issue shares for cash

"RESOLVED THAT the Board be and is hereby authorised as a general authority to issue the authorised but unissued shares in the capital of the Company (including the grant or issue of options or convertible securities that are convertible into an existing class of equity securities) for cash (or the extinction of a liability, obligation or commitment, restraint or settlement of expenses) on such terms and conditions as the Board may, from time to time, in its sole discretion deem fit, subject to the provisions of the Act and the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**" and "**JSE**" respectively), provided that:

(a) the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;

(b) the equity securities must be issued to public shareholders, as defined in the JSE Listings Requirements, and not to related parties;

(c) securities which are the subject of general issues for cash in the aggregate may not exceed 5% (five percent) of the Company's shares in issue as at the date of this Notice of AGM, excluding treasury shares – the number of shares available for the issue of shares for cash will therefore be limited to 30 505 536 shares;

  (i) this authority shall be valid until the Company's next AGM or for 15 (fifteen) months from the date on which this resolution is passed, whichever period is shorter, subject to the requirements of the JSE and any other restrictions set out in this authority;

  (ii) the calculation of the Company's listed equity securities must be a factual assessment of the Company's listed equity securities as at the date of this Notice of AGM, excluding treasury shares;

  (iii) any equity securities issued for cash during the period contemplated in (i) shall be deducted from the number set out in (c);

  (iv) in the event of sub-division or consolidation of issued equity securities during the period contemplated in (i), the existing authority will be adjusted accordingly to represent the same allocation ratio;

(d) the maximum discount at which equity securities may be issued is 10% (ten percent) of the weighted average traded price of such equity securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities; and

(e) equity securities (of any class) which are the subject of the issue for cash in terms of this general authority, will be aggregated with any securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsory convertible securities, aggregated with the securities of that class into which they are convertible."

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 10 requires the approval of at least a 75% (seventy five percent) majority of the votes cast by shareholders of the Company present at the AGM or represented by proxy at this AGM, and entitled to exercise voting rights on ordinary resolution number 10.

11. Ordinary resolution number 11:

Approval of amendment to the Harmony Gold Mining Company Limited Deferred Share Plan 2018 ("Plan")

"RESOLVED THAT the existing Plan be and is hereby amended as follows:

Clause 17.1 of the Plan is hereby amended by (i) inserting the following words that have been underlined; and (ii) deleting words indicated by strikethrough:

"17.1 Subject to clause 1.2.8, if a Participant ceases to be employed by the Group by reason of a No Fault Termination prior to the Vesting Date, the Participant's unvested Awards will continue in force in terms of the DSP and will Vest on the original Vesting Date(s), notwithstanding that the Participant has ceased to be employed. The terms and conditions of the DSP will continue to apply and ~~***a pro rata portion of the current tranche of***~~ the Deferred Shares ~~***shall Vest on the Date of Termination of Employment and***~~ shall be Settled in accordance with clause 14, unless Remco determines otherwise. ~~***The pro rata portion of the current tranche of Deferred Shares that Vest, will be calculated as a percentage of the number of months served in the twelve-month Vesting Period in which the Date of Termination of Employment takes place. The balance of the Deferred Shares will lapse and shall be deemed to have been reacquired.***~~

~~***An example of the calculation referred to in clause 17.1 is as follows:***~~

~~*An Award is made on 1 September 2019 of 150 000 Deferred Shares, which will Vest in equal tranches over the following three years*~~

~~*First Vesting Date: 1 September 2020 (50 000 Shares)*~~

~~*Second Vesting Date: 1 September 2021 (50 000 Shares)*~~

~~*Third Vesting Date: 1 September 2022 (50 000 Shares)*~~

~~*The Participant receives 50 000 Shares on 1 September 2020*~~

~~*The Participant ceases to be employed by the Group by reason of a No Fault Termination on 30 January 2021*~~

~~*The Participant will (in addition to the Shares received on 1 September 2020) be entitled to the pro-rata portion of his second tranche as follows:*~~

~~*(4/12 months) x 50 000 Shares = 16 666 Shares*~~

~~*The balance of his Award is forfeited*~~"

Additional information in respect of ordinary resolution number 11

The motivation for ordinary resolution 11 is as follows:

- To seek approval for amendments to the "No Fault Termination" provisions of the Plan.
-
- Participants under the Plan terminating their employment due to death, ill-health, disability, injury, the undertaking or company with which the participant is employed being transferred outside of the Group, retrenchment or retirement are classified as "No Fault Terminations". The current No Fault Termination provisions for the deferred share awards under the Plan provide for accelerated vesting of the deferred share awards on a time pro-rated basis. This means that a substantial portion of the deferred share awards are forfeited in the case of a No Fault Termination, which is out of line with market precedent for similar awards.
-
- Accelerated vesting of awards is not consistent with the latest ISS 2021 proxy voting guidance and vesting on the original vesting dates will provide post-termination exposure to the share price, which is in line with emerging practice to encourage attention to succession and sustainability during executive tenure so that the share price growth is sustained when the leave the company.
- The Remuneration Committee of the Board has proposed amending the Plan to remove the accelerated vesting and time pro-rating of any unvested awards upon the No Fault Termination of participants in line with best market practice.

In terms of the JSE Listings Requirements, the passing of ordinary resolution number 11 requires the approval at least a 75% (seventy five percent) majority of the votes cast by shareholders of the Company present at the AGM or represented by proxy, and entitled to exercise voting rights on ordinary resolution number 11.

12. Special resolution number 1:

Approval of Financial Assistance in terms of section 45 of the Act

"RESOLVED THAT, in terms of section 45(3)(a)(ii) of the Act, the provision by the Company, at any time during the period of 2 (two) years from the date of passing of this special resolution, of any direct or indirect financial assistance, as contemplated in section 45 of the Act, to any one or more related or inter-related companies or corporations of the Company and/or to any one or more juristic persons who are members of any such related or inter-related company or corporation and/or to any one or more juristic persons related or inter-related to any such company, corporation or member, be and is hereby approved, provided that:

a. the identity of the recipient of such financial assistance, the form, nature and extent of such financial assistance and the terms and conditions under which such financial assistance is to be provided, are determined by the Board from time to time;
b. the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board fulfils all the requirements of section 45 of the Act, which it is required to fulfil in order to authorise the Company to provide such financial assistance; and
c. such financial assistance to a recipient is, in the opinion of the Board, required for the purpose of (i) meeting all or any of such recipient's operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which, in the opinion of the Board, is directly or indirectly in the interests of the Company."

The percentage of voting rights required for special resolution number 1 to be adopted: at least 75% (seventy five percent) of the voting rights exercised in favour of the resolution by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights on special resolution number 1.

Notice is hereby given to shareholders of the Company in terms of section 45(5) of the Act of a resolution adopted by the Board, authorising the Company to provide such direct or indirect financial assistance as specified in special resolution number 1 on the basis that:

a. by the time that this Notice of AGM is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, subject to the shareholders approving special resolution 1, at any time and from time to time during the period of 2 (two) years commencing on the date on which special resolution number 1 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company and/or to any one or more juristic persons who are members of any such related or inter-related company or corporation and/or to any one or more juristic persons related to any such company, corporation or member;
b. the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 1 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii); and
c. in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed 1/10 (one tenth) of 1% (one percent) of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

13.Special resolution number 2:

Pre-approval of non-executive directors' remuneration

"RESOLVED, in terms of section 66(8, read with section 66(9) of the Act, that the Company be and is hereby authorised to pay the following annual remuneration to its non-executive directors for their services as non-executive directors (together with the value-added tax thereon, if applicable) for a period of (two) 2 years from the date of this AGM or until the non-executive directors' remuneration is amended by way of special resolution of the shareholders, whichever comes first:

Directors' remuneration (R'000)

	Board					Committee									
	Annual Retainer				Attendance Fee[1]	Audit and risk		Social and ethics		Remuneration		Nomination/ Investment		Technical	
	Chairman	Deputy chair	LID[2]	Member	Member	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member	Chairman	Member
Current	1,249.6	514.5	410.6	286.9	22.6	315.2	158.7	241.9	125.7	241.9	125.7	241.9	125.7	241.9	125.7
Proposed	1,499.5	622.7	492.7	344.3	27.1	362.5	182.5	254.0	144.6	254.0	138.3	254.0	138.3	254.0	138.3
Increase	20.0 %	15.0 %	20.0 %	20.0 %	20.0 %	15.0 %	15.0 %	5.0 %	15.0 %	5.0 %	10.0 %	5.0 %	10.0 %	5.0 %	10.0 %

[1] Only payable per board meeting attended
[2] Lead independent director
Ad hoc fees: R20 080 ad hoc meeting/attendance to company business per day.

The directors' remuneration set out above excludes value-added tax which the Company is authorised to pay, in addition to the above directors' remuneration, to those non-executive directors who are obliged to charge value added tax on their directors' remuneration.

The percentage of voting rights required for special resolution number 2 to be adopted: at least 75% (seventy five percent) of the voting rights exercised on the resolution by shareholders of the Company present at the AGM or represented by proxy and entitled to exercise voting rights on special resolution number 2.

ELECTRONIC PARTICIPATION

In accordance with the provisions of the Act and the MOI, the AGM will be conducted entirely through electronic communication. The electronic meeting facilities will permit all participants to be able to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Voting via the electronic facility will be the only method available to shareholders to vote their shares at the AGM.

Shareholders who wish to electronically participate in and/or vote at the AGM are required to complete the Electronic Participation Application Form attached hereto and email same to The Meeting Specialist (Proprietary) Limited ("**TMS**") at proxy@tmsmeetings.co.za or contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 10:00 (SA time) on Friday, 3 December 2021.

If shareholders who hold dematerialised shares without own name registration wish to participate in the AGM, they should instruct their central securities depository participant ("**CSDP**") or broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in their Custody Agreement. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker, to accommodate such requests.

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. TMS is further obliged to validate (in correspondence with Harmony and, in particular, Harmony's transfer secretaries, JSE Investor Services Proprietary Limited (previously Link Market Services South Africa Proprietary Limited) ("**CSDP**") and shareholders' CSDPs) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/ or voting at the AGM. Any such charges will not be for the account of the JSE, Harmony, the Transfer Secretaries and/or TMS.

None of the JSE, Harmony, the Transfer Secretaries or TMS can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Shareholder from participating in and/or voting at the AGM.

Shareholders are strongly encouraged to have a stable internet connection with sufficient bandwidth capabilities to participate in the AGM. Shareholders are strongly encouraged to submit their proxies beforehand, even if they intend to participate in the AGM, to ensure that their votes are counted in the event of any delays or disruptions to the shareholder's network connectivity and/or loss of network connectivity by such shareholder during any part of the AGM.

IDENTIFICATION, PROXIES AND VOTING

Shareholders are reminded that:

- a shareholder eligible to participate in and vote at the AGM is entitled to appoint a proxy (or proxies) to participate in and vote at the AGM in place of the shareholder – shareholders are referred to the proxy form attached to this Notice of AGM in this regard;
- a proxy need not also be a shareholder of the Company;
- in terms of section 63(1) of the Act, any person participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified – acceptable forms of verification include a green bar-coded or smart card identification document issued by the South African Department of Home Affairs, a South African driver's licence or a valid passport; and
- this Notice of AGM includes the attached form of proxy.

All beneficial owners whose shares have been dematerialised through a CSDP or broker, other than with "own name" registration, must provide their CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the AGM. Alternatively, they may request their CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to participate in the AGM.

Unless you advise your CSDP or broker, in terms of your agreement, by the cut-off time stipulated therein, that you wish to participate in the AGM or send a proxy to represent you, your CSDP or broker may assume that you do not wish to participate in the AGM or send a proxy.

Forms of proxy attached hereto must be dated and signed by the shareholder of the Company appointing a proxy and, for the sake of good order, are urged (but not required) to be submitted to the offices of the Transfer Secretaries by no later than 10:00 (SA time) on Friday, 3 December 2021.

In compliance with section 58(8)(b)(i) of the Act, a summary of the rights of a shareholder to be represented by proxy is set out immediately below:

- **An ordinary shareholder entitled participate in and vote at the AGM may appoint any individual (or individuals) as a proxy or proxies to participate in and vote at the AGM in the place of such shareholder. A proxy need not be a shareholder of the Company.**
- **A proxy appointment must be in writing, dated and signed by the shareholder of the Company appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.**
- **A proxy may delegate its authority to act on behalf of a shareholder of the Company to another person, subject to any restrictions set out in the instrument appointing the proxy.**
- **Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the shareholder of the Company who appointed such proxy chooses to act directly and in person in exercising any rights as a shareholder of the Company.**
- **Unless the proxy appointment expressly provides otherwise, the appointment of a proxy is revocable by the shareholder of the Company in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder of the Company as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.**
- **If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Act or the MOI to be delivered by the Company to the shareholder of the Company, must be delivered by the Company to (a) the shareholder of the Company, or (b) the proxy or proxies, if the shareholder of the Company has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.**

Attention is also drawn to the notes to the form of proxy.

Completing a form of proxy does not preclude any shareholder of the Company from participating in the AGM.

By order of the Board

Harmony Gold Mining Company Limited
S Mohatla
Group company secretary
Randfontein
28 October 2021

ANNUAL GENERAL MEETING EXPLANATORY NOTES

Presentation of annual financial statements

At the AGM, the directors must present the annual financial statements for the year ended 30 June 2021 to shareholders as required in terms of section 30(3)(d) of the Act, together with the reports of the directors, audit and risk committee and the auditors.

Presentation of group social and ethics committee report

At the AGM, the social and ethics committee must report, through one of its members, on matters within its mandate as required in terms of Regulation 43(5)(c) of the Act.

Ordinary Resolution Number 1:

Election of a new director

In accordance with the JSE Listings Requirements, the MOI, section 68(1) read with section 70(3)(b)(i) of the Act, Peter Turner's appointment by the Board as a director of the Company must be confirmed at this AGM of the Company by a new election. (See Peter Turner's resumé under ordinary resolution number 1).

Ordinary Resolutions Numbers 2 and 3:

Re-election of directors

In accordance with the MOI, one third of directors are required to retire at each AGM and may offer themselves for re-election. As such, Ms Karabo Nondumo and Mr Vishnu Pillay who retire by rotation are eligible and have availed themselves for re-election (See their resumés under ordinary resolution number 2 and 3 respectively). However, Ms Fikile De Buck and Dr Simo Lushaba who also retire by rotation, although eligible, have not availed themselves for re-election and will be retiring from the Board effective as of the conclusion of the 2021 Annual General Meeting.

Ordinary Resolutions Numbers 4 to 6:

Re-election and election of audit and risk committee

In terms of section 94(2) of the Act, a public company must, at each AGM, elect an audit committee comprising at least 3 (three) members who are directors and who meet the criteria of section 94(4) of the Act. Regulation 42 to the Act specifies that one third of the members of the audit committee must have appropriate academic qualifications or experience in the areas as listed in the regulation.

The Board is satisfied that the proposed members of the audit and risk committee meet all relevant requirements.

Ordinary Resolution Number 7:

Re-appointment of external auditors

PricewaterhouseCoopers Incorporated has indicated its willingness to continue in office and ordinary resolution 7 proposes the reappointment of that firm as the Company's auditors. Section 90(3) of the Act requires the designated audit partner to meet the criteria as set out in section 90(2) of the Act.

The Board is satisfied that both PricewaterhouseCoopers Incorporated and the designated audit partner meet all relevant requirements.

Ordinary Resolution Number 8:

Remuneration policy

King IV recommends that the remuneration policy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to give shareholders an opportunity to indicate their support for or opposition to the material provisions of the remuneration policy.

Ordinary Resolution Number 9:

Approval of Implementation report

King IV recommends that the implementation report of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote to give shareholders an opportunity to indicate their support for or opposition to the material provisions of the implementation of the remuneration policy.

In the event that 25% (twenty-five percent) or more of the votes are cast against ordinary resolutions number 8 and/or 9, the company undertakes to engage with dissenting shareholders in the manner stipulated in the remuneration report read with King IV.

Ordinary Resolution Number 10:

General authority to issue shares for cash

Ordinary resolution number 10 seeks to give the directors authority to issue the Company's listed securities for cash as permitted by the Act, the MOI and the JSE Listings Requirements.

The Board confirms that there is no specific intention to use this authority as at the date of this Notice of AGM, but considers it advantageous to have the flexibility to take advantage of any business opportunity that may arise in future.

Ordinary Resolution Number 11:

Approval of amendment to the Plan

The motivation for ordinary resolution 11 is as follows:

- To seek approval for amendments to the "No Fault Termination" provisions of the Plan.
- Participants under the Plan terminating their employment due to death, ill-health, disability, injury, the undertaking or company with which the participant is employed being transferred outside of the Group, retrenchment or retirement are classified as "No Fault Terminations". The current No Fault Termination provisions for the deferred share awards under the Plan provide for accelerated vesting of the deferred share awards on a time pro-rated basis. This means that a substantial portion of the deferred share awards are forfeited in the case of a No Fault Termination, which is out of line with market precedent for similar awards.
- Accelerated vesting of awards is not consistent with the latest ISS 2021 proxy voting guidance and vesting on the original vesting dates will provide post-termination exposure to the share price, which is in line with emerging practice to encourage attention to succession and sustainability during executive tenure so that the share price growth is sustained when the leave the company.
- The Remuneration Committee of the Board has proposed amending the Plan to remove the accelerated vesting and time pro-rating of any unvested awards upon the No Fault Termination of participants in line with best market practice.

Special Resolution Number 1:

Approval of financial assistance

In terms of section 45 of the Act, the Company may, amongst others, provide loans and other financial assistance to any one or more related or inter-related companies or corporations of the Company and/or to any one or more juristic persons who are members of any such related or inter-related company or corporation and/or to any one or more juristic persons related or inter-related to any such company, corporation or member. Shareholders are required to pass special resolution number 1 in order to grant the Board the authority to authorise the Company's provision of such financial assistance, subject to the Board being satisfied that the Company meets the solvency and liquidity test (as per section 4 of the Act) and subject further to the financial assistance falling within the category of assistance mentioned in sub-paragraph (c) of special resolution number 1 above.

Special Resolution Number 2:

Pre-approval of non-executive directors' remuneration

In terms of section 66(8) read with section 66(9) of the Act, companies may pay remuneration to directors for their services as directors unless otherwise provided by the MOI and on approval of shareholders by way of a special resolution. Executive directors are not specifically remunerated for their services as directors but as employees of the Company and, as such, the resolution, as included in this Notice of AGM, requests approval only for the remuneration paid to non-executive directors for their service as directors of the Company. The proposed fees are recommended for approval for a period of 2 (two) years from the date of this AGM or until such time as the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first.

GENERAL

Shareholders and proxies participating in the AGM are reminded that section 63(1) of the Act requires that reasonably satisfactory identification be presented for such shareholder or proxy to be allowed to participate in the AGM.

FORM OF PROXY

HARMONY GOLD MINING COMPANY LIMITED
Incorporated in the Republic of South Africa
Registration number: 1950/038232/06 (Harmony or Company)
JSE share code: HAR
NYSE share code: HMY
ISIN code: ZAE 000015228

To be completed by certificated shareholders and dematerialised shareholders with 'own name registration only

For use by certificated shareholders and dematerialised shareholders with "own-name" registration who are unable to attend and vote at the AGM of Harmony to be held entirely by electronic communication on Tuesday, 7 December 2021 at 10:00 (South African Standard Time) or at any adjournment thereof.

Dematerialised Shareholders without "own-name" registration must not complete this Form of Proxy but should timeously inform their nominee, or, if applicable, their CSDP or stockbroker of their intention to attend the AGM electronically and request such nominee, CSDP or stockbroker to issue them with the necessary letter of representation to attend or provide such nominee, CSDP or stockbroker with their voting instructions should they not wish to attend the AGM electronically but wish to be represented by proxy at such meeting. Such shareholders must not return this Form of Proxy to the Transfer Secretaries.

Each Shareholder is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in place of that Shareholder at the AGM. Please read the notes to this form of proxy below.

I / We (please print names in full)	
of (address)	
being the holder/s of	shares in the Company, do hereby appoint:
1	or, failing him/her
2	or, failing him/her

The chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll or ballot, vote on my/our behalf at this annual general meeting of members or at any adjournment, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

ORDINARY RESOLUTIONS	For	Against	Abstain
Ordinary Resolution Number 1: To elect Peter Turner as a director			
Ordinary Resolution Number 2: To re-elect Karabo Nondumo a director			
Ordinary Resolution Number 3: To re-elect Vishnu Pillay as a director			
Ordinary Resolution Number 4: To re-elect John Wetton as a member of the audit and risk committee			
Ordinary Resolution Number 5: To re-elect Karabo Nondumo as a member of the audit and risk committee			
Ordinary Resolution Number 6: To re-elect Given Sibiya as a member of the audit and risk committee			
Ordinary Resolution Number 7: To reappoint the external auditors			
Ordinary Resolution Number 8: To approve the remuneration policy			
Ordinary Resolution Number 9: To approve the implementation report			
Ordinary Resolution Number 10: To give authority to issue shares for cash			
Ordinary Resolution Number 11: To approve the amendment of the Plan			
SPECIAL RESOLUTIONS			
Special Resolution Number 1: To approve financial assistance in terms of section 45 of the Act			
Special Resolution Number 2: To pre-approve non-executive directors' remuneration			

Please indicate with an 'X' in the appropriate spaces above how you wish your vote to be cast. If no indication is given, the proxy may vote or abstain as he/she sees fit.

Signed at	this	day of	2021
Signature			
Assisted by me, where applicable (name and signature)			

Completed Forms of Proxy must be dated and signed by the shareholder appointing a proxy and must be lodged electronically with Transfer Secretaries. Shareholders are urged (but not required) to electronically deliver their completed Form of Proxy by no later than **10:00 (SA time)** on **Friday, 3 December 2021** to meetingservices@jseinvestorservices.co.za.

Please read the notes and instructions on the reverse side.

NOTES TO FORM OF PROXY

1. A Form of Proxy is only to be completed by those shareholders who are:
   a. registered holders of shares in certificated form; or
   b. holders of dematerialised shares of the Company in their own name.
2. If you have already dematerialised your shares through a CSDP or broker and wish to attend the AGM, you must request your CSDP or broker to provide you with a letter of representation or instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided. The person whose name stands first on the Form of Proxy and who is present at the AGM will be entitled to act to the exclusion of those whose names follow.
4. On a poll, a shareholder who is present or represented by proxy will be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
5. A shareholder's instructions to the proxy must be indicated by inserting the relevant numbers of votes exercisable by the shareholder in the appropriate box. Failure to comply will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/ she deems fit in respect of all the shareholder's votes exercisable. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of votes cast and in respect of which abstention is recorded may not exceed the total of votes exercisable by the shareholder or by the proxy.
6. Forms of Proxy (enclosed) must be dated and signed by the shareholder appointing a proxy and must be lodged electronically with JSE Investor Services Proprietary Limited. Shareholders are urged (but not required) to electronically deliver their completed Form of Proxy by no later than 10:00 (SA time) on Friday, 3 December 2021 to the offices of the Transfer Secretaries, JSE Investor Services Proprietary Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000, fax number: +27 86 674 2450, email meetingservices@jseinvestorservices.co.za).
7. Completing and lodging this Form of Proxy will not preclude the relevant shareholder from electronically attending the AGM and speaking and voting electronically to the exclusion of any proxy appointed in terms hereof.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity or other legal capacity must be attached to this Form of Proxy, unless previously recorded by the Transfer Secretaries or waived by the chairman of the AGM.
9. The completion of blank spaces overleaf need not be initialled. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
10. Despite the aforegoing, the chairman of the AGM may waive any formalities that would otherwise be a prerequisite for a valid proxy.
11. If any shares are jointly held, all joint shareholders must sign this Form of Proxy. If more than one of those shareholders is present at the AGM either electronically or by proxy, the person whose name appears first in the Register will be entitled to vote.

ELECTRONIC PARTICIPATION FORM

Electronic participation in the Harmony Gold Mining Company Limited electronic annual general meeting to be held on 7 December 2021

Harmony Gold Mining Company Limited
(Incorporated in South Africa)
(Registration number: 1950/038232/06)JSE share code: HAR ISIN: ZAE000015228 JSE share code: HAR NYSE: HMY
("**Harmony**" or the "**Company**")

- Shareholders or their proxies who wish to participate in the annual general meeting via electronic communication (**"Participants"**), must apply to the Company's meeting scrutineers to do so by emailing the form below (**"the application"**) to the email address of the Company's meeting scrutineers, The Meeting Specialist (Proprietary) Limited (**"TMS"**), by no later than 10:00 (SA time) on 3 December 2021. The email address is as follows: **proxy@tmsmeetings.co.za**
- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (**"CSDP"**) or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  - to furnish them with their voting instructions; and
  - in the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 3 and 7 December 2021 via email/mobile with a unique link to allow them to participate in the electronic annual general meeting.
- The cost of the participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
- The cut-off time, for administrative purposes, to participate in the meeting will be 10:00am (SA time) on 3 December 2021.
- The participant's unique access credentials will be forwarded to the email/mobile telephone provided below.

APPLICATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative (if applicable)	
ID number of shareholder or representative	
Email address	
Mobile/cell number/Telephone number	
Name of CSDP or Broker (if shares are held in dematerialised format)	
SCA number/Broker account number or Own name account number	
Number of shares	
Signature	

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the general meeting.

Terms and conditions for participation at the Harmony Gold Mining Company Limited annual general meeting to be held on 7 December 2021 via electronic communication

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the participant and will be billed separately by the participant's own telephone service provider.
- The participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Harmony Gold Mining Company Limited, the JSE Limited and TMS and/or their third-party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against Harmony Gold Mining Company Limited, the JSE Limited and TMS and/or its third-party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/ webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/ webcast/web-streaming to the annual general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- Once the participant has received the link, the onus to safeguard this information remains with the participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the participant and delivered or emailed to TMS at **proxy@tmsmeetings.co.za**

Shareholder name:

Signature:

Date:

Important: You are required to attach a copy of your identity document/driver's licence/passport when submitting the application.

ADMINISTRATIVE AND CONTACT DETAILS

HARMONY GOLD MINING COMPANY LIMITED
Harmony was incorporated and registered as a public company in South Africa on 25 August 1950
Registration number: 1950/038232/06

Corporate office
Randfontein Office Park
PO Box 2, Randfontein 1760, South Africa
Corner Main Reef Road and Ward Avenue,
Randfontein, 1759, South Africa

Telephone: +27 11 411 2000

Website: **www.harmony.co.za**

DIRECTORS
Dr PT Motsepe* (chairman)
JM Motloba* (deputy chairperson)
Dr M Msimang*^ (lead independent director)
PW Steenkamp** (chief executive officer)
BP Lekubo** (financial director)
HE Mashego** (executive director)
JA Chissano*#^
FFT De Buck*^
Dr DS Lushaba*^
P Turner *^
KT Nondumo*^
VP Pillay*^
GR Sibiya*^
JL Wetton*^
AJ Wilkens*

** Non-executive*
*** Executive*
^ Independent
 # Mozambican

INVESTOR RELATIONS
Email: HarmonyIR@harmony.co.za
Telephone: +27 11 411 6073 or +27 82 746 4120
Website: **www.harmony.co.za**

GROUP COMPANY SECRETARY
Shela Mohatla
Email: companysecretariat@harmony.co.za
Telephone: +27 11 411 2359

TRANSFER SECRETARIES
JSE Investor Services South Africa (Proprietary) Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House, Ameshoff Street, Braamfontein
Johannesburg, South Africa

PO Box 4844, Johannesburg, 2000, South Africa

Email: info@jseinvestorservices.co.za
Telephone: +27 861 546 572 (South Africa)
Fax: +27 86 674 2450

AMERICAN DEPOSITARY RECEIPTS (ADRS)
Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust Company
Operations Centre, 6201 15th Avenue, Brooklyn,
NY11219, United States

Email queries: db@astfinancial.com

Toll free (within US): +1-886-249-2593
Int: +1-718-921-8137
Fax: +1-718-921-8334

SPONSOR
JP Morgan Equities South Africa (Proprietary) Ltd
1 Fricker Road, corner Hurlingham Road, Illovo
Johannesburg, 2196, South Africa
Private Bag X9936, Sandton, 2146, South Africa

Telephone: +27 11 507 0300
Fax: +27 11 507 0503

TRADING SYMBOLS
JSE: HAR
NYSE: HMY
ISIN: ZAE 000015228

Execution Version

LOAN AGREEMENT

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between

HARMONY GOLD MINING COMPANY LIMITED

and

THE TRUSTEES FOR THE TIME BEING OF
THE ARM BROAD-BASED ECONOMIC EMPOWERMENT TRUST

CONTENTS

PARTIES:

This Agreement is made between:

(1) **THE TRUSTEES FOR THE TIME BEING OF THE ARM BROAD-BASED ECONOMIC EMPOWERMENT TRUST**, a trust established in accordance with the laws of the Republic of South Africa with Master's Reference IT4713/06 (the **Borrower**); and

(2) **HARMONY GOLD MINING COMPANY LIMITED**, a public company duly incorporated in accordance with the company laws of the Republic of South Africa under registration number 1950/038232/06 (the **Lender**).

PREAMBLE

A. The Borrower is indebted to the Lender pursuant to a loan made by the Lender to the Borrower under a loan agreement entered into between the Parties on 29 February 2016.

B. The Parties now wish to refinance the loan referred to in paragraph A above by settling it with the proceeds of the advance under a further loan from the Lender to the Borrower, to be advanced pursuant to this Agreement.

C. In a letter agreement entered into between the Lender and the Borrower on or about the Signature Date the Lender has agreed to accept payment by the Borrower of the amount to be advanced under this Agreement in full and final settlement of all amounts owing to it by the Borrower under the loan agreement referred to in paragraph A above (the "**Settlement Letter**").

D. The Lender has therefore agreed to make the Facility available to the Borrower on the terms and subject to the conditions set out in this Agreement.

E. The Lender and the Borrower accordingly enter into this Agreement to record the terms upon which and the conditions subject to which the Facility is to be made available to the Borrower.

IT IS AGREED AS FOLLOWS:

1. **DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement, unless the context clearly indicates a contrary intention, the following words and expressions shall bear the meanings assigned to them and cognate expressions shall bear corresponding meanings:

1.1.1 **Advance** means the advance of the Facility Amount by the Lender to the Borrower;

1.1.2 **Advance Date** means the date on which the Lender is to make, (or made, as the context may require) the Advance to the Borrower against the Facility, being 28 June 2021;

1.1.3 **Advance Requirements** means the obligations of the Borrower set out in clause 4.1;

1.1.4 **Affiliate** means, in relation to any company (the **First Company**):

1.1.4.1 any Subsidiary of the First Company;

1.1.4.2 any Holding Company of the First Company; and

1.1.4.3 any company which is a Subsidiary of the same Holding Company as the First Company;

1.1.5 **Agreement** means this loan agreement and all schedules hereto;

1.1.6 **Applicable Laws** means the common law and any legislative enactment including, without limitation, any act, statute, ordinance, proclamation, decree, order, regulation and/or by-law;

1.1.7 **ARM** means African Rainbow Minerals Limited, a public company duly incorporated in accordance with the laws of the Republic of South Africa under registration number 1933/004580/06;

1.1.8 **ARM Advance Requirements** means the "Advance Requirements" as defined in the ARM Refinancing Loan Agreement;

1.1.9 **ARM Refinancing Loan Agreement** means the loan agreement to be entered into between the Borrower and ARM on substantially the same terms and conditions as, and contemporaneously with, this Agreement, the proceeds of which will be used to discharge in full the indebtedness of the Borrower to ARM under the loan agreement entered into between the Borrower and ARM contemporaneously with the Existing Loan Agreement;

1.1.10 **Borrower** means the trustees for the time being of the ARM Broad-Based Economic Empowerment Trust, a trust established in accordance with the laws of the Republic of South Africa with Master's Reference IT4713/06;

1.1.11 **Borrower Account** means the following account of the Borrower:

Account Holder:	ARM Broad Based Economic Empowerment Trust
Bank:	Nedbank Limited
Branch:	Johannesburg
Branch Code:	198765
Account Number:	1454 081 910;

1.1.12 **Business Day** means any day other than a Saturday, Sunday or statutory public holiday in the Republic of South Africa;

1.1.13 **Calendar Month** means each month of the Gregorian calendar;

1.1.14 **Collection Account** has the meaning given to that term in the Trust Deed;

1.1.15 **Default** means:

1.1.15.1 an Event of Default; or

1.1.15.2 the occurrence of any event which will become an Event of Default if it has not been remedied by the time that the applicable grace period has expired or, as the case may be, by the time that the required notice has been given and has expired;

1.1.16 **Default Interest Rate** means a rate which is 2% (two percent) higher than the Interest Rate;

1.1.17 **Discharge Date** means the date on which the Borrower has paid in full all and any amounts owing to the Lender arising out of or in connection with this Agreement, including (but not limited to):

1.1.17.1 the Outstanding Principal;

1.1.17.2 all interest which accrues under this Agreement;

1.1.17.3 any costs which become payable by the Borrower by virtue of the provisions of clause 20,

provided that on such date the Facility is no longer available to the Borrower;

1.1.18 **Dispose** means any sale, transfer, cession, assignment, lease, alienation, donation, renunciation, surrender, waiver, relinquishment, exchange or other disposal of any nature whatsoever, and **Disposal** has a corresponding meaning;

1.1.19 **Distribution** means any payment by or on behalf of the Borrower by way of income or capital or other distribution or payments by or on behalf of the Borrower to any of its beneficiaries, and **Distribute** shall, as the context requires, be construed accordingly;

1.1.20 **Distributions Account** has the meaning given to that term in the Trust Deed;

1.1.21 **Effective Date** means a date which is 3 (three) Business Days after the date on which the Lender gives its notice in terms of clause4.6;

1.1.22 **Encumbrance** means any mortgage bond, notarial bond, pledge, security cession, lien, charge, hypothecation, assignment, deposit by way of security or any other security interest or agreement or arrangement having a similar effect (including set-off and title retention) and **Encumber** has a corresponding meaning;

1.1.23 **Event of Default** means any Event of Default set out in clause 16;

1.1.24 **Existing Loan Agreement** means the loan agreement entered into between the Lender and the Borrower on 29 February 2016;

1.1.25 **Existing Loan Outstandings** means the aggregate amount outstanding and owing to the Lender by the Borrower under the Existing Loan Agreement on the Existing Loan Repayment Date;

1.1.26 **Existing Loan Repayment Date** means the date that is no later than the Business Day immediately after the Advance Date:

1.1.27 **Facility** means the loan facility in an amount equal to the Facility Amount, made available by the Lender to the Borrower in terms of clause 2;

1.1.28 **Facility Amount** means the amount to be Advanced by the Lender to the Borrower in terms of this Agreement, which shall be R 264 338 529. 74;

1.1.29 **Facility Outstandings** means, at any time, the Outstanding Principal at such time and all interest that has accrued at such time and has not yet been paid;

1.1.30 **Finance Documents** means:

1.1.30.1 this Agreement;

1.1.30.2 any agreement entered into in order to amend or supplement this Agreement or any other Finance Document; and

1.1.30.3 any other document designated in writing as a Finance Document by the Lender and the Borrower from time to time;

1.1.31 **Financial Indebtedness** means any indebtedness for or in respect of:

1.1.31.1 moneys borrowed or credit provided;

1.1.31.2 any acceptance credit facility (including any dematerialised equivalent);

1.1.31.3 any note purchase facility, bond, note, debenture, loan stock or other similar instrument;

1.1.31.4 any suspensive sale or instalment credit transaction;

1.1.31.5 any agreement treated as a finance or capital lease in accordance with IFRS;

1.1.31.6 receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

1.1.31.7 any derivative transaction protecting against or benefiting from fluctuations in any rate or price (and, except for non-payment of an amount, the then marked to market value of the derivative transaction will be used to calculate its amount);

1.1.31.8 any counter-indemnity obligation in respect of any Guarantee issued by any third person;

1.1.31.9 any redeemable preference share;

1.1.31.10 any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing; and/or

1.1.31.11 any liability in respect of any guarantee, indemnity or suretyship for any of the items referred to in clauses 1.1.31.1 to 1.1.31.10 above;

1.1.32 **Financial Year** means each one of the Borrower's financial years and it is recorded that, as at the Signature Date, the Borrower's financial year ends on the last day of February in each year;

1.1.33 **Guarantee** means any guarantee, suretyship, indemnity, bond, letter of credit or other form of security for the debts of any third person;

1.1.34 **Harmony Percentage** means, at any time, the total amount owing by the Borrower to the Lender under this Agreement at that time expressed as a percentage of the Total Trust Debt;

1.1.35 **Holding Company** means in relation to any company or other corporation, any company or corporation of which it is a Subsidiary;

1.1.36 **IFRS** means International Financial Reporting Standards;

1.1.37 **Insolvency Event** means the occurrence of any Event of Default described in clause 16.7 or 16.8;

1.1.38 **Interest Rate** means, at any time during which interest is being levied as contemplated in clause 6.2, the relevant prevailing rate of interest being levied in terms of clause 6.2 at that time;

1.1.39 **Lender** means Harmony Gold Mining Company Limited;

1.1.40 **Lender Account** means the bank account having the following details, or such other bank account as the Lender may from time to time designate in writing to the Borrower:

Name of account:	Harmony Gold Mining Co Ltd – Treasury Account
Bank:	Nedbank Limited
Account number:	1454115831
Branch code:	198765
Swift Code:	NEDSZAJJ

1.1.41 **Material Adverse Change** means the occurrence of any facts, events, and or circumstances or combination of facts, events and/or circumstances which has, or is reasonably likely to have, a material adverse effect on:

1.1.41.1 the property and/or condition (whether financial or otherwise) of the Borrower;

1.1.41.2 the ability of the Borrower to comply with or perform any of its obligations under or arising out of the Finance Documents; or

1.1.41.3 the validity and/or enforceability of the Finance Documents or any rights or remedies of the Lender under the Finance Documents;

1.1.42 **Maturity Date** means 30 June 2035, or such later date determined in accordance with clause 8.2;

1.1.43 **Month** means each period which commences on one day (the **First Day**) in one Calendar Month and which ends on the numerically corresponding day but one in the next Calendar Month (the **Second Calendar Month**) provided that if (1) the First Day is the first day of a Calendar Month the applicable Month shall end on the last day of that Calendar Month, and if (2) there is no day in the Second Calendar Month which corresponds numerically to the First Day, the applicable Month shall end on the last day of the Second Calendar Month;

1.1.44 **Outstanding Principal** means, on any day, the aggregate of the Advance made by the Lender under the Facility and all interest that has been capitalised less the aggregate of all repayments of such Advance made by the Borrower to the Lender and all payments of such capitalised interest made by the Borrower to the Lender;

1.1.45 **Parties** means the Lender and the Borrower, and "Party" means either one of them, as the context may require;

1.1.46 **Permitted Disposal** means any Disposal by the Borrower:

1.1.46.1 of Trust Assets that is required to be made in terms of the Trust Deed; or

1.1.46.2 of Trust Assets that is consented to in writing by the Lender and ARM prior to such Disposal;

1.1.47 **Permitted Encumbrance** means:

1.1.47.1 any retention of title arrangements concluded by the Borrower in the normal and ordinary course of its business;

1.1.47.2 any Encumbrances which arise as a result of the operation of law in the ordinary course of the Borrower's normal affairs;

1.1.47.3 any Encumbrance (if any) as disclosed in writing prior to the Signature Date where the principal amount of Financial Indebtedness secured thereby shall not have increased since the date of this Agreement;

1.1.47.4 any Encumbrances occurring by way of set-off rights arising in the Borrower's banking arrangements in the ordinary course; or

1.1.47.5 any other Encumbrance to which the Lender and ARM have consented in writing;

1.1.48 **Permitted Indebtedness** means:

1.1.48.1 Financial Indebtedness under this Agreement;

1.1.48.2 Financial Indebtedness under the "Finance Documents" as defined in this Agreement;

1.1.48.3 Financial Indebtedness under the ARM Refinancing Loan Agreement;

1.1.48.4 the indebtedness (if any) as disclosed in writing prior to the Signature Date, the principal amount of which shall not have increased since the date of this Agreement;

1.1.48.5 credit provided by suppliers of goods or services in the ordinary course of the Borrower's affairs on the usual terms and conditions of such supplier or otherwise on arms' length terms; or

1.1.48.6 any other indebtedness to which the Lender and ARM have consented in writing;

1.1.49 **Settlement Letter** has the meaning given to that term in paragraph C of the Preamble above;

1.1.50 **Signature Date** means the date on which this Agreement is signed by the Party signing last in time;

1.1.51 **Subsidiary** means, in relation to a person, an entity directly or indirectly controlled by that person, for which purpose "control" means either ownership of more than 50 per cent of the voting share capital (or equivalent right of ownership) of the entity, or power to direct its policies and management, whether by contract or otherwise;

1.1.52 **Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature, levied in accordance with any Applicable Law and includes any additional tax, penalties and/or interest thereon;

1.1.53 **Total Trust Debt** means, at any time, the total amount owing by the Borrower to the Lender under this Agreement and to ARM under the ARM Refinancing Loan Agreement at that time;

1.1.54 **Trust Assets** has the meaning given to that term in the Trust Deed;

1.1.55 **Trust Deed** means the Sixth Amended and Restated Trust Deed of the Borrower, entered into on or about the Signature Date, as amended further from time to time;

1.1.56 **Trust Expenditure** means all costs, expenses and fees incurred by the Borrower in giving effect to the transactions contemplated in the Transaction Documents (as defined in the Trust Deed) including any voluntary or mandatory repayments or payments required to be made in terms of this Agreement plus: (i) value–added tax, where applicable; and (ii) any additional taxes not contemplated in clause 10.1 below in a total amount not exceeding ZAR 75 000.00 (seventy five thousand Rand) per financial year of the Borrower;

1.1.57 **Unpaid Sum** means any sum due and payable but unpaid by the Borrower under this Agreement;

1.1.58 **VAT** means value added tax payable in terms of the South African Value Added Tax Act, 1991, as amended, or any similar Tax which becomes payable in any foreign jurisdiction;

1.1.59 **Warranty Date** means the Signature Date, the Effective Date, and the Advance Date; and

1.1.60 **ZAR** means South African Rands, the lawful currency of the Republic of South Africa.

1.2 In this Agreement, unless the context indicates a contrary intention:

1.2.1 any reference to the singular includes the plural and ***vice versa***;

1.2.2 any reference to natural persons includes legal persons and ***vice versa***;

1.2.3 any reference to gender includes the other genders.

1.3 The clause headings in this Agreement have been inserted for convenience only and shall not be taken into account in its interpretation.

1.4 Words and expressions defined in any clause shall, for the purpose of that clause, bear the meaning assigned to such words and expressions in that clause.

1.5 If any provision in a definition is a substantive provision conferring rights or imposing obligations on either Party, effect shall be given to it as if it were a substantive clause in the body of the Agreement, notwithstanding that it is only contained in the interpretation clause.

1.6 If any period is referred to in this Agreement by way of reference to a number of days, the days shall be reckoned inclusively of the first and exclusively of the last day unless the last day falls on a day which is not a Business Day, in which case the day shall be the next succeeding Business Day.

1.7 Any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time.

1.8 Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.

1.9 Schedules, appendices or annexures to this Agreement shall be deemed to be incorporated in and form part of this Agreement.

1.10 A reference to a person includes such person's permitted successors, assignees, transferees or substitutes.

1.11 Any reference to a document is a reference to that document as amended, novated, ceded or supplemented.

1.12 Expressions defined in this Agreement shall bear the same meanings in schedules, appendices or annexures to this Agreement which do not themselves contain their own contrary definitions.

1.13 The expiration or termination of this Agreement shall not affect such of the provisions of this Agreement as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the clauses themselves do not expressly provide for this.

2. **THE FACILITY**

Subject to clauses 4 and 5.2 the Lender makes available to the Borrower, a loan facility in an amount equal to the Facility Amount, and accordingly the Lender shall lend to the Borrower and the Borrower shall borrower from the Lender and amount equal to the Facility Amount.

3. **PURPOSE**

3.1 The Borrower shall only use the amount advanced under the Facility for the repayment of amounts owing pursuant to the Existing Loan Outstandings, as contemplated in the Settlement Letter, and for no other purpose.

3.2 The Borrower shall, by no later than the Existing Loan Repayment Date, repay to the Lender, by direct electronic deposit into the Lender Account, an amount equal to the Facility Amount, as contemplated in the Settlement Letter.

3.3 Failure by the Borrower to use the amount advanced under the Facility for the purposes set out in clause 3.1 shall constitute a material breach of this Agreement.

3.4 The Lender shall not be under any obligation to monitor or verify that the Borrower has used the amount advanced under the Facility for the purpose set out in clause 3.1.

4. **ADVANCE REQUIREMENTS AND CONDITIONS**

4.1 The Borrower shall by no later than the seventh Business Day after the Signature Date deliver to the Lender:

4.1.1 an executed original of each of the Finance Documents, duly signed by the Borrower;

4.1.2 a copy of the Trust Deed; and

4.1.3 a resolution by the trustees of the Borrower in which (1) the Borrower's trustees resolve to conclude the Finance Documents, and (2) a named person is authorised to conclude the Finance Documents on behalf of the Borrower.

4.2 The Borrower shall not be entitled to the Advance until it has performed its obligations under clause 4.1, unless the such obligations have been waived by the Lender in writing.

4.3 The Advance Requirements are stipulated for the benefit of the Lender, who may by written notice to the Borrower, waive the performance of any of the Advance Requirements.

4.4 This Agreement, which shall take effect on the Signature Date, will fall away and be of no further force or effect unless, the following is delivered to the Lenders by no later than the seventh Business Day after the Signature Date:

4.4.1 a copy of the ARM Refinancing Loan Agreement, duly signed by each party thereto;

4.4.2 a notice from ARM confirming that all of the ARM Advance Requirements have been performed or waived;

and the Lender is satisfied with all aforesaid documents.

4.5 The Borrower shall use its reasonable commercial endeavours to procure the delivery of the documents set out in clauses 4.4.1 and 4.4.2.

4.6 The Lender shall notify the Borrower in writing when it is satisfied that the documents set out in clauses 4.4.1 and 4.4.2 have been delivered and it is satisfied with all aforesaid documents.

4.7 If, by no later than 28 June 2021 or such later date as the Parties may agree in writing, any of the Advance Requirements are not performed or waived, then the Lender shall be entitled to terminate this Agreement on written notice to the Borrower, and:

4.7.1 save for claims arising out of or in connection with the provisions of this Agreement prior to such termination, neither Party shall have any claim against the other arising out of or in connection with this Agreement or its termination; and

4.7.2 to the extent that this Agreement may have been partially implemented, the Parties shall be restored to their status quo ante.

4.8 Notwithstanding anything to the contrary contained herein, the Borrower shall not be entitled to the Advance:

4.8.1 if any Event of Default (other than an Insolvency Event) shall have occurred or would result from the making of the Advance;

4.8.2 if any Insolvency Event shall have occurred; or

4.8.3 if the making of the Advance would be unlawful under any Applicable Law as contemplated in clause 18, or the Borrower's obligation to make repayment of the Advance and/or payment of interest under this Agreement is or would not be legal, valid, binding or enforceable as contemplated in clause 18.

5. **ADVANCE**

5.1 Subject to clause 4, the Lender shall make the Advance to the Borrower by paying the amount thereof directly into the Borrower Account by electronic transfer on the Advance Date.

5.2 The relevant bank charges in respect of the Advance to be made by the Lender in terms of this Agreement shall be for the account of the Borrower.

6. **INTEREST**

6.1 Subject to clause 6.2, no interest shall accrue on the Outstanding Principal.

6.2 The Lender shall have the right to elect, from time to time, to levy interest on the Outstanding Principal for any number of different periods, subject to the following:

6.2.1 the duration of each such period shall be determined by the Lender; and

6.2.2 the rate of interest for each period shall not exceed the highest rate that is, at the time of the notice, being charged (or to be charged on any outstanding principal) by any of the Lender's financiers that is a registered South African Bank under any corporate loan facility granted to the Lender, or, if at the time the Lender has no such facilities, the most recent facility that the Lender had;

> and provided that the Lender shall not charge such interest without obtaining ARM's prior written consent and confirmation that it will charge an equivalent interest, for the same period and at the same rate, under the ARM Refinancing Loan Agreement.

6.3 The Lender's election for any period shall be exercised by written notice given to the Borrower at least 30 (thirty) days before the beginning of the period and each such notice shall specify the first and the last day of such period and rate of interest to be levied.

6.4 The Lender shall be entitled at any time to withdraw any election made by it in terms of clause 6.2 and/or to amend (by written notice to the Borrower) any of the terms set out in any notice delivered pursuant to clause 6.2, clause 6.3 or this clause 6.4.

6.5 Where the Lender elects to charge interest, any such interest that accrues, shall be paid or capitalised, as set out in the relevant election notice contemplated in clauses 6.2, 6.3 and/or 6.4.

6.6 The Borrower shall, on the Maturity Date, pay all of the interest (whether capitalised or not) which has accrued on the Outstanding Principal and remains unpaid at that date.

7. **DEFAULT INTEREST**

7.1 Subject to clause 7.4, if the Borrower fails to pay any amount corresponding to Outstanding Principal on the due date therefor, interest shall accrue on such Unpaid Sum from such due date up to the date of actual repayment in full of the Outstanding Principal (both before and after judgment) at the Default Interest Rate.

7.2 Subject to clause 7.4, if the Borrower fails to pay any amount payable by it under a Finance Document on its due date (other than an amount included in the Outstanding Principal and in respect of which interest is accruing in terms of clause 7.1), interest shall accrue on such Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at the Default Interest Rate.

7.3 Default interest arising on an Unpaid Sum in terms of clauses 7.1 or 7.2 will (if unpaid) be compounded with the Unpaid Sum at the end of each calendar month, but will remain immediately due and payable.

7.4 Clauses 7.1 and 7.2 shall apply only to Unpaid Sums that remain outstanding during any period in which interest is being levied as contemplated in clause 6.2.

8. **REPAYMENT**

8.1 The Outstanding Principal shall be repaid in full by the Borrower on the Maturity Date.

8.2 The Lender shall be entitled, on written notice given by the Lender to the Borrower no later than the Maturity Date , to extend the Maturity Date to any date falling after the Maturity Date, provided that such extension shall be conditional upon and subject to such other amendments to the terms and conditions of this Agreement as may be required by the Lender being agreed in writing by the Borrower and the Lender prior to such extension becoming effective.

9. **VOLUNTARY PREPAYMENTS**

9.1 The Borrower shall be entitled, subject to clause 9.2 and the provisions of the Trust Deed, to prepay the whole or any part of the Outstanding Principal.

9.2 Notwithstanding the provisions of clause 9.1, the Borrower shall not prepay the Outstanding Principal or a portion thereof, without paying to the Lender, on the applicable Prepayment Date, all interest which has accrued on the Outstanding Principal and which has not yet been paid by the Borrower.

9.3 If any amount owing pursuant to the ARM Refinancing Loan Agreement is voluntarily prepaid, the Borrower shall simultaneously prepay to the Lender under this Agreement an amount so that the amount so paid under this Agreement is equal to the Harmony Percentage of the total amount paid under both this Agreement and the ARM Refinancing Loan Agreement.

10. **TRANSFERS FROM THE COLLECTION ACCOUNT**

Subject at all times to the provisions of the Trust Deed, the Borrower shall not, without the prior written consent of the Lender, transfer any amount from the Collection Account (as defined in the Trust Deed) other than for the following purposes and in the following order of priority:

10.1 first, to pay or make provision for any taxes that are then due and payable or will, or are likely to, become due and payable before the end of the then current financial year of the Borrower;

10.2 second, to pay Trust Expenditure; and

10.3 third, any balance standing to the credit of the Collection Account may be transferred to the Distributions Account and applied at the discretion of the Borrower in accordance with its objectives under the Trust Deed.

11. **GENERAL PROVISIONS APPLYING TO PAYMENTS**

11.1 Notwithstanding anything to the contrary, the Borrower shall pay to the Lender all amounts outstanding under this Agreement (including, but not limited to, the remaining Outstanding Principal, and all interest that has accrued but not yet been paid) by no later than the Maturity Date.

11.2 The Borrower shall make payment of all amounts which may become payable by it to the Lender pursuant to this Agreement (whether in respect of interest, principal or otherwise) by electronic transfer, free of exchange or other deduction, directly into the Lender Account by 15h00 on the due date for payment, or shall be made in such other manner as the Lender may direct in writing. Payment as aforesaid shall fully and finally discharge the Borrower's obligations to pay the applicable amounts to the Lender.

11.3 If the date for payment of any amount which becomes payable pursuant to this Agreement (whether in respect of interest, principal or otherwise) is not a Business Day, the due date for payment shall be the next Business Day except if such next Business Day falls into the next Calendar Month in which case the due date for payment shall be the previous Business Day.

11.4 The Borrower hereby acknowledges and agrees that for as long as any Event of Default has occurred and is continuing, but subject at all times to the provisions of the Trust Deed, the Lender shall have the right to appropriate and allocate any monies received from the Borrower to any indebtedness or obligation of the Borrower to the Lender as the Lender may deem fit in its sole and absolute discretion, and the Borrower hereby waives the right to name the debt to which any such monies may or shall in such event be allocated or appropriated.

11.5 The Borrower shall have no right to:

11.5.1 defer, withhold or adjust any payment due to the Lender arising out of this Agreement;

11.5.2 obtain the deferment of any judgment for any such payment or part thereof; or

11.5.3 obtain deferment of any execution of any judgment,

by reason of any set off or counterclaim of whatsoever nature and howsoever arising.

11.6 No amount prepaid or repaid by the Borrower to the Lender shall be available to be redrawn by the Borrower.

11.7 The Lender shall be entitled to set off any amount owing by it to the Borrower against any indebtedness of the Borrower to it under or arising out of this Agreement.

12. **REPRESENTATIONS AND WARRANTIES**

12.1 In addition to any representations and warranties made or given elsewhere in the Finance Documents by the Borrower to the Lender, the Borrower hereby makes and gives the representations and warranties contained in this clause 12 to the Lender. Each such representation and warranty:

12.1.1 is a separate and distinct representation or warranty;

12.1.2 is material;

12.1.3 has induced the Lender to enter into this Agreement;

12.1.4 is made or given, save where otherwise indicated, as at each Warranty Date; and

12.1.5 is qualified by (and subject to) the disclosures (if any) made in writing prior to the Signature Date.

12.2 The Borrower represents and warrants to the Lender that:

12.2.1 **Status**

12.2.1.1 The Borrower is a trust, duly established and existing under the laws of the Republic of South Africa.

12.2.1.2 The Borrower has the power to own its assets and carry on its affairs as they are being carried on.

12.2.2 **Capacity, powers and authority**

The Borrower has the legal capacity, authority and power to enter into the Finance Documents and to perform its obligations under the Finance Documents.

12.2.3 **Legal validity**

The obligations of the Borrower, as contained in the Finance Documents are valid and binding and enforceable in accordance with their terms, subject to applicable restrictions on the application of equitable remedies and to the limitations imposed by laws relating to bankruptcy and insolvency and other mandatory provisions of law relating to the rights of creditors.

12.2.4 **Non-conflict with other obligations**

The entry into by the Borrower of, and the performance of its obligations and the exercising of its rights under, and the transactions contemplated by, the Finance Documents do not:

12.2.4.1 conflict with or violate the Trust Deed;

12.2.4.2 exceed any borrowing limit of the Borrower or cause any such limit to be exceeded;

12.2.4.3 conflict with or violate any Applicable Laws to which the Borrower is subject;

12.2.4.4 result in any asset of the Borrower being Encumbered without the knowledge and consent of the Lender; or

12.2.4.5 conflict with or violate or constitute a breach or default or termination event (howsoever described) of any agreement, deed, document, instrument or the like which is binding upon the Borrower.

12.2.5 **Authorisations**

12.2.5.1 All authorisations required by the Borrower in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Finance Documents have been obtained or effected (as appropriate) and are in full force and effect.

12.2.5.2 All authorisations required by the Borrower to carry on its affairs in the ordinary course and in all material respects as they are carried on have been obtained or effected (as appropriate) and are in full force and effect.

12.2.6 **Encumbrances**

No Encumbrance other than a Permitted Encumbrance (including the Encumbrances (if any) disclosed in writing prior to the Signature Date) exists over the whole or any portion of the assets of the Borrower.

12.2.7 **No Default**

12.2.7.1 No Default is continuing or will result from the conclusion of, or the performance of any transaction contemplated by, any Finance Document.

12.2.7.2 As at the Signature Date, to the best of the Borrower's knowledge and belief and after having made all reasonable enquiries, the Borrower is not in breach of or in default under any agreement to which it is a party or which is binding on any of its assets, or under the Trust Deed.

12.2.8 **Insolvency**

As at the Signature Date, no Insolvency Event has occurred and is continuing.

12.2.9 **Assets**

The Borrower has good and valid legal title to the Trust Assets, and it has good and marketable title to or right of use of all of the Trust Assets.

12.2.10 **Priority of Claims**

The claims of the Lender against the Borrower under this Agreement will rank at least *pari passu* with the claims of its other unsecured and unsubordinated creditors except for those claims which are preferred solely by reason of any bankruptcy, insolvency or similar law.

13. **INFORMATION UNDERTAKINGS**

13.1 **Financial statements**

The Borrower shall supply to the Lender, as soon as they are available, its audited financial statements for each Financial Year.

13.2 **Requirements for Financial Statements**

The Borrower shall ensure that each set of financial statements supplied under this Agreement is prepared using IFRS.

13.3 **Information: Miscellaneous**

The Borrower shall supply to the Lender, upon its request, copies of all documents dispatched by the Borrower to its creditors generally or any class of them at the same time as they are dispatched.

13.4 **Notification of default**

The Borrower shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence, and shall promptly inform the Lender of any event or any circumstance whatsoever which is likely to affect the accuracy of or modify any representation, warranty or covenant of or by the Borrower in terms of this Agreement.

13.5 **Litigation**

The Borrower shall furnish to the Lender promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Borrower.

13.6 **Termination of Undertakings**

The undertakings given by the Borrower to the Lender in this clause 13 shall terminate on the Discharge Date.

14. **POSITIVE UNDERTAKINGS BY THE BORROWER**

14.1 The Borrower hereby gives the undertakings contained in this clause 14 to the Lender. Each such undertaking:

14.1.1 is a separate and distinct undertaking;

14.1.2 is given for the entire period which commences on the Effective Date and which ends on the Discharge Date;

14.1.3 shall not be qualified by any other undertaking contained in the Finance Documents (except if that other undertaking specifically qualifies the applicable undertaking); and

14.1.4 is qualified by (and subject to) each disclosure (if any) made in writing prior to the Signature Date.

14.2 The Borrower undertakes that, until the Discharge Date, it shall:

14.2.1 **Applicable Laws**

14.2.1.1 obtain all authorisations required under any Applicable Laws to enable it to conduct its affairs in accordance with the Trust Deed and to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability and/or admissibility into evidence of each Finance Document;

14.2.1.2 obtain all approvals which it may require, in terms of any Applicable Law for the conduct of its affairs in accordance with the Trust Deed;

14.2.1.3 take all reasonable steps to maintain, and to comply with the terms of, each authorisation envisaged in clauses 14.2.1.1 and 14.2.1.2; and

14.2.1.4 comply with all Applicable Laws if any failure to do so could reasonably be expected to result in a Material Adverse Change;

14.2.2 **Inspections and access**

allow the duly authorised representatives of the Lender at all reasonable times to inspect its premises, works and equipment and its books, documents and records and to make extracts from or copies of the latter on the understanding that information obtained from the Borrower will remain confidential (except where disclosure to relevant authorities is required under applicable laws) and restricted to the Lender, its representatives and advisors and their respective personnel;

14.2.3 **Taxes**

pay all Taxes which become due and payable by it.

15. **NEGATIVE UNDERTAKINGS BY THE BORROWER**

15.1 The Borrower hereby gives the undertakings contained in this clause 15 to the Lender. Each such undertaking:

15.1.1 is a separate and distinct undertaking;

15.1.2 is given for the entire period which commences on the Effective Date and which ends on the Discharge Date;

15.1.3 shall not be qualified by any other undertaking contained in the Finance Documents (except if that other undertaking specifically qualifies the applicable undertaking); and

15.1.4 is qualified by (and subject to) each disclosure (if any) made in writing prior to the Signature Date.

15.2 The Borrower undertakes that, until the Discharge Date, it shall not, without the prior written consent of the Lender:

15.2.1 **Financial Indebtedness**

incur any Financial Indebtedness other than Permitted Indebtedness or give any indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person;

15.2.2 **Encumbrances**

create or permit to arise or exist any Encumbrance over any of its assets, other than a Permitted Encumbrance;

15.2.3 **Distributions**

make any Distribution (other than as required or permitted under the Trust Deed);

15.2.4 **Assets**

dispose of any assets other than pursuant to a Permitted Disposal;

15.2.5 **Merger**

merge or consolidate with any other person;

15.2.6 **Transactions**

conclude any transaction with any person other than:

15.2.6.1 this Agreement and the ARM Refinancing Loan Agreement;

15.2.6.2 as contemplated and permitted or required by the Trust Deed or the ARM Refinancing Loan Agreement;

15.2.7 **Trust Deed**

make any material amendments to the Trust Deed;

15.2.8 **Other loan agreements**

amend, vary, cancel or terminate, or agree to any amendment, variation, cancellation or termination of the ARM Refinancing Loan Agreement (or any agreement related to or incidental to the ARM Refinancing Loan Agreement) nor waive, or agree to any waiver of, any of its rights, privileges or benefits under that agreement;

15.2.9 **Credit**

make any loans or grant any credit;

15.2.10 **Interests in Trust Assets**

appoint or constitute any income or capital beneficiaries or grant any further interests in the Trust Assets otherwise than in accordance with the Trust Deed.

16. **EVENT OF DEFAULT**

16.1 Each of the events or circumstances set out in clauses 16.2 to 16.15 is an Event of Default, whether or not the occurrence of such event is within the Borrower's control.

16.2 **Non-payment**

The Borrower fails to pay any amount which becomes payable by it under a Finance Document on the due date for payment thereof, except if:

16.2.1 that failure to pay is caused by a technical or administrative error beyond the reasonable control of the Borrower; and

16.2.2 payment is made in full within 5 (five) Business Days of the due date for payment.

16.3 **Breach of undertakings**

The Borrower fails to comply with any undertaking given by it to the Lender in clauses 13, 14 or 15 except if that non-compliance:

16.3.1 is capable of remedy; and

16.3.2 is remedied within 10 (ten) Business Days of the earlier of the Lender giving notice of the breach to the Borrower and the Borrower becoming aware of the non-compliance.

16.4 **Misrepresentation**

Any representation or warranty made or given by the Borrower in either Finance Document is incorrect or misleading in any material respect, unless the circumstances giving rise to the misrepresentation or breach of warranty:

16.4.1 are capable of remedy; and

16.4.2 are remedied within 10 (ten) Business Days of the earlier of the Lender giving notice and the Borrower (or such other person, as the case may be) becoming aware of the misrepresentation or breach of warranty.

16.5 **Breach of other obligations**

The Borrower or any other person (other than the Lender) fails to comply with any obligation imposed on it under any Finance Document, other than an obligation envisaged in clauses 16.2 or 16.3, except if that non-compliance:

16.5.1 is capable of remedy; and

16.5.2 is remedied within 60 days of the earlier of the Lender giving notice of the breach to the Borrower and the Borrower (or such other person, as the case may be) becoming aware of the non-compliance.

16.6 **Cross-default**

Any of the following occurs in respect of the Borrower:

16.6.1 any of its Financial Indebtedness (other than that arising under this Agreement) is not paid when due, after the expiry of any originally applicable grace period;

16.6.2 any of its Financial Indebtedness is declared to be or otherwise becomes due and payable before its specified maturity, is placed on demand or is capable of being declared by a creditor to be due and payable prior to its specified maturity, in each case, as a result of an event of default (howsoever described) and the Lender has given written notice to the Borrower that it regards the event as an Event of Default;

16.6.3 a commitment for, or underwriting of, any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (howsoever described) and the Lender has given written notice to the Borrower that it regards the event as an Event of Default;

16.6.4 any of its creditors becomes entitled to foreclose on any Encumbrance given to secure its Financial Indebtedness over any of its assets; or any event of default (however described) occurs under the ARM Refinancing Loan Agreement.

16.7 **Insolvency**

Any of the following occurs in respect of the Borrower:

16.7.1 it is, or is deemed for the purposes of any Applicable Law to be, insolvent or unable to pay its debts as they fall due;

16.7.2 it admits an inability to pay its debts as they fall due;

16.7.3 it suspends making payments of all or any category of its debts or announces an intention to do so;

16.7.4 by reason of actual or anticipated financial difficulties, it begins negotiations with any creditor for the rescheduling of any of its indebtedness;

16.7.5 the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities); or

16.7.6 a moratorium is declared in respect of any of its indebtedness (in which event the ending of the moratorium will not remedy any Event of Default caused by that moratorium).

16.8 **Insolvency Proceedings**

Any of the following occurs in respect of the Borrower:

16.8.1 a meeting of its trustees or beneficiaries is convened for the purpose of considering a resolution for the voluntary termination of, or sequestration of the Borrower;

16.8.2 any person brings an application, or files documents with a court or any registrar, for the Borrower's sequestration, termination or dissolution except if such application or filing is spurious, frivolous or vexatious (and if a dispute arises between the Lender and the Borrower in relation to any question whether any such application or filing is spurious, frivolous or vexatious, the onus to prove that the filing is spurious, frivolous and/or vexatious shall be on the Borrower);

16.8.3 any trustee or liquidator or similar officer is appointed in respect of it or any of its assets;

16.8.4 its trustees or beneficiaries request the appointment of, or give notice of their intention to appoint, a liquidator or similar officer; or

16.8.5 any other analogous step or procedure is taken in any jurisdiction.

16.9 **Creditors' Process**

Any asset of the Borrower with a book value (as reflected in the Borrower's most recent audited annual financial statements) in excess of ZAR 50 000 000 (fifty million Rand) (or its equivalent in any other currency) is attached under a writ of execution and the Borrower fails to ensure that such writ is lifted or stayed within 30 (thirty) days after the date on which the Borrower first becomes aware thereof.

16.10 **Final Judgment**

Any final judgment of any court of competent jurisdiction is granted against the Borrower in an amount in excess of ZAR 50 000 000 (fifty million Rand) (or its equivalent in any other currency) and the Borrower fails to pay the amount of that judgment on the day on which it becomes obliged to do so (and, for the purposes of this clause, a final judgment is a judgment which is not subject to further appeal or review).

16.11 **Unlawfulness of Finance Documents**

It is or becomes unlawful for the Borrower or any other person (other than the Lender) to perform any of its material obligations under the Finance Documents unless such unlawfulness:

16.11.1 is capable of remedy; and

16.11.2 is remedied within 14 (fourteen) days of the earlier of the Lender giving notice of the unlawfulness to the Borrower and the Borrower (or such other person, as the case may be) becoming aware of the unlawfulness.

16.12 **Unenforceability**

Any of the obligations of the Borrower under any Finance Document is not or ceases to be a legal, valid, and binding obligation, enforceable against the Borrower or such lender in accordance with the terms thereof, subject to applicable restrictions on the application of equitable remedies and to the limitations imposed by laws relating to bankruptcy and insolvency and other mandatory provisions of laws relating to the rights of creditors.

16.13 **Repudiation**

The Borrower repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

16.14 **Material Adverse Change**

Any Material Adverse Change occurs.

16.15 **Audit Qualification**

The auditors of the Borrower qualify their report on any audited financial statements of the Borrower for any period which ends after the Signature Date.

16.16 **Consequences of an Event of Default**

If an Event of Default is continuing, the Lender shall, by notice to the Borrower and without prejudice to any other rights or remedies which the Lender may have under any Finance Document or at law, be entitled to:

16.16.1 refuse to allow the Borrower to draw down the Advance under the Facility;

16.16.2 declare that all or part of any amounts outstanding under this Agreement are immediately due and payable;

16.16.3 declare that all or part of any amounts outstanding under this Agreement are payable on demand by the Lender; and/or

16.16.4 claim immediate payment of all or part of any amounts outstanding under this Agreement.

17. **TAXES**

17.1 Except if required to do so by any Applicable laws, the Borrower shall not make any deduction for or on account of Tax (a Tax Deduction) from any payment which it becomes obliged to make to the Lender under this Agreement.

17.2 If the Borrower becomes obliged, in terms of any Applicable Laws, to make a Tax Deduction in respect of any payment which becomes payable by the Borrower to the Lender under this Agreement (the **Subject Payment**):

17.2.1 the Borrower shall make the minimum deduction permissible under the relevant Applicable Laws;

17.2.2 the Borrower shall pay the amount of the Tax Deduction to the applicable revenue authority;

17.2.3 the Subject Payment shall be increased by such an amount as will have the effect that, after the deduction of the applicable Tax Deduction, the remaining amount will be equal to the Subject Amount (as if the Tax Deduction had not been applicable); and

17.2.4 the Borrower shall, within 30 (thirty) days after the day on which it makes the Tax Deduction to the Lender, deliver to the Lender proof of the fact that it has paid the Tax Deduction to the applicable revenue authority.

17.3 Notwithstanding the provisions of this clause 17, the Lender shall be entitled to arrange its Tax affairs in its sole and absolute discretion.

17.4 All amounts which are or become payable by the Borrower to the Lender in terms of this Agreement are VAT exclusive amounts. In the circumstances and if any such amount is subject to VAT, the Borrower shall (together with and in addition to the relevant amount) pay the applicable VAT to the Lender against presentation of a VAT invoice for that amount to the Borrower.

17.5 The Borrower shall pay all taxes and duties which may become payable as a result of the conclusion and implementation of the Finance Documents, but (for the avoidance of doubt) shall not be liable for payment of any tax assessed on the Lender under the law of the jurisdiction in which the Lender is incorporated or (if different) treated as resident for tax purposes if such tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Lender.

17.6 If any Finance Document requires the Borrower to indemnify the Lender against any costs or expenses, that indemnity shall include an indemnity against any VAT which becomes payable by the Lender in respect of the applicable cost or expense.

18. **ILLEGALITY**

18.1 If, at any time, it is or will become unlawful for the Lender to make or fund any payment under this Agreement or to allow the Outstanding Principal or any part of it to remain outstanding or otherwise to comply with any of its material obligations under this Agreement, or any of the Borrower's obligations under this Agreement is not, or ceases to be, legal, valid, binding and enforceable, the Lender may give written notice thereof to the Borrower and upon the Lender giving such notice:

18.1.1 the Borrower shall cease to be entitled to receive the Advance under this Agreement;

18.1.2 all the Borrower's indebtedness under this Agreement shall immediately become due without demand, presentment, protest, or other notice of formality of any kind, all of which are expressly waived by the Borrower; and

18.1.3 the Borrower shall promptly pay all amounts then due under this Agreement.

18.2 Prior to invoking its rights under clause 18.1, the Lender shall, in consultation with the Borrower, take all reasonable steps to mitigate effects of the illegality arising under such clause, including conducting its rights and obligations under the Finance Documents from another jurisdiction. The Lender’s obligation to mitigate as set forth in this clause does not affect the Borrower’s obligations under the Finance Documents. The Lender is not obliged to take any steps under this clause 18.2 if, in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

19. **INDEMNITIES**

The Borrower shall, within three Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by it as a result of:

19.1 the occurrence of any Event of Default;

19.2 a failure by the Borrower to pay any amount due under this Agreement on its due date;

19.3 funding, or making arrangements to fund, the Advance, but not made by any reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or gross negligence by the Lender alone); or

19.4 any amount being prepaid in accordance with a notice of prepayment given by a Borrower.

20. **COSTS**

20.1 **Finance Documents**

The Lender shall pay its reasonable legal costs incurred in the negotiation and preparation of the Finance Documents and in procuring the delivery of any documents required in terms of clause 4.

20.2 **Subsequent Costs**

20.2.1 The Borrower shall pay the amount of all reasonable costs and expenses (including legal fees) incurred by the Lender in connection with:

20.2.1.1 any amendment, waiver or consent requested by or on behalf of the Borrower or any person other than the Lender, or specifically allowed by this Agreement; or

20.2.1.2 any other matter which is not of an ordinary administrative nature arising out of or in connection with either Finance Document.

20.2.2 Notwithstanding clause 20.2.1, the Lender will bear the costs of any counsel it hires (to advise it alone) in connection with such amendment, waiver or consent.

20.3 **Enforcement Costs**

The Borrower shall pay the amount of all reasonable costs and expenses (including legal fees on an attorney and own client scale) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Documents.

21. **ACCOUNTS AND CERTIFICATES**

21.1. **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in any accounts maintained by the Lender shall be prima facie proof of the matters to which they relate.

21.2. **Certificates and determinations**

21.2.1 Any certification or determination by the Lender of a rate or amount or a due date under the Finance Documents, signed by any director or senior manager of the Lender (whose appointment and designation need not be proved) shall be prima facie proof of the matters to which it relates.

21.2.2 A certificate in terms of clause 21.2.1 shall be:

21.2.2.1 binding on the Borrower as ***prima facie*** proof of the amount of the Borrower's indebtedness hereunder; and

21.2.2.2 valid as a liquid document against the Borrower in any competent court for the purpose of obtaining provisional sentence or other order or judgement against the Borrower thereon.

21.3 **Accrual of Interest**

Any interest which accrues under this Agreement shall accrue from day to day and shall be calculated on the actual number of days elapsed and on the basis of a year of 365 (three hundred and sixty five) days.

22. **GENERAL CONDITIONS**

22.1 **Whole Agreement**

This Agreement constitutes the whole agreement between the Parties as to the subject matter hereof and no agreements, representations or warranties between the Parties regarding the subject matter hereof other than those set out herein are binding on the Parties.

22.2 **Variation**

No addition to or variation, consensual cancellation or novation of this Agreement and no waiver of any right arising from this Agreement or its breach or termination shall be of any force or effect unless reduced to writing and signed by the Parties or their duly authorised representatives.

22.3 **Relaxation**

No latitude, extension of time or other indulgence which may be given or allowed by either Party to the other Party in respect of the performance of any obligation hereunder, and no delay or forbearance in the enforcement of any right of either Party arising from this Agreement, and no single or partial exercise of any right by such Party under this Agreement, shall in any circumstances be construed to be an implied consent or election by such party or operate as a waiver or a novation of or otherwise affect any of such Party's rights in terms of or arising from this Agreement or estop or preclude such Party from enforcing at any time and without notice, strict and punctual compliance with each and every provision or term hereof.

22.4 **Severability**

The Parties agree that each and every provision of this Agreement is severable from the remaining provisions of this Agreement and should any provision of this Agreement be in conflict with any Applicable Law, or be held to be unenforceable or invalid for any reason whatsoever, such provision should be treated as pro non scripto and shall be severable from the remaining provisions of this Agreement which shall continue to be of full force and effect.

22.5 **Independent Advice**

22.5.1 Each of the Parties hereto acknowledges that it has been free to secure independent legal and other advice as to the nature and effect of all of the provisions of this Agreement and that it has either taken such independent legal and other advice or dispensed with the necessity of doing so.

22.5.2 The Borrower acknowledges and agrees that it has not relied in any way upon any information and/or advice given by the Lender in the preparation, negotiation and/or implementation of this Agreement and has taken all reasonable actions to satisfy itself as to the consequences of it or any other person entering into the Finance Documents.

22.6 **Limitation on liability**

Neither Party, nor its officers, employees, agents or assigns shall be liable to the other Party for any indirect, consequential, incidental or contingent damages, including but not limited to a loss of profits arising out of a breach of this Agreement or any negligent act or omission on its/their part or any cause whatsoever.

22.7 **Survival of claims**

The termination of this Agreement, for any cause whatsoever, shall not affect the right of the Lender to recover from the Borrower any amount due to the Lender on or before such termination or in consequence thereof or any other liability incurred by the Borrower on or before such termination or in consequence thereof or the right of the Lender to recover any damages for breach of this Agreement.

22.8 **Assignment**

22.8.1 The Borrower shall not be entitled to cede and delegate or otherwise transfer all or any of its rights, benefits and obligations under this Agreement without the prior written consent of the Lender.

22.8.2 The Lender may, without the consent of the Borrower, cede and delegate or otherwise transfer all or any of its rights, benefits and obligations under this Agreement to any Affiliate or Affiliates of the Lender.

22.8.3 The Borrower expressly agrees and consents to all and any cessions and delegations or transfers contemplated in and permitted by or in terms of clause 22.8.2. To the extent that any such cessions, delegations or transfers give rise to a splitting of claims against the Borrower, the Borrower consents thereto.

23. **COUNTERPARTS**

This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

24. **NOTICES**

24.1 **Communications in writing**

Any communication to be made under or in connection with Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter (including electronic mail or other electronic means).

24.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with Agreement is:

24.2.1 in the case of the Borrower:

ARM Broad-Based Economic Empowerment Trust

Address: 29 Impala Road
Chislehurston
Sandton
South Africa

Attention: Trustee Tsundzukani Mhlanga

Telephone: 011 7791520

Email: tsundzukani.mhlanga@arm.co.za

24.2.2 in the case of the Lender:

Harmony Gold Mining Company Limited

Address for Notices: Cnr Main Reef Road and Ward Avenue
Randfontein
1759

South Africa

Attention: Boipelo Lekubo and Shela Mohatla

Telephone: 011 411 2011

Email: boipelo.lekubo@harmony.co.za; shela.mohatla@harmony.co.za,

or any substitute address or fax number or email address or department or officer as either Party may notify to the other Party by not less than 5 Business Days' notice, and the Parties choose as their *domicilia citandi et executandi* their respective physical addresses set out in (or as substituted as contemplated in) this clause for all purposes arising out of or in connection with this Agreement.

24.3 **Delivery**

24.3.1 Any communication or document made or delivered by one Party to another under or in connection with this Agreement will only be effective:

24.3.1.1 if by way of fax, when received in legible form;

24.3.1.2 if by way of electronic mail, as set forth in clause 24.5; or

24.3.1.3 if by way of letter, when it has been left at the relevant address or upon actual receipt;

and, if a particular department or officer is specified as part of its address details provided under clause 24.2 (*Addresses*), if addressed to that department or officer.

24.4 **Notification of Address and Fax Number**

Promptly upon changing its own address or fax number, the relevant Party shall notify the other Party.

24.5 **Electronic Communication**

24.5.1 Any communication to be made between the Parties under or in connection with the Agreement may be made by electronic mail or other electronic means, if the Parties:

24.5.1.1 agree that, unless and until notified to the contrary, this is to be an accepted form of communication;

24.5.1.2 notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

24.5.1.3 notify each other of any change to their address or any other such information supplied by them.

24.5.2 Any electronic communication made between the Parties will be effective only when actually received in readable form.

24.6 **English Language**

24.6.1 Any notice given under, or in connection with, this Agreement must be in English.

24.6.2 All other documents provided under, or in connection with this Agreement must be:

24.6.2.1 in English; or

24.6.2.2 if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

25. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of it or in connection with it are governed by the law of the Republic of South Africa.

26. **JURISDICTION**

The Parties submit to the non-exclusive jurisdiction of the High Court of South Africa, Gauteng Local Division, Johannesburg (or any successor to that division) in respect of any matter arising from or in the connection with this Agreement and/or any of the Finance Documents, including its termination.

27. **WAIVER OF IMMUNITY**

The Borrower irrevocably and unconditionally:

27.1 agrees not to claim in any jurisdiction, for itself or in respect of its assets, immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or other legal process and waives such present or future immunity, whether claimed or not; and

27.2 consents generally to the giving of any relief or the issue of any process in connection with any proceedings, including the making, enforcement or execution against any property of any nature (irrespective of its use or intended use) of any order or judgement which may be made or given in any proceedings.

SIGNED at __Sandton_______ on this the ____28_____ day of __June___2021.

For and on behalf of

HARMONY GOLD MINING COMPANY LIMITED

___/s/Boipelo Lekubo______

Signatory: Boipelo Lekubo

Capacity: Financial Director

Who warrants his authority hereto

____

Signatory:

Capacity:

Who warrants his authority hereto

SIGNED at ______Sandton____ on this the ____28___ day of ____June__2021.

For and on behalf of

THE TRUSTEES FOR THE TIME BEING OF **THE ARM BROAD-BASED ECONOMIC EMPOWERMENT TRUST**

__/s/Tshundzukani Mhlanga___

Signatory: Tshundzukani Mhlanga

Capacity: Financial Director : ARM

Who warrants his authority hereto

_/s/Derrick King___

Signatory: Derrick King

Capacity: Senior Executive : Finance - ARM

Who warrants his authority hereto

SIGNIFICANT SUBSIDIARIES OF HARMONY GOLD MINING COMPANY LIMITED

NAME OF SUBSIDIARY	PERCENTAGE HELD	COUNTRY OF INCORPORATION
Freegold (Harmony) Proprietary Limited	100 %	South Africa
Avgold Limited	100 %	South Africa
Harmony Gold Australia Proprietary Limited	100 %	Australia
Kalahari Goldridge Mining Company Limited	100 %	South Africa
Randfontein Estates Limited	100 %	South Africa
African Rainbow Minerals Gold Limited	100 %	South Africa
Harmony Moab Khotsong Operations Proprietary Limited	100 %	South Africa
Golden Core Trade and Invest (Proprietary) Limited	100 %	South Africa
Chemwes (Proprietary) Limited	100 %	South Africa

CERTIFICATION

I, Peter Steenkamp, certify that:

1. I have reviewed this annual report on Form 20-F of Harmony Gold Mining Company Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 29, 2021

By: /s/ Peter Steenkamp______________________

Peter Steenkamp
Chief Executive Officer

CERTIFICATION

I, Boipelo Lekubo, certify that:

1. I have reviewed this annual report on Form 20-F of Harmony Gold Mining Company Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 29, 2021

By: /s/ Boipelo Lekubo

Boipelo Lekubo
Financial Director

CERTIFICATION

(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended June 30, 2021 of Harmony Gold Mining Company Limited (the "**Company**") as filed with the U.S. Securities and Exchange Commission (the "**Commission**") on the date hereof (the "**Report**") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Peter Steenkamp, Chief Executive Officer of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2021

By: /s/ Peter Steenkamp
Peter Steenkamp
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided and will be retained by the Company and furnished to the Commission or its staff upon request.

CERTIFICATION

(pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report on Form 20-F for the fiscal year ended June 30, 2021 of Harmony Gold Mining Company Limited (the "**Company**") as filed with the U.S. Securities and Exchange Commission (the "**Commission**") on the date hereof (the "**Report**") and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Boipelo Lekubo, Financial Director of the Company, certify, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2021

By: /s/ Boipelo Lekubo
Boipelo Lekubo
Financial Director

A signed original of this written statement required by Section 906 has been provided and will be retained by the Company and furnished to the Commission or its staff upon request.

Exhibit 15.1: Integrated Annual Report for the 20-F 2021 dated October 29, 2021

INTEGRATED ANNUAL REPORT FOR THE 20-F 2021

CONTENTS

ABOUT THIS REPORT

Harmony's 2021 integrated annual report is for the financial year ended 30 June 2021 (FY21). Aimed primarily at investors, it covers all our operations and activities in South Africa and Papua New Guinea, their impacts and most material matters during the period. Significant events between year end and the date of approving this report are also noted.

This report aims to provide a holistic view of the company. It explains our business model, which informs our strategy as well as how we create and share value, and covers our performance – environmental, social, governance, operational and financial – for the year. Our overarching governance framework, using an integrated risk-based approach, guides all our decisions and is critical in ensuring and protecting value creation and delivery of our strategic objectives.

We aim to provide balanced, accurate and accessible information to enable readers to assess our performance over the past year and our ability to create value over time.

In compiling this report, we have determined our reporting boundary by taking into account:

REPORTING BOUNDARY FOR THE INTEGRATED REPORT

- Risks and opportunities resulting from our external operating context
- Risks and opportunities from operational, social and environmental variables.

FINANCIAL REPORTING BOUNDARY

- Wholly owned subsidiaries/entities
- Joint arrangements
- Investments where we have significant influence.

Investors and financiers	Employee and unions
Communities and non-governmental organisations	
Government and regulators	Suppliers

Materiality

This report addresses aspects that have a material impact on our performance now or in future, and therefore our ability to deliver on our strategy. These issues may also affect our ability to create and preserve value in the short, medium and long term.

Key to determining these aspects is engaging with stakeholders to identify their primary concerns. For a better understanding, see the section on stakeholder engagement. Our material issues are detailed on page 26, while risks and opportunities are discussed from page 24 – these sections provide context for how material issues are being managed.

While this report is aimed primarily at providers of financial capital, when read with the ESG report 2021, we trust we have addressed the information requirements of all stakeholders.

Reporting frameworks, guidelines and standards considered in compiling this report include:

- International Integrated Reporting Framework 2021
- King Report on Corporate Governance for South Africa, 2016 (King IV™*)
- JSE Listings Requirements
- GRI Standards for sustainability reporting
- United Nations Sustainable Development Goals (SDGs)
- International Council on Mining and Metals – 10 principles
- United Nations Global Compact
- Voluntary Principles on Security and Human Rights
- World Gold Council's Responsible Mining Principles

We have also considered the Principles for Responsible Investment, a United Nations-supported international network of investors, which reflect the increasing prominence of environmental, social and governance (ESG) issues to investors.

Our 2021 suite of reports:

- **Integrated annual report 2021**
- **Environmental, social and governance report (ESG Report) 2021**
- **Mineral Resources and Mineral Reserves 2021**
- **Report to shareholders 2021**
- **Financial report 2021**
- **Operational report 2021**
- **Climate-related financial disclosures* 2021**

**Referred to in our reporting suite as TFCD report.*

Other reports:

- **Form 20-F**
  Annual report filed with the United States Securities and Exchange Commission, in compliance with the listing requirements of the New York Stock Exchange
- **Global Reporting Initiative Scorecard**
  An index of the indicators reported in terms of the Global Reporting Initiative

Directors' responsibility
for the integrated annual report 2021

The Harmony board of directors has ultimate accountability for the integrity and accuracy of this integrated annual report. The board believes this report has been prepared in accordance with the International Integrated Reporting Council's Integrated Reporting Framework (2021). Based on the recommendations of the audit and risk committee and the social and ethics committee, the board has reviewed the report and confirms it addresses the most material issues currently facing Harmony and presents a balanced, accurate and representative view of the company and its strategy, its performance in the past financial year and its future ability to create and preserve value. The remuneration report was reviewed and approved by the remuneration committee.

The board approved this report on 28 October 2021.

Dr Patrice Motsepe
Chairman

Boipelo Lekubo
Financial director

Dr Simo Lushaba
Chairperson: social and ethics committee

Peter Steenkamp
Chief executive officer

Fikile De Buck
Chairperson: audit and risk committee

Vishnu Pillay
Chairperson: remuneration committee

Reference:

A glossary of terms is included at the end of this report. For convenience:

- PGK – kina, the currency of Papua New Guinea
- Moz – million ounces
- Mt – million tonnes
- Mlb – million pounds
- All production volumes are in metric tonnes (t), unless specifically stated as imperial tons.

While our reporting currency is the South African rand, US dollar equivalents of significant financial metrics, along with percentage movements, are provided to aid sector and peer comparisons.

Icons used in this report

OUR STRATEGIC PILLARS

- Responsible stewardship
- Operational excellence
- Cash certainty
- Effective capital allocation

We have included the US dollar equivalent amounts of certain information and transactions in Rand, Kina and A$. Unless otherwise stated, we have translated assets and liabilities at the spot rate for the day, while the US$ equivalents of cash costs and all-in sustaining costs have been translated at the average rate for the year (R15.40 per US$1.00 for fiscal 2021 and R15.66 per US$1.00 for fiscal 2020). By including these US dollar equivalents in this annual report, we are not representing that the Rand, Kina and A$ amounts actually represent the US dollar amounts, as the case may be, or that these amounts could be converted at the rates indicated.

CAPITAL INPUTS

- Human capital
- Financial capital
- Manufactured capital
- Intellectual capital
- Natural capital
- Social and relationship capital

Who we are

Harmony is an emerging-market gold mining and exploration specialist with a copper footprint. We operate in South Africa and Papua New Guinea, one of the world's premier new gold-copper regions.

With over 70 years in the industry, Harmony is an experienced emerging-market gold miner and the largest gold producer by volume in South Africa. The company is also a significant operator of gold tailings retreatment facilities. Our operations in Papua New Guinea include the Hidden Valley gold mine and our joint-venture stake in the Wafi-Golpu copper-gold project.

Our purpose

A global, sustainable gold producer, creating shared value for all stakeholders while leaving a lasting positive legacy:
- Creating longevity, profitability and sustainability
- Committed to safe, ethical, social and ecologically responsible mining
- Positioning our business to contribute to a low-carbon future.

Our mission

To create value by operating safely and sustainably, and growing our margins.

Our values

- No matter the circumstances, **safety** is our main priority
- We are all **accountable** for delivering on our commitments
- **Achievement** is core to our success
- We are all **connected** as one team
- We uphold **honesty** in all our business dealings and communicate openly with stakeholders.

Our impact

At Harmony, we understand that our activities and the way we conduct business affects the lives of the people we employ, communities that surround our mines and the environment. This impact has economic and social implications for our stakeholders and the countries in which we operate. In line with our purpose, we strive to ensure that our contribution is positive on balance and that our positive legacy endures once mining stops.

Shareholders

Our largest shareholder is African Rainbow Minerals Limited (ARM), which has a stake of 12.12% in Harmony. Our remaining shareholders are geographically diverse and include some of the largest fund managers globally. The largest shareholder base is in the United States (over 50%), followed by South Africa.

Market capitalisation

Headquartered in Randfontein, South Africa, Harmony has its primary listing on Johannesburg's stock exchange, the JSE Limited (HAR). It also has an American depositary receipt programme listed on the New York Stock Exchange (HMY). At 30 June 2021, our market capitalisation is **R32.5 billion (US$2.3 billion)** (30 June 2020: R43.3 billion; US$2.5 billion).

Doing what we know best		
South African gold-mining champion – delivering value-enhancing consolidation	**Proven expertise in driving efficiencies safely**	**Elevated margins and operating free cash flow**
• Emerging-market specialist (South Africa and Papua New Guinea) • Significant increase in South African production from Moab Khotsong acquisition, followed by Mponeng and Mine Waste Solutions acquisition • Meaningful value-enhancing improvement in South African recovered grade through acquisition, development • Acquisition synergies and other investments have potential to reduce all-in sustaining costs.	• Safety, a core value • Focus – quality ounces and cost reduction aimed at lowering all-in sustaining costs • Proven track record – sustaining and prolonging operating lives of deep-level mines • Wealth of mining expertise – combined, senior executive management and prescribed officers have decades of industry experience.	• Positioned to benefit from gold price and foreign exchange (operating free cash flow highly geared to current gold price environment) • Locking in high margin for future returns • Strengthened balance sheet supports future growth and capital returns • Regional consolidation in South Africa will unlock significant value, synergies and scale • Portfolio value supported by joint ownership of Wafi-Golpu asset.

WHERE WE OPERATE

South Africa

Production:

1.38Moz (90%)

Located on the Witwatersrand Basin and Kraaipan Greenstone Belt, our South African operations accounted for 71% of group Mineral Resources (gold and gold equivalent ounces) and 58% of group Mineral Reserves at year end.

UNDERGROUND

West Rand[1]

Doornkop
LoM* 14 years
4 146 employees
Annual production 117 993oz
Grade 4.31g/t

Kusasalethu
LoM 3 years
4 260 employees
Annual production 128 570oz
Grade 5.65g/t

Mponeng[2]
LoM 8 years
5 308 employees
Annual production 175 092oz*
Grade 7.97g/t

Klerksdorp goldfield[3]

Moab Khotsong
LoM 24 years[4]
6 209 employees
Annual production 230 391oz
Grade 7.94g/t

Free State

Tshepong Operations
LoM 20 years
9 164 employees
Annual production 238 526oz
Grade 4.76g/t

Bambanani
LoM 3 years
1 639 employees
Annual production 64 044oz
Grade 8.78g/t

Target 1
LoM 7 years
1 865 employees
Annual production 51 536oz
Grade 3.28g/t

Joel
LoM 9 years
2 032 employees
Annual production 45 783oz
Grade 3.97g/t

Masimong
LoM 1.5 years
2 064 employees
Annual production 64 687oz
Grade 3.95g/t

SURFACE

North West

Kalgold
LoM 12 years
700 employees
Annual production 35 655oz
Grade 0.74g/t

Mine Waste Solutions[2]
LoM 17 years
1 276 employees
Annual production
66 133oz
Grade 0.116g/t

Waste-rock dumps
Annual production
41 250oz
Grade 0.285g/t

West Rand[1]

Waste-rock dumps
Annual production 41 506oz
Grade 0.324g/t

Free State

Central Plant Reclamation
LoM 14 years
249 employees
Annual production 18 101oz
Grade 0.140g/t

Phoenix
LoM 7 years
333 employees
Annual production 25 046oz
Grade 0.126g/t

Waste-rock dumps
Annual production 32 343oz
Grade 0.616g/t

[1] The West Rand is on the border between Gauteng and North West.
[2] Production for nine months from October 2020 to June 2021.
[3] North West.
[4] Includes Zaaiplaats.
** LoM – life-of-mine.*

Papua New Guinea

Production:

~150 755oz (10%)

Located on the New Guinea Mobile Belt, in Morobe Province, our PNG operation accounted for 29% of group Mineral Resources (gold and gold equivalent ounces) and 42% of group Mineral Reserves at year end.

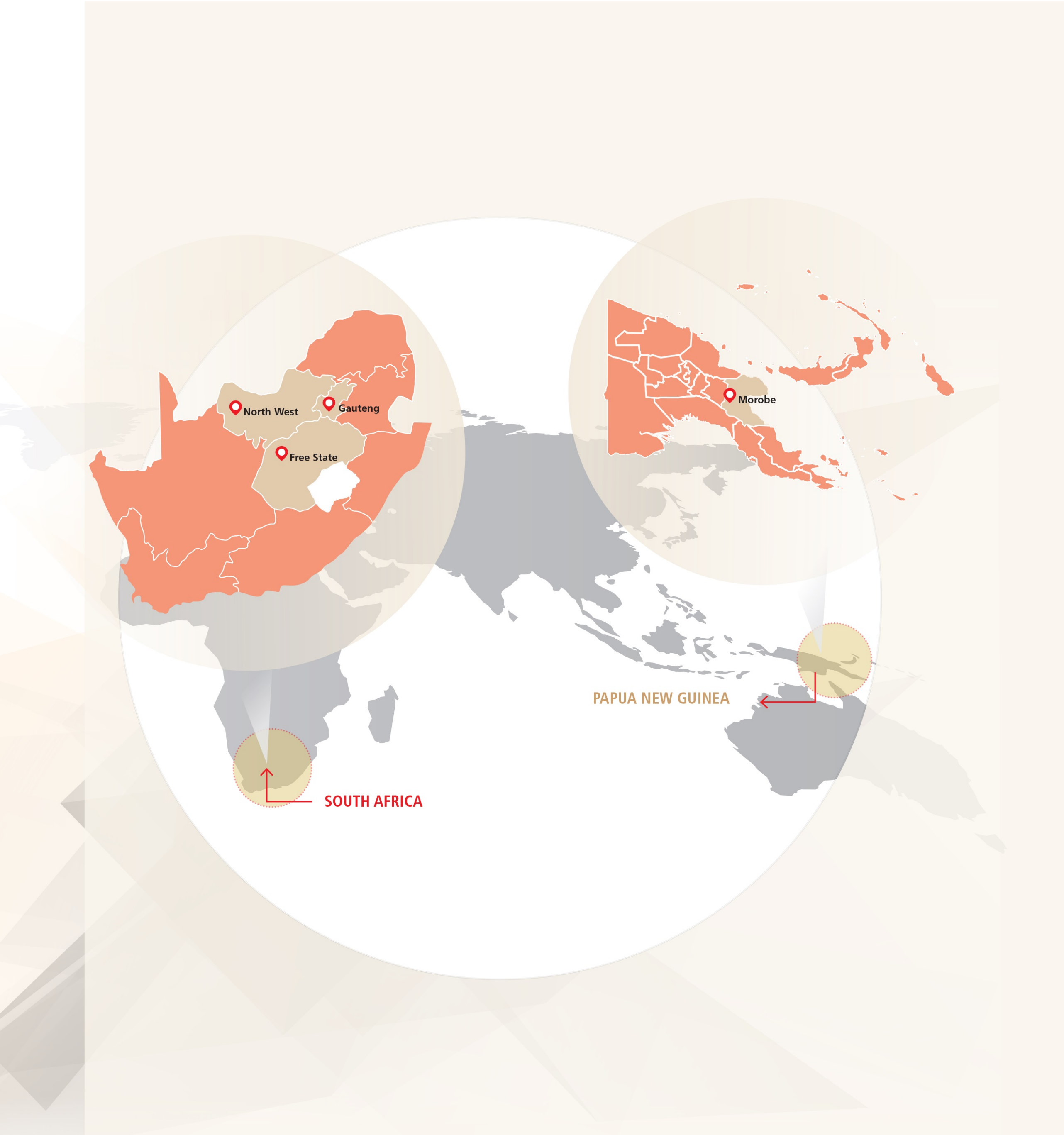
Hidden Valley

Open-pit gold and silver mine
LoM 6 years
2 228 employees
Annual production 150 755oz
Grade 1.37g/t

Wafi-Golpu

Proposed underground copper-gold joint operation – 50%
LoM 28 years
Projected grade 1.27% copper, 0.9g/t gold

Multiple exploration areas



BUSINESS MODEL

HOW WE CREATE VALUE YEAR ON YEAR

INPUTS

NATURAL CAPITAL

Natural resources, such as our orebodies, water and energy, used to operate our business
- Mineral Reserve of 42.45Moz gold and gold equivalents (FY20: 36.50Moz)
- Land under management 95 255ha (FY20: 69 159ha)
- Ore milled 49.25Mt (FY20: 25.43Mt)
- Resources consumed:
  - Water for primary activities 30 306 000m^3 (FY20: 19 692 000m^3)
  - Electricity 4 123 000MWh (FY20: 3 171 000MWh).

See Mineral Resources and Reserves summary in our Integrated annual report 2021 and Environmental management and stewardship

HUMAN CAPITAL

Skills and know-how of our workforce
- 48 113 permanent and contract employees (FY20: 39 714)
- Training 94% of workforce
- Transformation to create a more diverse and representative workforce, focused on recruiting from local communities.

Refer to Caring for our workforce

INTELLECTUAL CAPITAL

Intangibles associated with our brand and reputation, organisational systems and related procedures
- Skills and expertise as global leader in deep-level gold mining
- Digitisation under way
- Unique systems and processes.

MANUFACTURED CAPITAL

Physical infrastructure or technology we use
- Operational and associated infrastructure, equipment
- Production costs R29.8bn (US$1.9bn) (FY20: R22.1bn, US$1.4bn)
- Capital expenditure of R5.1bn (US$331m) (FY20: R3.6bn, US$230m)
- Mining rights and leases
- Exploration and growth projects
- Exploration spend, including Wafi-Golpu, R166m ((US$11m)) (FY20: R259m, (US$17m)).

See Operational performance and Exploration and projects

FINANCIAL CAPITAL

Includes funds from financing or generated by productivity
- Total equity R31.2bn (US$2.2bn) (FY20: R23.4bn, US$1.4bn))
- Cash generated by operating activities R9.2bn (US$596m) (FY20: R4.7bn, US$302m).

See Financial director's report in our Integrated annual report 2021

SOCIAL AND RELATIONSHIP CAPITAL

Relationships with all stakeholders
- Values and code of ethics guiding engagement
- Governance and corporate responsibilities
- Stakeholders: investors, employees, government and regulators, communities and suppliers.

See Stakeholder engagement

OPERATING CONTEXT

Our strategy

To produce safe, profitable ounces and improve margins through responsible stewardship, operational excellence and effective capital allocation.

Activities

We focus on mining gold from mature deep-level and surface operations, processing ore and selling the product to the market for further refinement. We also deliver on capital projects.

A competitive advantage

Harmony is a world leader in surface and deep-level mature asset mining. We are uniquely skilled, with extensive institutional knowledge, in prolonging the operating lives of mining assets. We understand mutually beneficial stakeholder engagement, enabling us to thrive in emerging markets.

Social licence to operate

We prioritise stakeholder engagement and creating shared value to maintain our social licence to operate.

Outlook

Harmony has operated for over 70 years – we intend to operate for another seven decades by organically growing our mineral reserve base and pursuing value-accretive acquisitions.

Factors impacting our business

What we can manage:
- Safety
- Grade and volume mine
- Costs, efficiencies and productivity
- Stakeholder relations.

What is beyond our control:
- Gold price and global market
- Exchange rate volatility
- Regulatory policy and political uncertainty
- Mounting community expectations and socio-economic challenges.

OUTPUTS

Gold produced
1.54Moz
(FY20: 1.22Moz)

Revenue generated
R41.7bn
(FY20: R29.2bn)

Total economic value distributed
R31.9bn
(FY20: R26.4bn)

Total CO_2 emissions
5 135 198t
(FY20: 4 012 110t)

Mining waste generated
Total milled
49.25Mt
(FY20: 25.5Mt)

Hazardous waste to landfill
524t
(FY20: 250t)

OUTCOMES

NATURAL CAPITAL

- ✓ Group spent R281m (US$18m) (FY20: R159m; US$10m) on land rehabilitation and environmental stewardship
- ✓ 4.46ha rehabilitated

HUMAN CAPITAL

- × Tragically, 11 fatalities
- ✓ A year of no strikes indicates a strong and mature relationship with unions
- ✓ Three-year wage settlement finalised post year end
- ✓ Focus on gender diversity
- ✓ Transformed workforce in South Africa, with 60% of management from designated groups
- ✓ R15.3bn (USR995m) spent on wages and salaries
- ✓ R488m (US$32m) on skills training and development (FY20: R458m, US$29m)
- ✓ Robust Covid-19 response, vaccination programme

INTELLECTUAL CAPITAL

- ✓ 49 346 employees trained
- ✓ 119 tertiary bursaries
- ✓ More digitised business to operate effectively in 21st century

MANUFACTURED CAPITAL

- ✓ Acquisition of Mponeng Mine and Mine Waste Solutions in October 2020, smooth integration
- ✓ Progressed our 30MW Nyala solar generation project to reduce dependency on fossil fuel-generated electricity

FINANCIAL CAPITAL

- × Share price down by 27%, decreasing market capitalisation to R32.5bn
- ✓ Net debt down to R542m (US$38m) (FY20: R1.4bn; US$79m)
- ✓ Production profit – R12.0bn (US$777m) (FY20: R7.2bn; US$459m)

SOCIAL AND RELATIONSHIP CAPITAL

- ✓ Invested R60m (US$4m) and R34.2m (US$2m) in South Africa and Papua New Guinea, respectively, in our social licence to operate and mine community development
- ✓ Focused on preferential/local procurement, spending R10.7bn (US$695m) in South Africa and R2.3bn (US$149m) in Papua New Guinea
- ✓ R1.2bn (US$79m) (FY20: R342m; US$22m) paid in taxes and royalties
- ✓ Improved relationship with host communities
- ✓ Ongoing pandemic support for most vulnerable households in host communities
- ✓ Constructive relations with governments of South Africa and Papua New Guinea

CREATING AND SHARING VALUE

Harmony creates value by delivering on its strategic objectives. These are underpinned by its four strategic pillars: responsible stewardship, operational excellence, cash certainty and effective capital allocation. In doing so, we ensure the long-term sustainability and profitability of our business. This in turn enables us to invest in our employees and our host communities, while contributing to the economy and sharing the value created with all our stakeholders.

How we create value for stakeholders

EMPLOYEES

- Ensuring a positive, safe working environment
- Empowering employees by investing in skills training and development
- Employing people from host communities
- Promoting transformation and female representation
- Attracting and retaining the skills and expertise required
- Motivating and rewarding employees for value-added performance
- Promoting harmonious, cooperative relations with employees and unions.

INVESTORS

- Delivering on our strategy and performing in line with guidance; positive earnings and share price growth, paying dividends

We do this by:

- Generating positive margins and cash flow
- Maintaining balance sheet flexibility
- Delivering on production guidance
- Investing in organic growth
- Unlocking value from synergies after integrating acquired assets
- Value-accretive acquisitions.

SUPPLIERS

- Focus on local preferential procurement to support local economies
- Engaging with suppliers and contractors to build cooperative, trust-based relationships and manage costs
- Ensuring services are delivered as agreed and in line with our values and strategic objectives
- Honest and timely communication
- Indirectly contributing to the broader economy.

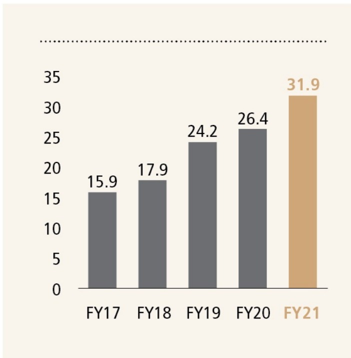
COMMUNITIES

- Investing in local economic development and corporate social investment initiatives
- Maintaining constructive relationships with communities
- Understanding, managing and addressing stakeholder expectations and concerns
- Contributing to socio-economic upliftment
- Promoting self-sustaining activities to create jobs and alleviate poverty
- Embracing safe and sustainable mining to make a positive socio-economic contribution.

GOVERNMENTS

- Contributing to national coffers by paying taxes and royalties on profits and earnings to enable government to budget
- Maintaining constructive relationships with regulators
- Ensuring legislative and regulatory compliance and that all mining rights and relevant permits are in place.

Economic value distributed over past five years (Rbn)



Total economic value distributed* to our stakeholders FY21

R31.9 billion (US$2.1 billion)

(FY20: R26.4 billion; US$1.7 billion)

** Includes financial and economic value distributed to our employee, investor, supplier, community and government stakeholders.*

We invest in sustaining our business for its long-term viability. A resilient and profitable business can invest in sustaining itself, in employees, rewarding investors and, as a responsible corporate citizen, honouring its socio-economic commitments.

How we created and shared economic value by stakeholder FY21

EMPLOYEES

Being a fair and responsible employer

R15.3bn (US$995m) paid in wages and salaries to **48 113** employees (FY20: R11.7bn; US$744m and 39 714 respectively)

South Africa:
R14.5bn (US$938m) (FY20: R10.9bn; US$695m)

Papua New Guinea:
R871m (US$57m) (FY20: R775m; US$49m)

INVESTORS

Rewarding shareholders and investing in sustaining our business and growth

Dividends of R684m (US$44m) (FY20: R3m) paid to shareholders

Future value creation and stay-in-business (total capital and exploration expenditure): **R5.3bn (US$344m)** (FY20: R3.8bn; US$243m)[1]

South Africa:
R3.9bn (US$253m) (FY20: R2.6bn; US$166m)

Papua New Guinea:
R1.4bn (US$91m) (FY20: R1.2bn; US$77m)

SUPPLIERS

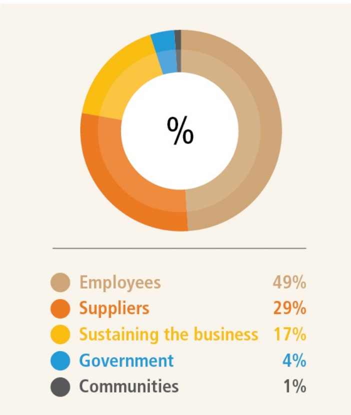
Supporting the broader economy by procuring goods and services to operate our business

R14.6bn (US$948m) spent on procuring goods and services (FY20: R14.3bn; US$913m)

South Africa:
Total procurement (discretionary) spend **R10.7bn (US$693m)** (FY20: R7.7bn; US$492m). Of this, **74%** or **R7.9bn (US$515m)** was preferential procurement with black economic empowerment* entities (FY20: 66%, R5.1bn; US$326m)

Papua New Guinea:
Total procurement spend **R2.3bn (US$253m)** (FY20: R3.9bn; US$231m), with **51%** or **R1,2bn** (**US$150m**) (FY20: 64%, R2.5bn; US$145 million) spent in-country and **49%** (**R489m**; **US$32m**) (FY20: 18%, R697 million; US$41 million) in Morobe Province

Distributing economic value created – FY21



COMMUNITIES

Investing in self-sustaining communities

Invested **R112m (US$7m)** in social and economic initiatives, as well as corporate social investment (FY20: R112m; US$7m)

South Africa:
R78m (US$5m)** (FY20: R76m; US$5m)

Papua New Guinea:
R34m (US$2m) (FY20: R36m; US$2m)

GOVERNMENTS

Supporting governments by contributing to the national fiscus

Payments to government
Taxes and royalties of **R1.3bn (US$88m)** (FY20: R342m; US$22m)

South Africa:
R1.2bn (US$79m) (FY20: R248m; US$16m)

Papua New Guinea:
R127m (US$8m) (FY20: R94m; US$6m)

Paid personal income tax of **R2.4bn (US$157m)** on employee salaries and wages (FY20: R2.0bn; US$128m)

South Africa:
R2.2bn (US$144m) (FY20: R1.8bn; US$117m)

Papua New Guinea:
R198m (US$13m) (FY20: R175m; US$11m)

** Refers to >25% + 1 vote historically disadvantaged person-owned and -controlled companies.*
*** Includes corporate social investment.*
[1] For the purposes of economic value created, capital and exploration expenditure is included as a part of employee and supplier spending.

OUR LEADERSHIP

Board of directors

BOARD LEADERSHIP

Non-executive chairman

Dr Patrice Motsepe (59)
BA, LLB, DOCTOR OF COMMERCE (HONORIS CAUSA), DOCTOR OF MANAGEMENT AND COMMERCE (HONORIS CAUSA)
Appointed non-independent non-executive chairman on 23 September 2003
Member: ●

Non-executive deputy chairman

Modise Motloba (55)
BSc, DIPLOMA IN STRATEGIC MANAGEMENT
Appointed 30 July 2004
Chairperson: ●
Member: ●●●

Lead independent non-executive director

Mavuso Msimang (80)
MBA (PROJECT MANAGEMENT), BSc
Appointed 26 March 2011
Chairperson: ●
Member: ●

EXECUTIVE MANAGEMENT

Chief executive officer

Peter Steenkamp (61)
BEng (MINING), MINE MANAGER'S CERTIFICATES METAL MINES, FIERY MINES, CPIR, MDP, BLDP
Appointed chief executive officer on 1 January 2016

Financial director

Boipelo Lekubo (38)
BCom (HONS), CA(SA)
Joined Harmony in June 2017 and appointed financial director on 3 March 2020

Executive director: stakeholder relations and corporate affairs

Mashego Mashego (57)
BA (EDUCATION), BA (HONS) (HUMAN RESOURCES MANAGEMENT), JOINT MANAGEMENT DEVELOPMENT PROGRAMME, GLOBAL EXECUTIVE DEVELOMENT PROGRAMME
Joined Harmony in 2005 and appointed executive director on 24 February 2010

INDEPENDENT NON-EXECUTIVE DIRECTORS

Joaquim Chissano (82)
PhD (HONORIS CAUSA)
Appointed 20 April 2005
Member: ●●

Fikile De Buck (61)
BA (ECONOMICS & ACCOUNTING), FCCA
Appointed 30 March 2006
Chairperson: ●
Member: ●●●

Dr Simo Lushaba (55)
BSc (HONS), MBA, DBA, CD (SA)
Appointed 18 October 2002
Chairperson: ●
Member: ●●●

Karabo Nondumo (43)
BAcc, HDip (ACC), CA(SA)
Appointed 3 May 2013
Member: ●●●

Vishnu Pillay (64)
BSc (HONS), MSc
Appointed 8 May 2013
Chairperson: ●
Member: ●●●

Given Sibiya (53)
BCom, BAcc, CA(SA)
Appointed 13 May 2019
Member: ●

Peter Turner (65)
NHD MECHANICAL ENGINEERING
Appointed 19 February 2021
Member: ●●

John Wetton (72)
CA(SA), FCA
Appointed 1 July 2011
Member: ●●●●

NON-EXECUTIVE DIRECTOR

André Wilkens (72)
MINE MANAGER'S CERTIFICATE OF COMEPTENCY MDPA, RMIIA, MINI MBA OIL AND GAS
Appointed 7 August 2007
Chairperson: ●
Member: ●●

COMMITTEE

● Audit and risk	● Nomination
● Social and ethics	● Investment
● Remuneration	● Technical

Detailed résumés of members of Harmony's executive management are available at https://www.harmony.co.za/who-we-are/board

Executive management

SENIOR GROUP EXECUTIVES

Chief operating officer: South Africa

Beyers Nel (44)
BEng (MINING ENGINEERING), MBA, Pr Eng, MINE MANAGER'S CERTIFICATE OF COMPETENCY

Chief executive officer: South-east Asia

Johannes van Heerden (48)
BCompt (HONS), CA(SA)

Chief operating officer: new business development, corporate strategy and projects

Phillip Tobias (51)
BSc (MINING ENGINEERING), INTERNATIONAL EXECUTIVE DEVELOPMENT PROGRAMME, ADVANCE MANAGEMENT PROGRAMME, MINE MANAGER'S CERTIFICATE OF COMPETENCY, Pr Eng

Enterprise risk and investor relations

Marian van der Walt (48)
MBA (OXFORD) (CUM-LAUDE), BCOM (LAW), LLB, HIGHER DIPLOMA IN TAX, DIPLOMAS IN CORPORATE GOVERNANCE AND INSOLVENCY LAW, CERTIFICATE IN BUSINESS LEADERSHIP AND INVESTOR RELATIONS (UK)

CORPORATE EXECUTIVES

Chief audit executive

Besky Maluleka-Ngunjiri (45)
BCompt (HONS), CTA, CIA, CCSA

Sustainable development

Melanie Naidoo-Vermaak (47)
BSc (HONS), MSc (SUSTAINABLE DEVELOPMENT), MBA

Chief financial officer: treasury

Herman Perry (49)
Bcom (HONS), CA(SA)

GROUP COMPANY SECRETARY

Shela Mohatla (36)
MBA, FCG (CGISA), BAdmin IR, PGDip CORPORATE LAW, CERTIFICATE IN MANAGEMENT DEVELOPMENT (PMD)

Detailed résumés of members of Harmony's executive management are available at https://www.harmony.co.za/who-we-are/executive

CHAIRMAN'S REVIEW

"The company focuses on what it can influence, which is being a sustainable and competitive business which creates shared value through organic growth and value-creating acquisitions in the long term."

Dear shareholders and stakeholders

Harmony's excellent results for the 2021 financial year (FY21) were based on implementing its strategic objectives as stated in the CEO's report. These results were achieved despite ongoing macro-economic uncertainties as the world deals with successive waves of the Covid-19 pandemic.

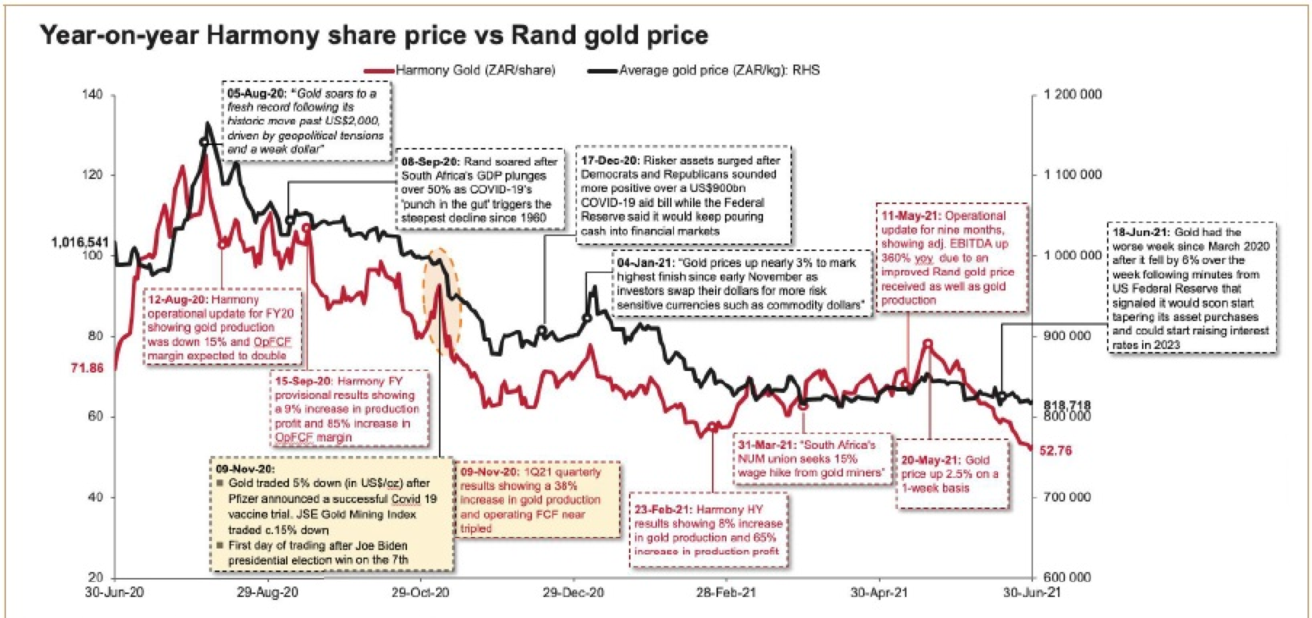
Gold, once more reflected its safe-haven investment status, as its price climbed from around US$1 500/oz in early 2020 when Covid-19 was declared a global pandemic and peaked at US$2 063/oz in August 2020, when vaccines became a reality and investors began rotating out of gold into other investment classes. At year end, the gold price was US$1 769.80/oz, reaffirming our positive outlook on the commodity in a volatile macro-environment.

For Harmony, this translated into an 18% increase in the US$/oz gold price received compared to the prior year. Gold production also increased by 26% from the 2020 financial year (FY20) when production was significantly affected by national lockdowns in South Africa in the final quarter of FY20 and the integration of Mponeng and related assets into our portfolio from October 2020. The company recorded a commendable 66% increase in production profit in the year under review.

As planned, the newly acquired assets of Mponeng and related assets, which accounted for 19% of group production in just nine months, boosted production to over 1.54Moz.

The Harmony share price moved in tandem with the gold price and a stronger Rand, coming off its peak last year to close at R52.76 per share, resulting in a market capitalisation of R32.5 billion (US$2.3 billion) at 30 June 2021.

The South African gold-mining industry
In calendar 2020, the South African industry employed 93 682 people, paid R25.6 billion (US$1.6 billion) in wages, salaries and employee benefits and recorded gold sales of R78.2 billion (US$4.8 billion),



Source: Factset as on 30 June 2021, Company announcements, Public news

Against this background, we believe Harmony has demonstrated its investment case (see the Integrated annual report 2021) and shown that it can offer significant value in a high-price commodity cycle.

Whereas the price of gold is outside Harmony's control, the company focuses on what it can influence, which is being a sustainable and competitive business which creates shared value through organic growth and value-creating acquisitions in the long term. Our re-engineered portfolio has significantly reduced our debt which has resulted in a strong and flexible balance sheet.

Vital to being a responsible and integrated business is embedding environment, social and governance (ESG) matters into our decision-making. Responsible stewardship is an important pillar of Harmony's strategy.

Maintaining a safe and healthy work environment

The safety and health of our approximately 48 000 employees is both our primary responsibility and a business imperative. Safety is a foundational value at Harmony. Safe production at all our operations and at all times is non-negotiable.

Our ESG report details results stemming from the proactive behavioural safety journey we initiated years ago to improve the culture of safety in Harmony. Regrettably, we lost 11 employees during the year in work-related incidents, and we extend our sincere condolences to their families, friends and colleagues. We are deeply disappointed by our safety performance in FY21 and are committed to reviewing our safety systems, policies and cultures.

Covid-19 remains a major focus area and a risk to our business. Our robust and collaborative response contained the Covid-19 active case level to 0.27% of our workforce. In line with government programmes in South Africa and Papua New Guinea, we have been rolling out our vaccine programme since June 2021, aiming to cover 80% of our South African workforce by October 2021.

Investing in our employees

As noted, we provide employment for approximately 48 000 people, most of whom live in communities around our operations. Our collaborative and inclusive approach supports constructive relationships with our employees and their representative trade unions. This is further demonstrated by the conclusion of our wage negotiations in September 2021, where we reached a three-year wage agreement with all five labour unions.

During the year, we invested R1 billion (US$65 million) in the health and wellbeing of our employees, of which R292 million (US$19 million) was specifically to manage and mitigate the impact of Covid-19. In addition, we invested R488 million (US$32 million) in employee training, development and career advancement.

Ongoing commitment to host communities

The sustainability of our business is interlinked with the socio-economic sustainability of our host communities. We contribute to improving the living conditions of our host communities by initiating infrastructure development projects, creating employment opportunities and providing skills training and preferential procurement. Equally important is contributing to their sustainability by creating economic opportunities in the agricultural sector to promote women and youth employment and by creating enterprises that can sustain themselves post- mining.

The pandemic affected all our host communities, particularly those most in need. In addition to Covid-19 public awareness campaigns, we continued to support our doorstep communities by providing food and hygiene products and funded income-generating projects such as the manufacturing of masks.

In FY21, we invested R71 million (US$5 million) in community development and upliftment projects, and corporate social investment. In addition to allocating resources focused on Covid-19, we concentrated on providing infrastructure and supporting enterprise development for small, medium and micro-businesses.

In South Africa and Papua New Guinea, we supported agricultural projects led by women and the youth. In the past three years, we have invested R36 million (US$2 million) in agricultural projects in host communities in South Africa. Similarly, we have invested R408 385 (US$27 115) in coffee and cocoa agricultural projects in Papua New Guinea and employed agricultural officers at Hidden Valley Mine to support and coordinate these activities.

We also contribute significantly to taxes and royalties in the countries where we operate. In FY21, we paid R1.2 billion (US$79 million) in South Africa and about R127 million (US$8 million) in Papua New Guinea. We also paid R15.3 billion (US$995 million) in wages and salaries, and spent R13.0 billion (US$844 million) on local procurement.

More information on our socio-economic development initiatives can be found in Corporate social investment.

Our commitment to the environment and its resources

In FY21, Harmony continued to apply global good practice in managing our scarce natural resources. These initiatives have been recognised by global research agencies (see our ESG report 2021).

The lasting impact of climate change is arguably the most critical global challenge of our time. In line with our business strategy, we remain committed to participating in the global response to reduce carbon emissions and mitigate the physical impacts of climate change.

We are reducing our carbon footprint and are committed to making more progress in this regard. We have reduced our energy intensity by 28% over the past six years, reducing CO2 emissions by 1.2 million tons and saving R1 billion in energy costs.

We welcome the South African President's announcement in June 2021 of a 100 megawatt (MW) cap for embedded generation, effectively doubling the amount of energy our industry can generate for self-use. We are exploring a number of self-generation renewable energy options, including solar projects. Harmony plans to bring the first 30MW of solar power into production in early 2022 while developing a pipeline of projects for an additional 137MW.

In South Africa, a water-scarce region, we have almost doubled the quantity of recycled water and reduced our water consumption intensity (which measures the quantity of water required to treat a tonne of treated ore) by 37% over five years.

For more on our environmental management activities, see our Environment chapter.

Commitment to good governance

Our board formulates robust governance standards and ensures that we conduct our business ethically and in line with global good governance practice.

Amid the prevailing social, political, economic and environmental challenges, the depth of expertise on Harmony's board has been invaluable.

In December 2020, Ms Grathel Motau resigned as an independent non-executive director and investment committee member to pursue other career opportunities. We thank Ms Motau for her contribution.

Mr Peter Turner was appointed to the board as an independent non-executive director in February 2021 and was subsequently appointed as a member of the technical and investment committees. His extensive experience in open-pit and deep-level underground gold mining in Africa makes a significant contribution to the technical expertise required for the company's safety, development and growth initiatives.

Two of our longest serving board members, Ms Fikile De Buck and Dr Simo Lushaba, who retire by rotation this year, although eligible, will not be seeking re-election to the board. This will be effective as of the conclusion of the 2021 annual general meeting. Ms De Buck and Dr Lushaba have contributed immensely to the growth and success of Harmony. On behalf of the board I would like to thank them for their invaluable contribution over many years.

The board has embarked on a transitional plan to ensure that its composition and functioning is in line with global best practices. For further details, refer to Corporate governance.

My gratitude

Our management teams and employees have proven their mettle in the face of ongoing Covid-19 challenges and its impact on their work environment. On behalf of the board, I thank them for their resilience and commitment..

We are also deeply grateful for the continued support and cooperation of our host communities, shareholders and all other stakeholders.

I would also like to thank our chief executive officer, Peter Steenkamp, and his management team for their exemplary leadership and hard work. Their collective contribution has been pivotal to the success and growth of Harmony and our ability to create shared value.

My deep gratitude also goes to every member of our board for their guidance and advice during these challenging and demanding times.

Dr Patrice Motsepe
Chairman
28 October 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

"We have re-engineered our portfolio and deleveraged our balance sheet to give us optionality while investing in our stakeholders and our future."

Overview

As we reflect on the past financial year (FY21), the resilience and determination shown throughout the company ensured we achieved our strategic objectives of operational excellence, responsible stewardship, cash certainty and effective capital allocation, and delivered stellar full-year results.

The ongoing Covid-19 pandemic has been unprecedented, yet we adapted to a changed environment. The successful acquisition and integration of Mponeng and related assets are reflecting in our results. This demonstrates how we have further transformed our earnings profile by acquiring high-grade assets while delivering on our strategy of safe, profitable ounces and increasing margins.

As the largest gold producer in South Africa by volume, we embrace our moral obligation to ensure the wellbeing and safety of our people, along with the belief that the value created by our operations extends to all stakeholders and shareholders. We have proven this in South Africa and Papua New Guinea through the effective allocation of capital, continued operational optimisation and productivity enhancements across our portfolio.

Wage negotiations began in July 2021. In September 2021, we reached a historic wage agreement, with all five labour unions simultaneously signing the three-year settlement. This was the first time a wage agreement was reached outside the auspices of the Mineral Council's central bargaining unit and reflects the strong partnership between Harmony and organised labour. This further demonstrates our commitment to our people, who are the bedrock of our long-term sustainability. We thank everyone involved for engaging constructively and in the best interests of all.

We have re-engineered our portfolio and significantly reduced our debt, resulting in a strong, flexible balance sheet with greater optionality. Through exploration and brownfield projects, we will benefit from existing operational leverage as we convert our resources to reserves.

Safety and health

Safety is a core value at Harmony and we are resolute about achieving our goal of zero harm. The safety and health of our employees and their families remain our top priority. In FY21, we continued our journey to embed a proactive safety culture throughout the company. The results of our hard work are evident in key safety metrics, with our South African operations' lost-time injury frequency rate (LTIFR) improving by 3% to 6.46 per million shifts from 6.69 in FY20.

Despite this progress, accidents remain a constant and real threat. Our year-on-year fatality injury frequency rate regressed from 0.08 in FY20 to 0.11 in FY21, which is unacceptable.

It is with great sadness that we report losing 11 colleagues in mine-related incidents in FY21. We pay tribute to Zamokuhle Shabane (team leader, Bambanani), Zakhele Lubisi, (artisan, Kusasalethu), Alexis Lesiamang Ntjantso (driller, Doornkop), Tsoaela Botsane (team leader, Tshepong), Tisetso Pati (winch operator, Tshepong), Rakitsi Seseli (driller, Kusasalethu), Makhetha Allerdice Makobane (driller, Bambanani), Flip Kearabetswe Mahloko (contractor, Free State surface operations), Tsietsi Petrus Mateane (driller, Phakisa), Neo Mofokeng (underground assistant, Target 1) and Peter Bangixhanti Fosilara (artisan, Moab Khotsong). We extend our heartfelt condolences to their families, friends and colleagues.

Building on lessons learned in 2020, we are managing the risk of Covid-19 against strict protocols and with ongoing coordination from all stakeholders, management and employees in South Africa and Papua New Guinea. We continue our initiatives to reduce the spread of infection by implementing precautionary measures, including education and awareness, improved hygiene and infection-control practices. As noted by the chairman, we are rolling out a vaccination programme in South Africa and Papua New Guinea, and we continue to encourage our employees and their families to get vaccinated at one of our accredited sites. We expect to reach our goal of having 80% of our employees at least partially vaccinated by October 2021.

ESG or environment, social and governance

Good governance is overarching and embodies everything we do as a business. We believe ethical leadership equals ethical mining. Our ESG initiatives resulted in Harmony's inclusion in the FTSE4Good Index, where we continue to outperform the gold subsector and basic metals sector averages. In FY21, MSCI upgraded Harmony to a B rating on the back of our strong governance framework and we were included in the Bloomberg Gender-Equality Index for a third consecutive year. It is evident from these external recognitions and continual improvements in our ratings that we are committed to a greener and more equitable future.

Renewable energy and power

Our renewable energy journey will be rolled out in phases. In the initial phase, we will construct three 10-megawatt (MW) (30MW) solar plants in the Free State, with plans in the next phase for an additional 70-80MW of renewable energy over the next 24 months. In addition, we have a pipeline of renewable and alternative energy projects in various stages of development. We have also implemented over 200 energy-savings initiatives that have yielded estimated savings of R1 billion since 2016 and reduced energy consumption by around 1.3 terawatt hours or 1.2 million tons of carbon dioxide.

Operational excellence

We are pleased to report that total gold production for FY21 was 26% higher at 47 755kg (1 535 352oz) compared to 37 863kg (1 217 323oz) in FY20. The higher production was in line with guidance and due mainly to including Mponeng and related assets into our portfolio. This number was further enhanced as we achieved our operational plans and regained mining flexibility at most of our mines after the impact of Covid-19. The average underground recovered grade increased 1% to 5.51g/t from 5.45g/t in FY21.

Our new assets added 8 948kg (287 683oz) in FY21. They have recorded excellent performance in the nine months since we took ownership, exceeding expectations across production metrics, while the surface retreatment operations also performed well.

Hidden Valley's FY21 gold production declined 4% to 4 689kg (150 755oz) from 4 872kg (156 639oz) in FY20, while silver production declined 32% to 63 482kg or 2 040 994oz from 93 858kg (3 017 620oz). Gold and silver production were affected by the Covid-19 outbreak and related international travel restrictions and operational constraints, in addition to mechanical repairs required on some major infrastructure. Despite these events, production profit was 10% higher, driven by an improvement in recovered gold grade to 1.37g/t from 1.25g/t in FY20 and a 12% higher gold price received of R847 027/kg (US$1 711/oz) compared to R757 348/kg (US$1 504/oz) in FY20.

Investing in growth

One of the key events in FY21 was the successful acquisition and integration of Mponeng and related assets. This transaction, along with the acquisition of Moab Khotsong in 2018, was strategically important and set Harmony on a new growth trajectory.

We have identified substantial opportunities in our existing portfolio through exploration and brownfield projects that will extend the life of some of our larger and higher-grade assets, adding lower-risk, higher-margin ounces to Harmony's portfolio. In addition to our existing projects, the key new projects include Zaaiplaats, Mine Waste Solutions and the Hidden Valley extension. Each project brings multiple benefits to Harmony and exceeds all our minimum criteria for allocating capital. We will continue to focus on ensuring all our mines operate safely and optimally, and on investing across our operations to ensure optimal production.

Wafi-Golpu project

Harmony is committed to its aspiration of becoming a specialist emerging-market copper-gold producer. In December 2020, after a rigorous environmental impact assessment, the environmental permit for the Wafi-Golpu project was approved by the Papua New Guinean Conservation and Environment Protection Authority and issued by the director of environment. Harmony, together with its Wafi-Golpu joint-venture partner, Newcrest Mining Limited, continue discussions with the state on the special mining lease.

Conclusion

Harmony is more than just mining; we are about people. The actions we take today are the foundations of tomorrow. We have an exciting investment case with our world-class pipeline of projects and embedded approach to ESG. We are committed to creating opportunities through sustainable mining, while creating value and delivering positive returns for all our shareholders and stakeholders.

Peter Steenkamp
Chief executive officer

OUR EXTERNAL OPERATING ENVIRONMENT

Our external operating environment is influenced by economic, social, political and environmental pressures at a macro-economic and national level. These can obviously change over the short, medium or long term. It is therefore vital for Harmony's sustainability that we anticipate, identify and understand all external influences that affect our business, and develop appropriate responses.

Global macro-environment

	Factor	What happened	Impact on Harmony	Our response
Economic and geo-politics	**Gold price**	The gold price continued to benefit from the Covid-19 aftermath, with higher prices in the first half of the year. These peaked at R2 063/oz on 6 August 2020. The gold price was relatively unchanged from US$1 781/oz at the beginning of FY21 to US$1 770/oz at year end. It has since remained steady, closing at US$1 754/oz at the time of writing.	The comparatively higher gold price received in the current year has been a key contributor to our 43% increase in revenue to R41.7bn(US$2.7bn).	As opportunities arise, our hedging strategy is to only lock in at a margin 25% above cost. This has contributed to our net positive derivative value of R1.6bn (US$111m). In addition, our planning continues to use a conservative price assumption to maintain a reasonable margin. Chairman's review, Chief executive officer's review and Financial director's report
	Gold market	Global demand for the commodity remained robust. The market was particularly driven by increasing demand for investment by central banks and other institutions.	This has meant we can continue to produce and initiate plans to invest in future projects and production.	We have returned to full production after the Covid-19 disruptions. To meet global demand, our operations increased quantity of gold produced 26% to 47 755kg. Chairman's review, Chief executive officer's review and Financial director's report
	Geo-political uncertainties	Both the price of and market for gold are driven by the state of the global geo-political environment. The period under review remained characterised by heightened geo-political uncertainty, driven principally by rising tensions between the United States and China, decoupling of the US-Chinese technology sector, continued	The identified geo-political uncertainty is yet to have any adverse effects on the group's ability to deliver on key strategic objectives. We are however analysing all potential negative outcomes to execute proactive responses.	Chairman's review, Chief executive officer's review and Financial director's report
Health	**Covid-19**	In FY21, several vaccines were developed, tested, approved and and rolled out. The pace of vaccine uptake is slower than anticipated. This is particularly acute in South Africa, where vaccine hesitancy is having a significant impact on the speed of roll out. Of particular concern are variants that are emerging, sometimes with higher infection rates.	Regrettably, we lost integral members of our workforce to Covid-19. We grieve with all staff members who lost loved ones. The virus continues to have a limited impact on certain operations from time to time.	Our Covid-19 risk management strategy remains to reduce the probability of an employee contracting the virus and to limit the severity if infected. We have initiated a vaccination programme and continue to encourage our employees and their families to get vaccinated. Safety and health

	Factor	What happened	Impact on Harmony	Our response
Socio-cultural	**Shareholder activism**	Shareholders and investors all over the world expect far more from companies than a decade ago. There is increasing pressure on mining companies to demonstrate that they can responsibly allocate and manage capital and, more importantly, prove a solid commitment to dealing with ESG issues.	Our reporting is robust and covers a number of impacts on our business holistically.	Responsible stewardship is one of our strategic pillars. To meet shareholder expectations, we focus on continuously improving our ESG performance, while aligning our corporate targets with the UN SDGs and other guidelines, where relevant. Stakeholder engagement and Material issues
Environmental	**Climate change**	Climate change is increasingly putting governments, investors, and society at large on a collision course with corporate decision-makers, who must choose between ambitious commitments to reduce their emissions and the bottom line. There is a growing trend in civil society of being unforgiving of investors and companies they believe to be moving too slowly towards a carbon-neutral future. In addition, investors are reducing exposures to carbon-intensive industries. All this as global warming makes natural disasters more likely, more frequent and more severe.	Our ESG initiatives have resulted in our inclusion in the FTSE4Good Index, where we continue to outperform the gold sub-sector and basic metals sector averages. In FY21, MSCI upgraded Harmony's score to a B rating on the back of our strong governance framework.	We have implemented the necessary governance frameworks to ensure we are held accountable and deliver on our sustainability targets and ambitions. Key highlights from the review period include: • Reduced water, energy and emission intensities • Approved plans to construct a 30MW solar plant • Over 200 energy initiatives saving 1.2Mt of carbon dioxide • To minimise our impact, we are committed to reduce our carbon emissions as much as feasibly possible, comply with all environmental legislation, manage our resources efficiently, minimise waste streams, and implement best practices for land management and rehabilitation. Environmental management and stewardship

Regional factors

	Factor	What happened	Impact on Harmony	Our response
Economic	**Exchange rate**	The rand appreciated considerably against the US dollar in FY21, opening at R17.32/US$1 and closing at R14.27/US$.	A foreign exchange translation gain of R670m (US$44m) compared to a R892m loss (US$57m) in FY20 mainly reflects favourable translations on US-dollar loan balances. These in turn are attributable to the rand strengthening against the US dollar, with an improved average and closing exchange rate of R15.40/US$1 (FY20: R15.66/US$1) and R14.27/US$1 (FY20: R17.32/US$1) respectively.	We are focused on maintaining production levels. Even at the relatively lower exchange rate, the group's South African operations are generating a margin and positive cash flow. Our derivative strategy is to only lock in pricing at favourable rates and no new foreign exchange derivative contracts were entered into for FY21. We will await an appropriate opportunity to cover up to 25% of Harmony's foreign exchange revenue transactions. Financial director's report in our Integrated annual report 2021.
	Sovereign rating	Following South Africa's sovereign rating downgrade in 2020, credit ratings agencies have affirmed the BB- rating, citing an upturn in near-term economic performance and improved public finances. Papua New Guinea's long-term foreign and local currency sovereign credit rating was also downgraded in 2020 on the back of mounting debt and fiscal deficits. Although that country's rating has not since changed, the outlook was downgraded to negative, citing fiscal pressures.	Adverse credit ratings do deter some investors, threatening our long-term value. Our market capitalisation has declined from R43.3bn (US$2.5bn) in FY20 to R32.5bn (US$2.3bn) in FY21.	We regularly engage with investors to provide a realistic understanding of our potential operating and financial performance. Financial director's report in our Integrated annual report 2021.
Socio-cultural	**Social licence to operate**	The nature of the extractive sector means that mining companies must pay particular attention to their social licence to operate. This is a tacit approval by local communities and other stakeholders to operate a project. To ensure a social licence to operate, companies must navigate complex social, economic and political dynamics over time to avoid conflicts with their host communities.	There have been no adverse finding against any of the group's operations.	We take our role as a responsible corporate citizen seriously and continuously strive to preserve our social licence to operate. We constructively engage with stakeholders to share value, better understand and manage expectations, and to secure and maintain our social licence to operate. Caring for our workforce,
	Potential liability for occupational lung disease compensation	On 21 December 2012, a class action suit was brought against 32 South African gold-mining companies on behalf of 69 former gold miners – in turn representing a far larger number of miners – suffering from silicosis. The litigation represented a substantial financial and reputational liability for the gold mining companies.	The group has paid R170m (US$11m) and R155m (US$10m) in FY21 and FY20 respectively to service its obligation. The remaining obligation is estimated at R854m (US$60m).	Harmony was central to negotiations on a R5.2bn settlement approved by the Johannesburg High Court in July 2019. Harmony was also instrumental in establishing a trust to carry out the terms of the settlement agreement and manage the compensation process. Safety and health

	Factor	What happened	Impact on Harmony	Our response
Political/ regulatory	**Political/ regulatory/legal environment**	The government of Papua New Guinea is undertaking a wide-ranging review of the country's mining regime to increase the state's share of proceeds from mining, enhance landholder and provincial government equity participation in mining projects and promote direct involvement in mining and exploration by state-owned enterprises. There are several draft bills and policies which, if adopted, could have a material adverse effect on the business, operating results and financial condition of Harmony's operations. In South Africa, there are several new and amendment bills and draft policies before parliament, which have been delayed by the pandemic. This has prolonged regulatory uncertainty, particularly on the management and reporting of environmental impacts in and surrounding mining operations.	Uncertainty on future fiscal, legislative and regulatory environment causes us to exercise caution when assessing the viability of future investment in South Africa and Papua New Guinea.	In both jurisdictions, we engage with government directly and indirectly through industry representative bodies to find viable and constructive solutions to the aspirations and concerns of all stakeholders. Chairman's review, Chief executive officer's review, Exploration and projects.
Environmental	**Water shortage**	Water availability is becoming less predictable, with South Africa experiencing intense drought periods recently.	Inadequate water supplies could disrupt our mining operations, mineral processing and damage property or equipment. They could also have adverse effects on our workforce and communities around our mines, such as increased risk of food insecurity, water scarcity and prevalence of disease.	We strive to manage and mitigate our impacts on water catchment areas by ensuring we do not denude the quality or reduce the volume of water in areas around our operations. Water use
Technical	**Electricity**	Not only is the price of electricity expensive, intermittent loadshedding makes supply unreliable.	We have initiated alternative power-generation projects to reduce reliance on the inconsistent national power supply. This will be rolled out in phases. In the initial phase, we will construct 3 x 10 megawatt (MW) (30MW) solar plants in the Free State, with plans in the next phase for an additional 70-80MW of renewable energy over the next 18 months. In addition, we have a pipeline of renewable and alternative energy projects in various stages of development.	Harmony is exploring renewable energy options that will greatly assist in reducing dependency on Eskom. Climate change, energy, and emissions management

Legend:

South Africa-specific

Papua New Guinea-specific

Applicable to both jurisdictions

OUR RISKS AND OPPORTUNITIES

Our business is exposed to risks and opportunities inherent to mining, as well as factors and events in our external environment. These can affect our ability to achieve strategic objectives and our ability to generate sustainable value for all stakeholders.

By understanding the factors in our internal and external operating environments that create uncertainty and risk, as well as their interrelated dynamics, we are better able to manage these impacts and position Harmony to capitalise on opportunities, meet future challenges and deliver on our growth prospects. See our external operating environment

Underpinned by effective governance and active management, our systems and processes proactively evaluate, manage and mitigate risks. Over seven decades, we have built our expertise in operating in emerging economies as well as our experience in managing socio-political challenges in these countries. We have developed the skills to navigate the challenges of multi-stakeholder labour relations, especially at our deep-level gold mines in South Africa, which are labour-intensive and unionised.

Our enterprise risk management process

Our approach to risk management relies on continuously monitoring risk and related mitigation procedures and revising these when required. These procedures are embedded in our day-to-day activities and processes at operational level, and in our governance structures at a group policy level.

Risk management begins with our business strategy and related objectives. To achieve our goals, identifying and understanding the factors that could limit our ability to deliver on our strategy is vital. Equally, we need to understand those factors that present opportunities.

In the past year, our risk management team focused on progressively evolving from being risk-competent to becoming risk-intelligent, enabling us to make risk-based decisions within our risk appetite levels. We have finalised our new enterprise risk management policy, risk management guidelines plan and a new risk appetite framework in March this year to improve the effectiveness of risk management throughout Harmony. This entails a more holistic and forward-looking approach to managing risk and uncertainty. We have appointed the Institute of Risk Management South Africa to do frequent maturity assessments and to apply best practice to our ERM (enterprise risk management) processes and standards.

Risk management process

Oversight of risk governance process ↔ Executive management ↔ Implementation and day-to-day management

Oversight of risk governance process

Board

Top strategic, operational and safety-specific risks plus mitigating actions are reported quarterly to the board by the audit and risk as well as technical committees. Other board committees review specific risks within their mandates. The top strategic, emerging, operational and safety risks that fall outside our risk appetite and tolerance levels are reported to the board. These reports include risk treatment strategies and business continuity management plans on how the risks are managed.

Executive management

Quarterly review of Harmony's strategic risk profile to:

- Assess its completeness
- Consider external and internal factors that could lead to new/emerging risks and opportunities
- Review the likelihood and impact/consequence of existing risks and assess any new or emerging risks and opportunities to determine residual ratings
- Review the completeness, effectiveness and/or relevance of mitigating actions and evaluate resulting residual risk ranking.

Implementation and day-to-day management

Operational management teams

Implement and oversee day-to-day risk management.

Safety

Four-layered, risk-based approach to actively manage safety in South Africa and Papua New Guinea.

Refer to Safety and Health.

Operations

Each operation maintains, updates and regularly reviews its risk register. These are formally reviewed weekly by regional general managers, together with country-based executive and management teams.

Harmony's risk management strategy

In 2018, we adopted the Harmony risk management strategy, with the overarching objective to achieve safe, profitable production at all our operations in South Africa and Papua New Guinea.

This strategy is also focused on embedding a culture of risk awareness and mitigation in all our employees – from miners to executive management – to ensure we operate safely and productively.

See Safety and health for more on the roll out of this strategy in the safety sphere.

Our risk management strategy is essentially a four-layered approach to identifying, assessing and controlling all hazards and risks that could impact our ability to achieve safe and profitable production.

Identifying and analysing	• Identifying risks and analysing the most effective strategies or initiatives (golden controls) to mitigate those risks.
Golden controls	• Implementing golden controls, with routine inspection and maintenance.
Monitoring	• Continuously monitoring effectiveness of controls; regular analysis and reporting; action management on all failures.
Identifying and defining	• Identifying and defining improvements to our risk management initiatives.

The modernisation and digitisation of systems and processes across the group has been key to effectively rolling out this strategy. This has been under way since 2018.

For the past three years, implementation of our risk management strategy has focused on safety to improve our performance and embed a proactive culture on safety. In FY21, the strategy was rolled out to all spheres of the business.

Determining our most significant risks and opportunities

Once we have determined the group-level risk appetite and tolerance levels, we monitor all risks while identifying and managing those most material to the company. While our group-level risk appetite and tolerance levels are formally reviewed each year, they are continually monitored for relevance against changing macro-environment factors.

Group risk appetite

- Our business is gold mining – a high-risk/high-reward business
- We operate across the gold-mining value chain – from exploration, feasibility studies, building and buying mines, operating mines to closure followed by rehabilitation
- We are exposed to gold price and exchange rate volatility – we mitigate some of this exposure through derivative programmes
- We operate well in emerging economies and manage associated socio-political impacts
- We continue to invest in exploration – one of the most effective ways to grow an orebody and create value
- We have an appetite for change and continuous improvement – we continuously look for innovative ways to improve our existing mines and acquire assets that we can improve operationally
- We have the skills to deal with the challenges of multistakeholder labour relations – implicit in deep-level, narrow-reef gold mining in South Africa
- Our experienced teams have strong values and are committed to deliver.

Group risk tolerance

- We tolerate no deviation from the Harmony values
- Group net debt balance may not exceed a multiple of 1 times annual EBITDA
- We have zero tolerance for corruption, bribes or unethical transactions
- Any unanticipated damage to the environment must be prevented and remedied immediately.

MATERIAL ISSUES

Determining material issues

Assessing materiality is a formal and diligent process each year, informed by the guidance underpinning integrated and sustainability reporting. In particular, our materiality assessment is guided by the process set out in the GRI, and informed by our risk assessment matrix.

Determining material issues

1. Internal assessment of issues that may impact achieving our strategic objectives
2. Intensive review of management process and risk register
3. Assessing external operating context
4. Stakeholder feedback (direct and indirect)
5. Identifying emerging industry statistics

Material issues

Issue	Impact	Response
Ensuring employee safety and health	Staff morale and team dynamics, business continuity and reduced profitability from work disruptions	• Prevent workplace fatalities and injuries • Eliminate occupational illness • Promote employee health, and manage impact of pandemic • Reduce airborne pollutants and inhalable hazards in the workplace.
Maintaining our social licence to operate	Reputational damage, disengaged and discontent communities which could challenge our licence to operate and even cause disruptions and loss of production	• Make a positive contribution to communities around our operations • Manage community expectations and address their concerns • Support local and transformational procurement • Create and sustain employment, and ensure meaningful work environments/conditions • Support enterprise and supplier development • Ensure constructive relationships and partnerships with stakeholders • Plan for local economic activity and socio-economic sustainability post mine closure • Fulfil our mining charter commitments.
Responsible environmental stewardship	Potential threat to licence to operate, reputational damage, ecosystem degradation and potential increases to operational costs and/or rehabilitation liabilities	• Resource efficiencies – water and energy consumption • Manage and reduce our greenhouse gas emissions, and guard against impact of climate change on our business and communities • Manage and minimise waste, and beneficiate waste to support circular economies where practical • Minimise our land use and promote conservation and biodiversity • Plan for integrated closure, and ensure we fulfil our remediation obligations and provisions • Responsibly manage our cyanide consumption • Monitor and manage the integrity of tailings storage and disposal facilities.
Instilling an enabling culture and empowered workforce	Unmotivated and ineffective workforce which could translate to efficiency challenges and affect profitability	• Create and sustain jobs • Ensure transformation, inclusion and diversity in the workplace • Gender equality and women in mining • Build a skills pool, manage talent and plan for succession • Ensure ongoing education and training – employees and communities.
Navigating political and regulatory uncertainty	**In South Africa** • Increasing cost of regulatory compliance – carbon tax • Uncertainty on land expropriation • Rising social demands • Inhibiting regulatory environment. **In Papua New Guinea** • Growing regulatory uncertainty may jeopardise our existing operation and decision to proceed with future projects.	• Advocacy of new or emerging legislation • Actively review and influence emerging legislation • Member of industry group policy and regulatory committees • Continuous engagement with governments, communities etc.

See more detail in the Material issues section in our Integrated annual report 2021

STAKEHOLDER ENGAGEMENT

Why stakeholder engagement matters

Mining companies depend on their fixed mineral deposits and they cannot simply relocate when faced with deteriorating social, environmental or political conditions. As such, they must navigate these complex dynamics to retain their social licence to operate. Stakeholder engagement is the principal mechanism through which we address a wide range of issues, particularly with employees, host communities and government authorities.

Our stakeholder engagement plan is aimed at effective interaction. This builds partnerships and aids understanding of stakeholders' needs, community-based assets and expectations, as well as their perceptions of Harmony. This approach enables us to identify, prioritise and better manage issues, potential risks and opportunities.

To secure the involvement and commitment of our different stakeholders, we have proactively adopted measures and practices to inform and guide these engagements, in line with our stakeholder engagement policy. The platforms we use are detailed per stakeholder in the table below.

The quality of relationships with stakeholders and how well these are managed affect our ability to deliver on our strategy. In addition, building long-term, stable, mutually beneficial relationships protects our social licence to operate and creates shared value for all our stakeholders.

The Covid-19 pandemic has highlighted the need for collective action, underscored our interdependencies and strengthened our relationships with various stakeholders. We will continue to work with our stakeholders towards shared goals.

Governance and aims of stakeholder engagement

Our stakeholder engagement processes comply with relevant legislation and standards, including ISO 14001 and ISO 9000. They also consider King IV and related recommendations on inclusive stakeholder engagement and the importance of addressing legitimate concerns. The social and ethics committee is responsible for governance of stakeholder relations, with the board having ultimate accountability.

An annual plan is in place to structure engagements with stakeholders to understand their concerns, identify and prioritise material issues and potential risks, and determine plans to manage these. In engaging, we are guided by our values and our strategic intent to:
- Develop relationships founded on integrity, transparency and trust
- Support government by establishing collaborative partnerships
- Balance and align our goals and stakeholder expectations
- Establish accountability
- Improve stakeholder understanding of Harmony's challenges, requirements and concerns
- Support value creation by maintaining awareness of broader economic and ESG issues.

Our material stakeholders

Harmony has a host of stakeholders. For this report, we have identified the most material stakeholders – those with whom we engage more frequently – based on:
- Extent of their contribution to our initiatives to achieve our strategic goals
- Their potential to impact our performance
- Significance of the risk of not engaging with them.

Engaging with stakeholders and responding to their concerns

We have considered and self-assessed the nature/quality of our relationships with these material stakeholders as follows:

Key

Positive and mutually beneficial   Amiable

Investors and financiers

Includes capital providers, current and future shareholders and, indirectly, investment analysts and financial media

Significance: provide financial capital   **Quality of relationship:**

Concerns	Response
• Safety performance • Power security in South Africa • All-in sustaining costs and the impact of higher social demands • Managing pandemic and related implications • Concluding acquisition of Mponeng and Mine Waste Solutions and possible synergies to unlock value.	• Continued implementation of risk-based management strategy to improve safety performance • Plans in place to access solar power • Higher production results in lower costs, allowing Harmony to share profits with all stakeholders • Detailed communication on action taken to address the Covid-19 pandemic – viability of company and livelihoods of surrounding communities ensured • Acquisition concluded in September 2020, with Harmony taking control on 1 October 2020. This acquisition will support our long-term sustainability.

Employees and unions

Significance: provide human capital, including skills and experience — **Quality of relationship:**

Concerns	Response
• Safety – eliminating injuries and preventing fatalities • Covid-19 and related health concerns, treatment, vaccine roll-out • Security of employment during the pandemic • Transformation in South Africa and localisation in Papua New Guinea.	• Ongoing communication to raise safety awareness and continued roll-out of risk management process • Encouraging a more engaged and proactive safety culture • Covid-19 standard operating procedures and related communication • Workforce programme to encourage and deliver Covid-19 vaccinations • Processes under way to improve transformation and localisation • Three-year wage agreement settled with all five representative unions post-year end.

Communities and non-governmental organisations

Significance: that aspect of social and relationship capital which represents responsible corporate citizenship and impacts our social licence to operate — **Quality of relationship:**

Concerns	Response
• Employment opportunities and job creation • Procurement opportunities • Enterprise development • Mine community development • Illegal mining • Derelict mine infrastructure • Education and skills development.	• Establishing community engagement structures, or re-establishing these in cases where they did not adhere to the principles of inclusivity, legitimacy and transparency or lacked an acceptable governance framework • Social facilitation project assisting in setting up inclusive and legitimate community engagement structures • Hosting open days for non-government organisations and community-based structures in host communities to build their capacity.

Governments and regulators

Engagement is undertaken at all levels of government – regional, provincial and national

Significance: enact legislation and related regulations with which Harmony must comply to maintain its regulatory licence to operate — **Quality of relationship:**

Concerns	Response
• Compliance • Safety performance • Transformation • Land redistribution • Crime and poverty alleviation. • Economic diversification using procurement as a lever.	• Complying with legislation • Accelerated transformation programme in place • Paying taxes and royalties • In-country investment supporting growth (South Africa and Papua New Guinea). Complying with legislation.

Suppliers

Significance: provide raw materials, inputs and services essential to our business — **Quality of relationship:**

Concerns	Response
• Long-term sustainability and continuity of our business • Preferential procurement • Alignment with Harmony's values, policies and practices (human rights, labour relations, safety and environmental) • Ethical conduct, bribery and corruption.	• Ongoing engagement with key suppliers • Dedicated initiatives giving preference to local suppliers and the historically disadvantaged • In South Africa, initiatives to support local small business via supplier days; a significant portion of our social and labour plan budget allocation is aimed at promoting entrepreneurial skills and small, medium and micro-business development, especially among women and youth • Contracts and service agreements aligned with policies on ethical conduct.

Wafi Golpu

The special mining lease permit is still being negotiated, together with the mine development contract between the state and the Wafi-Golpu joint venture (WGJV). There is a fragmented view on the licencing of WGJV among the various regulatory authorities. In March 2021, the governor of Morobe Province and the Morobe provincial government initiated legal proceedings against the minister for environment and climate change, the managing director of CEPA, the minister for mining, and the independent state of Papua New Guinea seeking judicial review of granting an environment permit for the Wafi-Golpu project. The WGJV participants, namely Wafi Mining Limited and Newcrest PNG 2 Limited, are not parties to the proceeding.

The joint-venture partners continue to engage with the various structures to resolve the impasse and are confident that the mining lease permit will be awarded in the near future.

The WGJV social licence to operate is in good standing and continues to receive support from the project impact area communities, including coastal communities. There is overwhelming support and an expectation from those communities for project permitting delays to be addressed and expedited by the state in accordance with legislation.

The environmental permit has been issued, and included a requirement for WGJV to conduct a consultative roadshow with affected stakeholders. WGJV completed this roadshow in March 2021, focusing on Huon Gulf coastal awareness for local landowner groups in Labuta, Salamaua and Wampar. Over 2 330 people attended, with the main concerns raised being DSTP, monitoring for environmental damages and inclusive project benefits. This last issue has become more prominent.

As regards the permitting of the Wafi-Golpu project under the PNG Mining Act 1992, engagement between the Wafi-Golpu Joint Venture (WGJV) participants and the State Negotiating Team was stayed by a judicial review instituted in January 2019 by the Governor of the Morobe Province regarding a Memorandum of Understanding entered into between the WGJV Participants and the State. The proceedings were dismissed in January 2020, but negotiations did not resume until July 2021, when the State Negotiation Team table a significantly revised terms sheet for the Mining Development Contract. The WGJV participants have tabled their response to the revised terms sheet, and are awaiting the response of the State Negotiating Team.

SUSTAINABLE DEVELOPMENT

DELIVERING ON RESPONSIBLE STEWARDSHIP AND THE SDGs

Our responsibility as a corporate citizen extends beyond securing our social licence to operate. It is the foundation of our business and our values

Our purpose is to create value in the broadest sense and prevent its erosion as we contribute to society, protect the environment and mitigate our impacts to leave a positive legacy once mining has ceased in the most responsible manner possible.

The principles of sustainable development are covered by the first pillar of our business strategy – responsible stewardship. This pillar entails understanding the impacts of our business activities – on our employees, host communities and the environment – and having plans to manage and mitigate these impacts. Through constructive engagement and partnerships, we are able to continue the responsible and sustainable mining of gold in South Africa and Papua New Guinea, in full compliance with associated laws and regulations in each country.

GUIDELINES AND FRAMEWORKS APPLIED

SUSTAINABLE DEVELOPMENT GOALS

United Nations Sustainable Development Goals (SDGs): These **17 goals**, adopted by member states in 2015, are aimed at **creating a better world by 2030**, by **eliminating poverty, fighting inequality** and ensuring that **the world is safe from the worst effects** of climate change. An important aspect of the SDGs is the role of the private sector, together with governments, civil society and the public, in achieving these targets. Harmony adopted the SDGs in 2018.

WORLD GOLD COUNCIL

World Gold Council Responsible Gold Mining Principles: These principles address key **environmental, social and governance issues for the gold mining sector** and set out clear **expectations for consumers, investors and the downstream gold supply chain** on what constitutes responsible gold mining. We are currently in year 2 of a three-year process for formal certification against these principles.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Task Force on Climate-related Financial Disclosures (TCFD): We produced our **second report in line with these disclosures** for FY21.

Although Harmony is not a member of the International Council on Minerals and Metals (ICMM), or a signatory to the United Nations Global Compact or Voluntary Principles on Security and Human Rights, we have adopted these principles to support our sustainable development framework, particularly those on managing tailings storage facilities. We also consider the Organization for Economic Co-operation and Development (OECD) guidelines for responsible investment.

As a member of the Minerals Council South Africa, we subscribe to its membership compact, a mandatory code of ethical business conduct, and its guiding principles.

ALIGNING WITH THE SDGs

Given our dependence on natural and human resources, and having operated in emerging markets for decades, we acknowledge our role in contributing to broader sustainable development issues such as taking action against climate change and fossil-fuel energy consumption, ending poverty, and efficiently managing our use of scarce natural resources such as water, land and biodiversity.

In South Africa, the SDGs are driven through the National Development Plan. As a private-sector company and a long-standing South African gold producer, we are committed to doing our part to support the governments in South Africa and Papua New Guinea in reaching these goals. Our core purpose also aligns our business objectives with the SDGs.

We have identified and prioritised six SDGs directly aligned with our core business strategy and its four pillars. We have also identified another four SDGs where we can meaningfully contribute through our sustainable development strategy and by delivering on our socio-economic development commitments. Many of the SDGs are interconnected.

TIER 1	
3	Ensure good health and promote the wellbeing of all
5	Promote gender equality and empower women and girls
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work
12	Ensure sustainable, responsible consumption and production patterns
13	Take urgent action to combat climate change and its impacts
15	Protect, restore and promote the sustainable use of terrestrial ecosystems, halt and reverse land degradation, and halt biodiversity loss
TIER 2	
1	End poverty in all its forms everywhere
2	End hunger, achieve food security and promote sustainable agriculture
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities
11	Make cities and human settlements inclusive, safe, resilient and sustainable
COLLABORATING FOR THE SDGs	
17	Collaboration with various stakeholders

Tier 1 and 2 SDGs are detailed in our sustainable sustainability strategy in the ESG report 2021.

DELIVERING PROFITABLE OUNCES

OPERATIONAL PERFORMANCE

Operational excellence is one of four strategic pillars on which Harmony has built its business and is vital to delivering on our strategy – to create value by operating safely and sustainably, and by growing our margins. In striving to maintain operational excellence, we prioritise safety, ensure strict cost control and management of grades mined and encourage disciplined mining to improve productivity and efficiencies.

Capitals affected:

Directly	Indirectly
MANUFACTURED CAPITAL	FINANCIAL CAPITAL
HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
INTELLECTUAL CAPITAL	NATURAL CAPITAL

Stakeholder(s) effected:

Employees | Investors, various levels of government and regulators | Communities

Strategic pillars:

Responsible stewardship	Operational excellence
Cash certainty	Effective capital allocation

Responsible committees:

Technical | Social and ethics

Related risks:

- Failure to eliminate fatalities and improve safety performance
- Covid-19 pandemic – its spread and impact on business
- Depleting Ore Reserve base
- Divergent gold price and foreign exchange fluctuations (from planned levels)
- Supply insecurity, rising cost and continued use of fossil fuel-generated power in South Africa
- Ore Reserve/mining inflexibility
- Labour and community unrest during wage negotiations
- Failure to achieve our operational objectives

Our approach

Our approach to improved operational performance is driven by our commitment to operational excellence and to ensuring safe, consistent, predictable and profitable production. We aim to create an enabling and safe environment to achieve our operational plans, reduce unit costs and improve productivity to maximise the generation of free cash flow.

Key focus areas of our operational excellence programme:

Safety and health
- Journey to proactive safety
- Agile response to Covid-19 pandemic
- Risk management and focus on critical controls.

Infrastructure maintenance
- Fewer unplanned stoppages.

Grade management and mining flexibility
- Limit mining below cut-off grade
- Incorporate flexibility into our mining plans.

Cost management
- Focused cost management and project delivery
- Improved productivity.

Capital allocation
- Prioritised and focused capital allocation for growth and to sustain the business.

Environmental and social management
- Sustainable and responsible environmental stewardship
- Community engagement and social upliftment.

Safety and operational risk management

Managing safety risks: Safety is a material risk for Harmony. As such, it is imperative to ensure safe production, prevent loss-of-life incidents and embed a proactive safety culture across all our operations. We have adopted global best practice safety standards, a four-layered approach based on risk management, implemented modernised safety systems. We have also intensified our focus on leadership development and training to address behaviour to achieve our goal of ensuring that each employee safely returns home every day. See Safety and health for details on our safety performance and management.

Managing operational risks: Operational risk management is an integral feature of our business and operating strategy. It entails managing risks effectively while working productively. Our risk-based approach helps ensure that all supporting systems are functioning efficiently. Safety hazards and operational business risks are identified and dealt with continuously at each of our operations.

Harmony's top three operational risks are:
- Failure to eliminate loss-of-life incidents and improve safety performance
- The spread of Covid-19 and its potential impact on our employees and business sustainability
- Depleting Ore Reserve base.

Improving the quality of our portfolio

A key event in FY21 was the successful acquisition and integration of Mponeng Mine and related assets. This transaction, along with the acquisition of Moab Khotsong in 2018, was strategically important and set Harmony on a new growth trajectory. Given the quality of Mponeng, its inclusion into our asset portfolio from 1 October 2020 had an immediate impact on our FY21 results.

Mponeng delivered an excellent performance for the nine months since we assumed ownership, exceeding expectations across production metrics while the surface dumps also performed well.

Our performance FY21

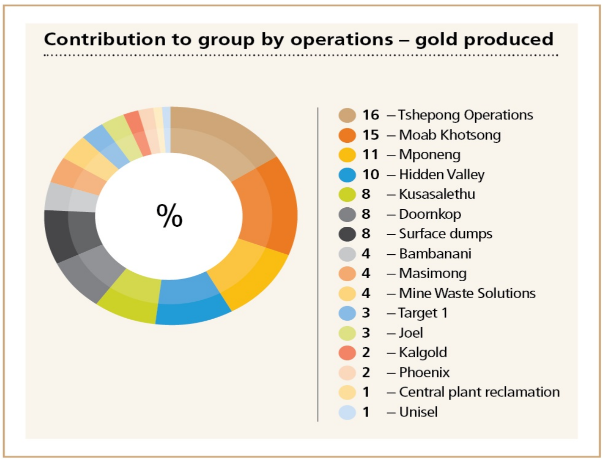
The successful acquisition and integration of Mponeng and related assets are reflected in our results and demonstrate how we continue to transform our earnings profile by acquiring high-grade assets, while delivering on our strategy of safe, profitable ounces and increasing margins.

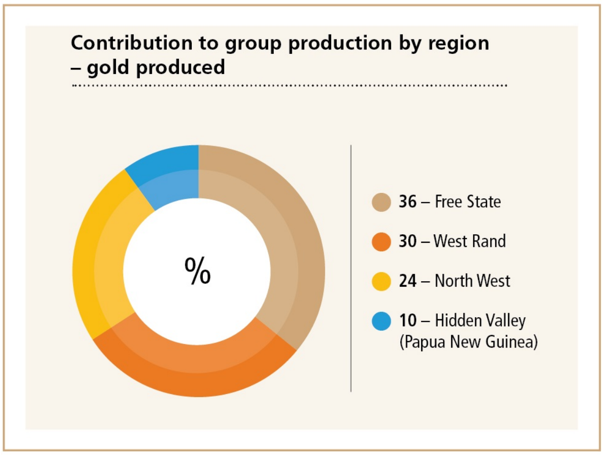
The safety and health of our employees and their families remains our top priority. In FY21, we continued our safety journey to embed a proactive safety culture throughout the company. The ongoing Covid-19 pandemic is unprecedented, yet we adapted to a changed environment. We also initiated a successful Covid-19 vaccination programme in South Africa and Papua New Guinea. In South Africa, four of our facilities have been registered and authorised to store and administer vaccines to our employees and communities, with another six sites awaiting accreditation. We continue to encourage our employees and their families to get vaccinated at one of our sites. At 30 September 2021, the numbers are encouraging with around 63% of our employees partially vaccinated and 40% fully vaccinated. We expect to reach our goal of 80% at least partially vaccinated by October 2021.

Group production for FY21 increased by 26% to 1.54Moz of gold and gold equivalents (FY20: 1.22Moz). This was in line with guidance mainly due to the inclusion of Mponeng and related assets into our portfolio, which contributed 8 948kg (287 683oz) in FY21 comprising 5 446kg or 175 092oz from Mponeng underground, 862kg or 27 714oz from Mponeng surface, 583kg or 18 744oz from Kopanang surface and 2 057kg or 66 133oz from Mine Waste Solutions. Combined, this accounted for 19% of group production. The average underground recovered grade increased by 1% to 5.51g/t from 5.45g/t due to higher grades achieved at Kusasalethu and Mponeng.

A further 16% rise in the average gold price received to R851 045/kg (FY20: R735 569/kg), complemented by a substantial increase in gold production as a result of operational excellence in FY21 led to revenue increasing 43% to R41 733 million. All-in sustaining costs rose 11% to R723 054/kg from R651 356/kg mainly due to operational expansion after acquiring Mponeng and related assets, as well as lower-than-expected gold production in Target 1, Joel, Kalgold and Hidden Valley. This resulted in a production profit of R11 959 million, 66% higher compared to R7 197 million in FY20.

Group capital expenditure for FY21 rose 44% to R5 103 million from R3 553 million in FY20. This reflects the inclusion of Mponeng and related assets as well as normalised capital expenditure in South Africa and Papua New Guinea after capital spend on development and growth projects was halted in FY20 by the pandemic. It also includes the resumption of growth projects and ongoing development planned in FY20 and FY21.





FY21 focus areas and actions	How we performed
Continue embedding a proactive safety culture	Achieved our third-ever fatality-free quarter. South African lost time injury frequency rate improved by 3% to 6.46 per million shifts from 6.69 in FY20.
Ensure we meet our operational plans and generate free cash flow	The group achieved its operational plans and regained mining flexibility at the majority of our mines after the impact of Covid-19. Operating free cash of R6 528 million for the reporting period used to reduce debt.
Integrate Mponeng and Mine Waste Solutions and create synergies in the West Witwatersrand (West Wits) region that will unlock value	Acquired assets and operations have contributed 8 948kg (287 683oz) in production, or 19% of the group's total production. They added revenue of R4 750 million and generated free cash flows of R1 356 million.
Pursue organic brownfields growth strategy	Brownfield exploration at Hidden Valley and Kalgold to optimise existing open-pit operations and extend mine life, with brownfield exploration at our underground operations in South Africa.
Continue to drive down unit costs by improving our safety performance, delivering on our production plans, and increasing the productivity of our mining teams	Successful integration of Mponeng and related assets is reflected in our results. This demonstrates how we continue to transform our earnings profile by acquiring high-grade assets, while delivering on our strategy of safe, profitable ounces and increasing margins.

Key operational metrics FY21 – year-on-year (YoY) comparison

	Unit	YoY move	YoY %	**FY21**	FY20	Comments
Gold price	R/kg	↑	15.7	**851 045**	735 569	The average gold price received increased YoY, boosting our revenue
Underground yield	g/t	↑	1.1	**5.51**	5.45	The average underground recovered grade increased as a result of higher grades in Kusasalethu and Mponeng
Margin	%	↑	23.1	**16**	13	Mponeng was our most profitable underground operation for the reporting period, followed by Bambanani and Moab Khotsong, delivering operating free cash at margins of 29%, 27% and 26% respectively
Gold produced	kg	↑	26.1	**47 755**	37 863	
– South Africa	kg	↑	30.5	**43 066**	32 991	Higher gold production was in line with guidance and mainly due to including Mponeng and related assets in our portfolio
– Papua New Guinea	kg	↓	-3.8	**4 689**	4 872	Gold production in Hidden Valley was impacted by Covid-19 and related international travel restrictions and operational constraints, in addition to mechanical repairs required for some major infrastructure
All-in sustaining cost	R/kg	↓	-11	**723 054**	651 356	The increase in all-in sustaining cost was mainly due to operational expansion after acquiring Mponeng and related assets, as well as lower-than-expected gold production at Target 1, Joel, Kalgold and Hidden Valley

FY22 outlook

In the next financial year, gold production is estimated to be between 1.54Moz and 1.63Moz at an all-in sustaining cost of between R765 000/kg and R800 000/kg. Underground recovered grade is planned to be about 5.40g/t to 5.57g/t.

The acquisition of Mponeng and Mine Waste Solutions, finalised at the end of September 2020, will continue to contribute to production and revenue in FY22. Mponeng is close to our Kusasalethu Mine in the West Wits region. While each of these operations has its own treatment plant, there are possible synergies for surface retreatment that will be explored and executed in FY22. The mine dumps at Deelkraal, Savuka and Kusasalethu are all in the same region and will provide extra ounces for the group, given the increased processing capacity. Harmony also acquired Kopanang plant but due to the operation being financially unviable the plant will be placed on care and maintenance during the first quarter of FY22.

The acquisition of these assets will help offset the closure of Unisel and the expected decline in production at Masimong and Bambanani, as these operations near the end of their operating lives.

Looking ahead, we have a number of growth opportunities. We have obtained a life-of-mine extension of two years at Hidden Valley, continued mining the Great Noligwa shaft pillar and completed the Zaaiplaats project feasibility study, which was approved by the technical committee. This is now in execution phase and will be the main focus in FY22.

Joel operation completed its twin-decline project at the end of July 2021, including the installation of a chairlift which enables employees to access 137 level quicker and improve productivity and production at the operation.

Exploration drilling at Kalgold has yielded favourable results and the operation has the potential to be further expanded. We are also drilling in the vicinity of Target North, situated in the Witwatersrand Basin.

Key focus areas and actions in FY22:
- Continue to embed a proactive safety culture
- Ensure we meet our operational plans and generate free cash flow
- Create synergies in the West Wits region that will unlock value
- Pursue organic brownfields growth strategy
- Continue to drive down unit costs by improving our safety performance, delivering on our production plans, and increasing the productivity of our mining teams.

FY22 production and capital guidance

Operation	Production (oz)	Capital expenditure[1] (Rm)	Life of mine (years)
Tshepong Operations	238 000 – 250 000	1 450	20
Moab Khotsong[2]	227 000 – 239 000	1 339	24
Mponeng	209 000 – 220 000	742	8
Bambanani	60 000 – 63 000	87	3
Doornkop	119 000 – 125 000	738	14
Joel	54 000 – 60 000	242	9
Target 1	59 000 – 68 000	398	7
Kusasalethu	126 000 – 133 000	270	3
Masimong	62 000 – 65 000	59	1.5
Underground operations – total[3]	**1 154 000 – 1 223 000**	**5 325**	
South African surface operations (tailings and waste rock dumps)	~115 000	316	14+
Mine Waste Solutions	85 000 – 89 000	863	17
Kalgold	40 000 – 42 000	65	12
Hidden Valley[4]	153 000 – 161 000	1 460	6
Total	**~1.540 – 1.630Moz**	**8 029**	

[1] Excludes Wafi-Golpu.
[2] Includes Zaaiplaats life-of-mine and capital expenditure of R537 million.
[3] At an underground recovered grade of ~5.40g/t to 5.57g/t.
[4] Includes capitalised stripping costs.

PERFORMANCE BY OPERATION

South Africa – underground operations

We are pleased to report our operations have regained most of their flexibility and expect to see improved production at most of our underground operations. While Target 1 remains a challenge after dual pillar failures and backfill dilution, we are continuing our capitalisation project to bring infrastructure closer to the mining areas. Improved production results are expected once these projects are complete and we start mining the higher-grade ore again.

South Africa – surface operations

Harmony has one of the largest surface-source operations in the world, with close to 300 000oz of low-risk, low-cost gold ore to mine. With a planned combined life-of-mine of over 17 years, our surface operations include Kalgold, Phoenix, Central Plant Reclamation and the waste-rock dumps as well as the acquired Mine Waste Solutions and Kopanang plant in the review period. Kalgold is regaining flexibility after prioritising the mining of high-grade ore during the Covid-19 lockdowns.

Papua New Guinea – opencast operations

Hidden Valley's FY21 gold production declined 4% to 4 689kg (150 755oz) from 4 872kg (156 639oz) in FY20, and silver production decreased 32% to 63 482kg or 2 040 994oz from 93 858kg (3 017 620oz). Gold and silver production were impacted by the Covid-19 outbreak and related international travel restrictions and operational constraints, in addition to mechanical repairs required for some major infrastructure. Despite these events, production profit was 10% higher, driven by a 10% improvement in recovered gold grade to 1.37g/t from 1.25g/t in FY20 and a 12% higher gold price received of R847 027/kg (US$1 711/oz) compared to R757 348/kg (US$1 504/oz) in FY20.

Operating free cash flow rose 28% to R1 117 million compared to R871 million in FY20. Hidden Valley's mining lease extension was granted by the Papua New Guinea government for a further five years from March 2025 to March 2030. This extension affirms Harmony's established relationship with government. The Hidden Valley extension project will result in an extended mine life to 2027 with expected production of 975 000oz of gold and 13Moz of silver over the life of mine. The project will be cash flow positive for its duration.

South Africa – underground operation
Tshepong Operations

		FY21	FY20	FY19
Number of employees				
– Permanent		**8 292**	8 224	8 091
– Contractors		**872**	792	724
Total		**9 164**	9 016	8 815
Operational				
Volumes milled	(000t) (metric)	**1 558**	1417	1 612
	(000t) (imperial)	**1 718**	1 562	1 777
Gold produced	(kg)	**7 419**	7 293	7 967
	(oz)	**238 526**	234 475	256 146
Gold sold	(kg)	**7 353**	7 399	7 922
	(oz)	**236 404**	237 882	254 698
Grade	(g/t)	**4.76**	5.15	4.94
	(oz/t)	**0.139**	0.150	0.144
Productivity	(g/TEC)	**74.59**	73.24	84.62
Development results				
– Total metres		**20 813**	17 551	23 259
– Reef metres		**2 385**	3 131	3 323
– Capital metres		**1 000**	140	809
Financial				
Revenue	(Rm)	**6 214**	5 452	4 685
	(US$m)	**403**	348	330
Average gold price received	(R/kg)	**845 031**	736 863	591 331
	(US$/oz)	**1 707**	1 463	1 297
Cash operating cost	(Rm)	**4 919**	4 252	4 008
	(US$m)	**319**	271	283
Production profit	(Rm)	**1 349**	1 154	712
	(US$m)	**87**	74	50
Capital expenditure	(Rm)	**1 112**	930	1 130
	(US$m)	**72**	59	80
Operating free cash flow[1]	(Rm)	**183**	270	(453)
	(US$m)	**12**	17	(32)
Cash operating cost	(R/kg)	**663 030**	583 018	503 033
	(US$/oz)	**1 339**	1 158	1 103
All-in sustaining cost	(R/kg)	**815 333**	713 202	636 281
	(US$/oz)	**1 647**	1 416	1 396
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**2**	2	4
Lost-time injury frequency rate	per million hours worked	**5.44**	5.05	7.75
Environment				
Electricity consumption	(GWh)	**566**	549	466
Water consumption – primary activities	(Ml)	**2940**	2 813	2 778
Greenhouse gas emissions	(000tCO_2e)	**590**	581	535
Intensity data per tonne treated				
– Energy		**0.36**	0.39	0.29
– Water		**1.89**	1.98	1.72
– Greenhouse gas emissions		**0.38**	0.41	0.33
Number of reportable environmental incidents		**–**	–	–
Community				
Local economic development	(Rm)	**19**	32	18
Training and development	(Rm)	**86**	94	86

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Tshepong Operations continued

Other salient features	
Status of operation	Steady-state operation: development continues
Life-of-mine	20 years
Nameplate hoisting capacity (per month)	283 000 tonnes (312 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 • ISO 9001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	20	5.77	116	4.7	4.46	21	24.7	5.53	137
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	22.1	0.168	3 722	5.2	0.130	672	27.3	0.161	4 394

Overview of operations

Tshepong Operations is a deep-level underground mining operation in the Free State, near the town of Welkom, some 250km from Johannesburg. It is an integrated mining complex that includes the Tshepong and Phakisa underground mines/sections. The amalgamation and reporting of the Tshepong Operations as a single entity began in FY18. The proximity of these two mines has allowed for the integration of operations, in turn facilitating the use of excess hoisting capacity and underused infrastructure at Tshepong section and debottlenecking Phakisa's restrained infrastructure. Given that Tshepong Operations is our largest mining complex, our plan is to mine this orebody for the next 20 years.

The Tshepong section is a mature underground operation that uses conventional undercut mining, while the newer Phakisa section uses the conventional undercut and opencut mining method. Rock from Phakisa is transported via a railveyor system to Nyala shaft, from where it is hoisted to surface. The principal gold-bearing orebody exploited by both sections is the Basal Reef, with the B Reef mined as a high-grade secondary reef. Mining is conducted at depths of 1 500m to 2 300m. Ore mined is processed at the Harmony One plant, with gold recovered using the gold cyanide leaching process.

Operating performance FY21

Regrettably, there were three fatalities at the Tshepong Operations in FY21, two in the second quarter and one in the third quarter. We focused on fall-of-ground golden controls, installing additional permanent steel netting and finding a solution to secure these nets close to the face using blast on support to eliminate further fall-of-ground injuries. The lost-time injury frequency rate deteriorated 8% to 5.44 per million hours worked (FY20: 5.05) and the management team remains committed to improving the safety performance of these operations. Refer to Safety and health for more information on the causes of injury and management's safety approach.

In FY21, Tshepong Operations was the group's largest contributor of gold production (16%) and the fourth-largest in production profit (11%). Higher productivity and improved mining efficiencies were achieved as there were no interruptions as a result of lockdowns in FY21. Gold production and volume of ore milled increased 2% to 7 419kg (238 526oz) (FY20: 7 293kg, 234 475oz) and 10% to 1 558 tons (FY20:1 417 tons) respectively, mainly due to improved mining efficiencies, as there was an 8% decrease in underground recovered grade to 4.76g/t (FY20: 5.15g/t).

Revenue rose 14% to R6 214 million (FY20: R5 452 million) mainly due to the 15% increase in average gold price to R845 031/kg (FY20: R736 863/kg). Cash operating costs were up 16% to R4 919 million (FY20: R4 252 million) mainly due to annual wages and electricity tariff increases as well as additional crews to improve production. Capital expenditure increased 20% to R1 112 million (FY20: R930 million) mainly for ongoing development and plant optimisation. Operating free cash flow of R183 million was recorded in FY21 compared to R270 million in FY20, reflecting high cash operating costs and capital expenditure relative to a moderate revenue increase.

Outlook for FY22

The key focus for FY22 will be to improve the mine's operational flexibility, especially on development. We hope to achieve higher outputs per crew and ultimately drive up the volume and mine at the reserve grade. The safety of employees will remain a top priority.

South Africa – underground operation

Moab Khotsong

		FY21	FY20	FY19
Number of employees				
– Permanent		**5 369**	5 343	5 421
– Contractors		**840**	1 086	1 036
Total		**6 209**	6 551	6 457
Operational				
Volumes milled	(000t) (metric)	**903**	746	970
	(000t) (imperial)	**995**	822	1 069
Gold produced	(kg)	**7 166**	6 592	7 928
	(oz)	**230 391**	211 938	254 891
Gold sold	(kg)	**7 095**	6 799	7 794
	(oz)	**228 109**	218 592	250 583
Grade	(g/t)	**7.94**	8.84	8.17
	(oz/t)	**0.232**	0.258	0.238
Productivity	(g/TEC)	**109.73**	102.76	120.67
Development results				
– Total metres		**6981**	8 815	10 472
– Reef metres		**1144**	1 173	1 202
– Capital metres		**2070**	1 363	1 432
Financial				
Revenue	(Rm)	**6 048**	5 008	4 470
	(US$m)	**393**	320	315
Average gold price received	(R/kg)	**852 392**	736 533	573 522
	(US$/oz)	**1 722**	1 463	1 258
Cash operating cost	(Rm)	**3 846**	3 283	3 167
	(US$m)	**250**	210	223
Production profit	(Rm)	**2 206**	1 664	1 369
	(US$m)	**144**	106	96
Capital expenditure	(Rm)	**633**	498	559
	(US$m)	**41**	32	39
Operating free cash flow[1]	(Rm)	**1 569**	1 228	745
	(US$m)	**102**	78	53
Cash operating cost	(R/kg)	**536 710**	497 953	399 414
	(US$/oz)	**1 084**	989	876
All-in sustaining cost	(R/kg)	**626 795**	566 942	477 581
	(US$/oz)	**1 266**	1 126	1 048
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**1**	1	1
Lost-time injury frequency rate	per million hours worked	**7.92**	7.95	9.75
Environment[2]				
Electricity consumption	(GWh)	**757**	738	766
Water consumption – primary activities	(Ml)	**6 191**	5 975	6 898
Greenhouse gas emissions	(000tCO_2e)	**903**	784	700
Intensity data per tonne treated				
– Energy		**0.84**	0.99	0.79
– Water		**6.86**	8.01	7.11
– Greenhouse gas emissions		**0.87**	0.81	0.72
Number of reportable environmental incidents[3]		**1**	–	–
Community				
Local economic development	(Rm)	**10**	22	19
Training and development	(Rm)	**58**	56	48

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*
[2] *Note: figures include Nufcor.*
[3] *Figures include reportable incidents in Zaaiplaats.*

Moab Khotsong continued

Other salient features	
Status of operation	Steady-state operation with a growth project
Life-of-mine	24 years (including Zaaiplaats)
Nameplate hoisting capacity (per month)	160 000 tonnes (176 000 tons)
Compliance and certification	• New order mining right • ISO 14001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	2.9	7.77	23	12.3	8.89	109	15.2	8.67	132
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	3.2	0.227	727	13.6	0.259	3 518	16.8	0.253	4 245

Overview of operations

Moab Khotsong is a deep-level mine near the towns of Orkney and Klerksdorp, some 180km south-west of Johannesburg. The mine, which began producing in 2003, was acquired from AngloGold Ashanti Limited in March 2018.

Mining is based on a scattered mining method, together with an integrated backfill support system that incorporates bracket pillars. The geology at Moab Khotsong is structurally complex, with large fault-loss areas between the three mining areas (top mine (Great Noligwa), middle mine and lower mine (growth project and Zaaiplaats project in execution phase). The mine exploits the Vaal Reef as its primary orebody. The economic reef horizons are mined between 1 791m and 3 052m below surface. Ore mined is processed at the Great Noligwa gold plant. The plant uses the reverse gold leach method, with gold and uranium being recovered through gold cyanide and acid uranium leaching.

Operating performance FY21

We deeply regret to report that one employee lost his life in a mining-related incident in FY21. World best practice standards have been implemented, a risk management approach is being embedded, and learnings from the incident are being applied to improve the safety performance at Moab Khotsong. Refer to Safety and health for more on causes of injury and management's safety approach.

The volume of ore milled increased 21% to 903 000 tonnes (FY20: 746 000 tonnes), mainly due to re-accessing the operation's highest-grade section for the full year after it was affected by seismic activity in FY20 and had to be rehabilitated. Gold production rose 9% to 7 166kg (230 391oz) (FY20: 6 592kg, 211 938oz) despite a 10% decrease in underground grade recovered to 7.94g/t (FY20: 8.84g/t), offset by higher productivity and improved mining efficiencies given no interruptions due to national lockdowns.

The mine is the group's second-largest gold operation (contributing 15% of total production) and the largest contributor to operating free cash flow. Revenue increased 21% to R6 048 million (FY20: R5 008 million), mainly due to the average gold price received rising 16% to R852 392/kg (FY20: R736 533/kg). Cash operating costs were 17% higher at R3 846 million (FY20: R3 283 million), mainly due to wages and electricity tariff increases. Capital expenditure rose 27% to R633 million (FY20: R498 million), mainly for ongoing development that includes infrastructure to extract and mine the pillar in Great Noligwa. Operating cash free flows of R1 569 million were recorded in FY21 compared to R1 228 million in FY20, reflecting a higher increase in revenue versus a marginal increase in capital and operating costs.

A notable outcome of FY21 was the completion of the Great Noligwa pillar extraction feasibility study. This went onto project-implementation stage, with construction of the second 73-76 level rock-transfer system completed and commissioned in the third quarter and handed over to production. Harmony has extensive pillar-mining expertise which is being used to develop the infrastructure for extracting and mining the pillar.

Outlook for FY22

With 24 years' (including Zaaiplaats) life-of-mine left, the focus in FY22 will be to improve our safety performance; increase mining face lengths and achieve the reserve grade. Planned capital expenditure for FY22 related to the Zaaiplaats project will be R537 million. The project is expected produce 7 000kg (225 000oz) per annum at a grade of 9g/t and should reach full production by FY32.

South Africa – underground operation
Mponeng

		FY21	FY20	FY19
Number of employees				
– Permanent		**4 650**		
– Contractors		**658**		
Total		**5 308**		
Operational				
Volumes milled	(000t) (metric)	**683**		
	(000t) (imperial)	**753**		
Gold produced	(kg)	**5 446**		
	(oz)	**175 092**		
Gold sold	(kg)	**5 299**		
	(oz)	**170 367**		
Grade	(g/t)	**7.97**		
	(oz/t)	**0.233**		
Productivity	(g/TEC)	**124.95**		
Development results				
– Total metres		**6 299**		
– Reef metres		**815**		
– Capital metres		**—**		
Financial				
Revenue	(Rm)	**4 750**		
	(US\$m)	**308**		
Average gold price received	(R/kg)	**896 474**		
	(US\$/oz)	**1 811**		
Cash operating cost	(Rm)	**2 902**		
	(US\$m)	**188**		
Production profit	(Rm)	**1 812**		
	(US\$m)	**117**		
Capital expenditure	(Rm)	**493**		
	(US\$m)	**32**		
Operating free cash flow[1]	(Rm)	**1 356**		
	(US\$m)	**88**		
Cash operating cost	(R/kg)	**532 812**		
	(US\$/oz)	**1 076**		
All-in sustaining cost	(R/kg)	**659 760**		
	(US\$/oz)	**1 333**		
Average exchange rate	(R/US\$)	**15.40**		
Safety				
Number of fatalities		**–**		
Lost-time injury frequency rate	per million hours worked	**8.09**		
Environment				
Electricity consumption	(GWh)	**680**		
Water consumption – primary activities	(Ml)	**2 250**		
Greenhouse gas emissions	(000tCO_2e)	**708**		
Intensity data per tonne treated				
– Energy		**1**		
– Water		**3.29**		
– Greenhouse gas emissions		**1.04**		
Number of reportable environmental incidents		**–**		
Community				
Local economic development	(Rm)	**1**		
Training and development	(Rm)	**11**		

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

The results and figures in the table above are for the nine months from 1 October 2020 to 30 June 2021.

Mponeng continued

Other salient features	
Status of operation	Steady-state operation: development continues
Life-of-mine	Eight years
Nameplate hoisting capacity (per month)	165 000 tonnes (182 000 tons)
Compliance and certification	• New order mining right • ISO 14001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	1.9	8.72	17	5.8	8.47	49	7.7	8.53	65
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	2.1	0.254	535	6.3	0.247	1 569	8.5	0.249	2 104

Overview of operations

Mponeng is a deep-level mine near the town of Carletonville, some 90km south-west of Johannesburg. The mine, which began producing in 1986, was acquired from AngloGold Ashanti Limited in October 2020.

The orebody is extracted mostly by breast-mining methods with associated waste mining in addition to the reef being extracted. The dilution from these waste sources is captured and incorporated in the tonnage calculation, with historical performance being the benchmark. The mine exploits the Ventersdorp Contact Reef as its primary orebody. The economic reef horizons are mined between 3 160m and 3 740m below surface. Ore mined is processed at the Mponeng gold plant. The plant uses the conventional gold leach method, with gold recovered through carbon-in-pulp technology.

Operating performance FY21

The acquisition of Mponeng in October 2020 met Harmony's strategic objective of enhancing the quality of its asset portfolio and increasing margins. Its inclusion for nine months of the financial year boosted group production and free cash flow.

Mponeng is the group's second-largest contributor to operating free cash flows. In FY21, Mponeng processed 683 000 tonnes, producing 5 446kg (175 092oz) of gold at an underground recovered grade of 7.97g/t, making it the third-largest contributor to the group's gold production in the nine months from October 2020 to June 2021.

As a result of an exceptional average gold price received of R896 474/kg and high gold production, Mponeng recorded revenue of R4 750 million. It incurred cash operating costs of R2 902 million and capital expenditure of R493 million, mainly due to integration costs and ongoing development for plant optimisation.

The integration of Mponeng included the transfer of Harmony's existing accounting and payroll systems. This was successfully completed by year end.

Outlook for FY22

Management is focused on optimising costs and efficiencies to further enhance the performance of Mponeng, while safety remains a priority.

South Africa – underground operation
Bambanani

		FY21	FY20	FY19
Number of employees				
– Permanent		**1 508**	1 561	1 513
– Contractors		**131**	129	157
Total		**1 639**	1 690	1 661
Operational				
Volumes milled	(000t) (metric)	**227**	200	230
	(000t) (imperial)	**250**	221	254
Gold produced	(kg)	**1 992**	2 132	2 515
	(oz)	**64 044**	68 545	80 860
Gold sold	(kg)	**1 975**	2 162	2 495
	(oz)	**63 498**	69 510	80 216
Grade	(g/t)	**8.78**	10.66	10.93
	(oz/t)	**0.256**	0.310	0.318
Productivity	(g/TEC)	**107.37**	112.43	135.22
Development results				
– Total metres		**1 414**	1 184	1 173
– Reef metres		**—**	–	–
– Capital metres		**—**	–	–
Financial				
Revenue	(Rm)	**1 687**	1 591	1 477
	(US$m)	**110**	102	104
Average gold price received	(R/kg)	**854 392**	735 972	591 962
	(US$/oz)	**1 726**	1 461	1 299
Cash operating cost	(Rm)	**1 168**	1 025	985
	(US$m)	**76**	65	69
Production profit	(Rm)	**531**	551	483
	(US$m)	**35**	36	34
Capital expenditure	(Rm)	**71**	50	61
	(US$m)	**5**	3	4
Operating free cash flow[1]	(Rm)	**448**	517	431
	(US$m)	**29**	33	30
Cash operating cost	(R/kg)	**586 588**	480 620	391 550
	(US$/oz)	**1 185**	954	859
All-in sustaining cost	(R/kg)	**641 426**	522 990	441 226
	(US$/oz)	**1 295**	1 039	968
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**2**	–	1
Lost-time injury frequency rate	per million hours worked	**2.7**	2.71	2.65
Environment				
Electricity consumption	(GWh)	**133**	132	146
Water consumption – primary activities	(Ml)	**1024**	1 120	1 470
Greenhouse gas emissions	(000tCO_2e)	**138**	140	133
Intensity data per tonne treated				
– Energy		**0.58**	0.66	0.63
– Water		**4.51**	5.6	6.39
– Greenhouse gas emissions		**0.61**	0.7	0.57
Number of reportable environmental incidents		**–**	1	–
Community				
Local economic development	(Rm)	**4**	8	4
Training and development	(Rm)	**22**	23	26

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Bambanani continued

Other salient features	
Status of operation	Mature operation with focus on mining the shaft pillar for the next few years
Life-of-mine	Three years
Nameplate hoisting capacity (per month)	32 000 tonnes (35 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 – not certified but operates according to standard's requirements • ISO 9001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	0.6	8.48	5	—	—	—	0.6	8.48	5
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	0.6	0.247	152	—	—	—	0.6	0.247	152

Overview of operations

Bambanani is a mature, deep-level mine in the Free State, near Welkom and some 260km south of Johannesburg. It comprises two surface shafts, with the East shaft used to convey our employees and West shaft used to hoist ore to the surface.

Bambanani is in the final stages of its life-of-mine (three years remaining) and mining is limited to extraction of the high-grade shaft pillar. Mining is conducted to a depth of 2 219m, exploiting predominantly the Basal Reef. Ore mined is sent to the Harmony One plant for processing. Given the high risk of seismicity at Bambanani, efforts are focused on managing support systems and rehabilitating areas with challenging ground conditions.

Operating performance FY21

Regrettably there were two fatalities in FY21, one in the first quarter and one in the third quarter. The management team remains committed to improving safety performance as a priority. Refer to Safety and health for more on the causes of injury and management's safety approach.

Gold production decreased 7% to 1 992kg (64 044oz) (FY20: 2 132kg, 68 545oz), mainly due to an 18% decrease in the underground recovered grade to 8.78g/t (FY20: 10.66g/t) affected by challenging mining conditions in higher grade areas. An extensive drilling programme has been scheduled to investigate the extent of these conditions. Ore milled increased by 14% to 227 000t (FY20: 200 000t). The lower gold production was offset by an increase in the average gold price received to R854 392/kg (FY20: R735 972/kg), resulting in a 6% increase in revenue to R1 687 million (FY20: R1 591 million).

Cash operating costs increased 14% to R1 168 million (FY20: R1 025 million), mainly due to annual wage increases and electricity tariff increases. Capital expenditure rose 42% to R71 million (FY20: R50 million), mainly due to ongoing development and deferred capital expenditure from the national lockdown in FY20 which interrupted operations. Operating free cash flows of R448 million in FY21, compared to R517 million in FY20, reflect the high increase in capital expenditure as well as cash operating costs.

Outlook for FY22

Given that the operation is nearing the end of its life-of-mine, the key focus in FY22 will be to continue mining the remaining shaft pillar in a safe and productive manner.

South Africa – underground operation

Doornkop

		FY21	FY20	FY19
Number of employees				
– Permanent		**3 374**	3 249	3 133
– Contractors		**772**	585	751
Total		**4 146**	3 924	3 884
Operational				
Volumes milled	(000t) (metric)	**851**	681	730
	(000t) (imperial)	**938**	750	805
Gold produced	(kg)	**3 670**	2 994	3 273
	(oz)	**117 993**	96 259	105 229
Gold sold	(kg)	**3 603**	3 038	3 255
	(oz)	**115 839**	97 673	104 650
Grade	(g/t)	**4.31**	4.40	4.48
	(oz/t)	**0.126**	0.128	0.131
Productivity	(g/TEC)	**89.14**	74.83	85.07
Development results				
– Total metres		**6 271**	6 042	8 834
– Reef metres		**1 713**	1 474	1 621
– Capital metres		**1 149**	315	497
Financial				
Revenue	(Rm)	**3 077**	2 270	1 931
	(US$m)	**200**	145	136
Average gold price received	(R/kg)	**853 957**	747 282	593 301
	(US$/oz)	**1 725**	1 484	1 302
Cash operating cost	(Rm)	**2 186**	1 699	1 593
	(US$m)	**142**	109	112
Production profit	(Rm)	**937**	540	367
	(US$m)	**61**	35	26
Capital expenditure	(Rm)	**425**	281	308
	(US$m)	**28**	18	22
Operating free cash flow[1]	(Rm)	**466**	290	30
	(US$m)	**30**	19	2
Cash operating cost	(R/kg)	**595 550**	567 632	486 795
	(US$/oz)	**1 203**	1 127	1 068
All-in sustaining cost	(R/kg)	**680 524**	649 041	572 132
	(US$/oz)	**1 374**	1 289	1 255
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**1**	1	2
Lost-time injury frequency rate	per million hours worked	**6.89**	6.1	5.22
Environment				
Electricity consumption	(GWh)	**212**	204	212
Water consumption – primary activities	(Ml)	**787**	665	266
Greenhouse gas emissions	(000tCO_2e)	**222**	217	193
Intensity data per tonne treated				
– Energy		**0.25**	0.3	0.29
– Water		**0.92**	0.98	0.36
– Greenhouse gas emissions		**0.26**	0.32	0.26
Number of reportable environmental incidents		**–**	–	–
Community				
Local economic development	(Rm)	**6**	9	8
Training and development	(Rm)	**53**	41	46

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Doornkop continued

Other salient features	
Status of operation	Mining takes place on the South Reef at this single-shaft operation
Life-of-mine	14 years
Nameplate hoisting capacity (per month)	103 000 tonnes (113 000 tons)
Compliance and certification	• New order mining right – October 2008 • ISO 14001 • ISO 9001 • OHSAS 18001 • Cyanide code certified.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	6.0	4.73	29	4.4	4.17	19	10.5	4.49	47
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	6.7	0.138	918	4.9	0.122	596	11.5	0.131	1 513

Overview of operations

Doornkop is a deep-level single-shaft operation in Gauteng, some 30km west of Johannesburg, on the northern rim of the Witwatersrand Basin. While a mature operation, it still has 14 years life-of-mine remaining.

The operation focuses on narrow-reef conventional mining of the South Reef gold-bearing conglomerate reef. Mining is undertaken to a depth of 2 219m below surface. Ore is processed at the Doornkop plant, which uses the carbon-in-pulp process to extract gold.

Operating performance FY21

Regrettably, there was one fatality at the Doornkop plant in the first quarter of FY21. The lost-time injury frequency rate deteriorated 13% to 6.89 per million hours worked in FY21 (FY20: 6.1), and the management team remains committed to improving safety performance. Refer to Safety and health for more on causes of injury and management's safety approach.

There was a 25% increase in volumes milled to 851 000 tonnes (FY20: 681 000) despite a slight decrease in underground recovered grade of 2% to 4.31g/t. The operation achieved a 23% increase in gold production to 3 670kg (117 993oz) (FY20: 2 994kg, 96 259oz) in FY21, the highest in more than ten years, on improved operating efficiencies. Higher production is a direct benefit of capital expenditure, which increased 51% to R425 million (FY20: R281 million), mainly for plant optimisation and ongoing development as lockdown regulations did not interrupt operations in the review period.

Revenue rose 36% to R3 077 million (FY20: R 2 270 million), reflecting the substantial increase in production and 14% rise in the gold price to R853 957/kg (FY20: R747 282/kg). Cash operating costs were 29% higher at R2 186 million (FY20: R1 699 million) mainly due to annual wages, electricity tariff increases and additional crews to improve production.

Outlook for FY22

Achieving planned development targets to enable the life-of-mine production build-up and enhance mining flexibility will remain the priority for FY22. A focus on safety, development and disciplined mining will ensure we achieve our production targets at this mine.

South Africa – underground operation
Joel

		FY21	FY20	FY19
Number of employees				
– Permanent		**1 823**	1 883	1 867
– Contractors		**209**	131	115
Total		**2 032**	2 014	1 982
Operational				
Volumes milled	(000t) (metric)	**359**	349	429
	(000t) (imperial)	**396**	384	473
Gold produced	(kg)	**1 424**	1 391	1 567
	(oz)	**45 783**	44 722	50 379
Gold sold	(kg)	**1 414**	1 412	1 612
	(oz)	**45 461**	45 397	51 827
Grade	(g/t)	**3.97**	3.99	3.65
	(oz/t)	**0.116**	0.116	0.107
Productivity	(g/TEC)	**63.97**	64.01	78.1
Development results				
– Total metres		**3 397**	2 734	3 378
– Reef metres		**1 806**	832	1 288
– Capital metres		**–**	–	–
Financial				
Revenue	(Rm)	**1 199**	1 037	957
	(US$m)	**78**	66	67
Average gold price received	(R/kg)	**848 131**	734 620	593 531
	(US$/oz)	**1 713**	1 459	1 302
Cash operating cost	(Rm)	**1 135**	999	967
	(US$m)	**74**	64	68
Production profit	(Rm)	**75**	27	(14)
	(US$m)	**5**	2	(2)
Capital expenditure	(Rm)	**172**	151	187
	(US$m)	**11**	10	13
Operating free cash flow[1]	(Rm)	**(108)**	(113)	(197)
	(US$m)	**(7)**	(8)	(14)
Cash operating cost	(R/kg)	**796 982**	718 024	617 116
	(US$/oz)	**1 610**	1 426	1 354
All-in sustaining cost	(R/kg)	**936 296**	826 970	701 644
	(US$/oz)	**1 891**	1 642	1 539
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**3.42**	2.03	3.16
Environment				
Electricity consumption	(GWh)	**88**	85	87
Water consumption – primary activities	(Ml)	**907**	853	838
Greenhouse gas emissions	(000tCO_2e)	**92**	90	80
Intensity data per tonne treated				
– Energy		**0.25**	0.24	0.2
– Water		**0.92**	2.44	1.95
– Greenhouse gas emissions		**0.26**	0.26	0.19
Number of reportable environmental incidents		**–**	–	–
Community				
Local economic development[2]	(Rm)	**4**	6	4
Training and development	(Rm)	**19**	18	19

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Joel continued

Other salient features	
Status of operation	Twin-shaft operation – technically challenging, decline project completed
Life-of-mine	Nine years
Nameplate hoisting capacity (per month)	60 000 tonnes (83 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 • ISO 9001 • SAS 18001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	2.6	5.00	13	1.5	4.50	7	4.1	4.82	20
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	2.9	0.146	423	1.6	0.131	215	4.5	0.141	639

Overview of operations

Joel is a twin-shaft mining operation in the Free State, some 290km south-west of Johannesburg, on the southern edge of the Witwatersrand Basin.

A pre-developed scattered mining system is used. This enables unpay and geologically complex areas to be left unmined, while considering the overall panel configuration and stability of footwall development. This allows for mining to be selective, based on the proven ore reserve during the development phase. The primary economic reef mined is the narrow tabular Beatrix Reef deposit, accessed via conventional grid development. Mining is currently being conducted to a depth of 1 379m below collar. As the Joel plant was decommissioned in FY19, ore mined is now processed at the Harmony One plant.

Operating performance FY21

In FY21, gold production increased by 2% to 1 424kg (45 783oz) (FY20: 1 391kg, 44 722oz) while volume of ore milled rose 3% to 359 000 tonnes (FY20: 349 000 tonnes), despite a 1% decrease in the recovered grade to 3.97g/t (FY20: 3.99g/t). This was offset by higher productivity and improved mining efficiencies as the national lockdown did not interrupt operations in FY21.

The exceptional rise in the gold price by 15% to R848 131/kg (FY20: R734 620/kg) increased revenue to R1 199 million, which is also a 16% increase on R1 037 million in FY20. Cash operating costs rose 14% to R1 135 million (FY20: R999 million), mainly due to annual wage and electricity tariff increases. Capital expenditure was 14% higher at R172 million (FY20: R151 million), reflecting expenditure that was interrupted during the national lockdown in April 2020 and subsequent phased start-up of operations.

Joel had a fatality-free year, continuing its good safety record.

Another notable achievement during the year was completion of the 137 decline project in July 2021, which is expected to improve productivity in the 137 level from FY22. The decline project was initiated to extend the life of Joel by eight to nine years and is included in the current life-of-mine plan of nine years.

Outlook for FY22

The key focus areas in FY22 will be our development plan to open reserves, as well as ongoing exploration drilling to identify new reserves below 137 level and in the Klippan area. This is expected to increase volumes and grade output, resulting in a safe and profitable FY22.

South Africa – underground operation

Target 1

		FY21	FY20	FY19
Number of employees				
– Permanent		**1 550**	1 682	1 604
– Contractors		**315**	380	335
Total		**1 865**	2 062	1 939
Operational				
Volumes milled	(000t) (metric)	**488**	543	588
	(000t) (imperial)	**537**	598	650
Gold produced	(kg)	**1 603**	2 244	2 653
	(oz)	**51 536**	72 146	85 296
Gold sold	(kg)	**1 619**	2 237	2 685
	(oz)	**52 052**	71 921	86 324
Grade	(g/t)	**3.28**	4.13	4.51
	(oz/t)	**0.096**	0.121	0.131
Productivity	(g/TEC)	**76.55**	108.58	132.94
Development results				
– Total metres		**2 211**	2 152	3 378
– Reef metres		**368**	96	118
– Capital metres		**96**	191	179
Financial				
Revenue	(Rm)	**1 410**	1 524	1 585
	(US$m)	**92**	97	112
Average gold price received	(R/kg)	**870 640**	681 388	590 298
	(US$/oz)	**1 758**	1 353	1 295
Cash operating cost	(Rm)	**1 662**	1 505	1 478
	(US$m)	**108**	96	104
Production profit	(Rm)	**(257)**	25	94
	(US$m)	**(16)**	1	7
Capital expenditure	(Rm)	**368**	347	297
	(US$m)	**24**	22	21
Operating free cash flow[1]	(Rm)	**(621)**	(327)	(190)
	(US$m)	**(40)**	(21)	(13)
Cash operating cost	(R/kg)	**1 037 115**	670 647	557 264
	(US$/oz)	**2 095**	1 332	1 222
All-in sustaining cost	(R/kg)	**1 232 098**	817 066	662 816
	(US$/oz)	**2 488**	1 623	1 454
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**1**	–	–
Lost-time injury frequency rate	per million hours worked	**9.99**	9.62	6.35
Environment				
Electricity consumption	(GWh)	**219**	212	173
Water consumption – primary activities	(Ml)	**597**	471	474
Greenhouse gas emissions	(000tCO_2e)	**232**	229	162
Intensity data per tonne treated				
– Energy		**0.45**	0.39	0.29
– Water		**1.22**	0.87	0.81
– Greenhouse gas emissions		**0.48**	0.42	0.28
Number of reportable environmental incidents		**–**	–	–
Community				
Local economic development	(Rm)	**4**	8	6
Training and development	(Rm)	**40**	38	45

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Target 1 continued

Other salient features	
Status of operation	Optimisation project well underway
Life-of-mine	Seven years
Nameplate hoisting capacity (per month)	97 000 tonnes (107 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 • ISO 9001 • OHSAS 18001 • Cyanide code certified.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	2.9	4.46	13	1.8	3.89	7	4.7	4.24	20
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	3.2	0.130	416	2.0	0.113	231	5.2	0.124	647

Overview of operations

Target 1 is an advanced, single-shaft, deep-level mine in the Free State, some 270km south-west of Johannesburg. It has a planned life-of-mine of seven years.

While most of the ore extracted comes from mechanised mining (massive mining techniques), conventional stoping is still employed primarily to destress areas ahead of mechanised mining. The gold mineralisation currently exploited is contained in a succession of Elsburg and Dreyerskuil quartz pebble conglomerate reefs. These reefs are mined to a depth of around 2 300m below surface. Ore mined is milled and processed at the Target plant, with gold recovered by means of gold cyanide leaching.

Operating performance FY21

Regrettably, there was one fatality at Target 1 in the third quarter of FY21. The management team remains committed to improving safety performance. Refer to Safety and health for more on causes of injury and management's safety approach.

Gold production and volume of ore milled respectively decreased by 29% to 1 603kg (51 536oz) (FY20: 2 244kg, 72 146oz) and 10% to 488 000 tonnes (FY20: 543 000 tonnes). This was mainly due to flexibility constraints as a result of pillar failures and backfill dilution in two of the massive stopes. This also affected recovered grade, which deteriorated 21% to 3.28g/t (FY20: 4.13g/t).

The substantial decline in production resulted in an 7% decrease in revenue to R1 410 million (FY20: R1 524 million), despite the 28% increase in average gold price received to R870 640/kg (FY20: R681 388/kg). Cash operating costs rose 10% to R1 662 million (FY20: R1 505 million), mainly due to annual wage and electricity tariff increases.

Capital expenditure increased 6% to R368 million (FY20: R347 million), mainly due to higher capital expenditure on the decline project, ventilation project as well as ongoing development.

Outlook for FY22

Target is set to achieve higher volumes and grades in FY22, which will result in lower unit costs. This is the result of the Target 1 optimisation project to improve productivity and efficiencies which began in FY19 and will continue into FY22. The project involves moving the rock crusher and related infrastructure and services closer to mining working areas.

South Africa – underground operation
Kusasalethu

		FY21	FY20	FY19
Number of employees				
– Permanent		**3 764**	4 237	4 011
– Contractors		**496**	603	930
Total		**4 260**	4 840	4 941
Operational				
Volumes milled	(000t) (metric)	**708**	615	742
	(000t) (imperial)	**780**	678	817
Gold produced	(kg)	**3 999**	3 015	4 989
	(oz)	**128 570**	96 934	160 400
Gold sold	(kg)	**3 980**	3 085	5 028
	(oz)	**127 959**	99 185	161 653
Grade	(g/t)	**5.65**	4.90	6.72
	(oz/t)	**0.165**	0.143	0.196
Productivity	(g/TEC)	**81.32**	57.08	98.94
Development results				
– Total metres		**2 202**	3 039	5 437
– Reef metres		**282**	1 019	1 217
– Capital metres		**—**	–	–
Financial				
Revenue	(Rm)	**3 400**	2 293	2 975
	(US$m)	**221**	146	210
Average gold price received	(R/kg)	**854 201**	743 153	591 742
	(US$/oz)	**1 725**	1 476	1 298
Cash operating cost	(Rm)	**2 969**	2 562	2 377
	(US$m)	**193**	164	168
Production profit	(Rm)	**445**	(284)	580
	(US$m)	**29**	(19)	41
Capital expenditure	(Rm)	**205**	188	316
	(US$m)	**13**	12	22
Operating free cash flow[1]	(Rm)	**226**	(458)	282
	(US$m)	**15**	(29)	20
Cash operating cost	(R/kg)	**742 452**	849 782	476 417
	(US$/oz)	**1 500**	1 687	1 045
All-in sustaining cost	(R/kg)	**814 048**	923 054	556 621
	(US$/oz)	**1 644**	1 833	1 221
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**2**	2	3
Lost-time injury frequency rate	per million hours worked	**9.83**	10.72	9.05
Environment				
Electricity consumption	(GWh)	**636**	599	624
Water consumption – primary activities	(Ml)	**2 832**	2 720	3 205
Greenhouse gas emissions	(000tCO_2e)	**661**	635	569
Intensity data per tonne treated				
– Energy		**0.9**	0.97	0.84
– Water		**4**	4.42	4.32
– Greenhouse gas emissions		**0.93**	1.03	0.77
Number of reportable environmental incidents		**2**	–	–
Community				
Local economic development	(Rm)	**8**	9	9
Training and development	(Rm)	**14**	38	52

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Kusasalethu continued

Other salient features	
Status of operation	Mature, steady-state operation positioned for profitability
Life-of-mine	Three years
Nameplate hoisting capacity (per month)	172 000 tonnes (190 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 • ISO 9001 • Cyanide code.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	1.9	7.51	14	0.3	4.76	1	2.2	7.15	15
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	2.1	0.219	455	0.3	0.139	43	2.4	0.209	498

Overview of operations

Kusasalethu is a mature, deep-level mine 90km west of Johannesburg, near the border of Gauteng and North West provinces. Mining at a depth of 3 388m with three years' life-of-mine.

The mine comprises twin vertical and twin sub-vertical shaft systems and uses conventional mining methods in a sequential grid layout. It exploits the Ventersdorp Contact Reef as its primary orebody. Ore mined is treated at the Kusasalethu plant.

We believe there are various surface and service synergies in the West Wits area that could unlock value by driving down units costs.

Operating performance FY21

Tragically, there were two fatalities at Kusasalethu in FY21, in the first and second quarters. The management team remains committed to improving safety performance. Refer to Safety and health for more on causes of injury and management's safety approach.

A 15% increase in underground recovered grade to 5.65g/t (FY20: 4.90g/t) and improved mining efficiencies saw gold production increase substantially by 33% to 3 999kg (128 570oz) (FY20: 3 015kg, 96 934oz), together with a 15% increase in volume of ore milled to 708 000 tonnes (FY20: 615 000 tonnes).

Revenue rose 48% to R3 400 million (FY20: R2 293 million), reflecting high productivity and a 15% increase in average gold price received to R854 201/kg (FY20: R743 153/kg).

Cash operating costs were 16% higher at R2 969 million (FY20: R2 562 million), mainly due to annual wage and electricity tariff increases. Capital expenditure rose 9% to R205 million (FY20: R188 million) for ongoing development. Operating free cash flow of R226 million compares to a negative operating cash flow of R458 million in FY20, mainly due to the 48% increase in revenue versus gradual increase in cash operating cost and capital expenditure.

Outlook for FY22

The key focus for FY22 will be to improve the mine's operational flexibility, especially on development. Management will also concentrate on achieving high outputs per crew to drive up volume and mine at the reserve grade. The safety of employees remains a priority.

South Africa – underground operation
Masimong

		FY21	FY20	FY19
Number of employees				
– Permanent		**1 943**	2 083	2 247
– Contractors		**121**	135	120
Total		**2 064**	2 218	2 367
Operational				
Volumes milled	(000t) (metric)	**510**	489	602
	(000t) (imperial)	**563**	539	664
Gold produced	(kg)	**2 012**	1 999	2 309
	(oz)	**64 687**	64 269	74 237
Gold sold	(kg)	**1 993**	2 027	2 291
	(oz)	**64 076**	65 169	73 657
Grade	(g/t)	**3.95**	4.09	3.84
	(oz/t)	**0.115**	0.119	0.112
Productivity	(g/TEC)	**81.23**	79.22	82.48
Development results				
– Total metres		**2 833**	2 246	3 167
– Reef metres		**1 044**	759	765
Financial				
Revenue	(Rm)	**1 636**	1 401	1 359
	(US$m)	**106**	89	96
Average gold price received	(R/kg)	**820 780**	691 282	593 003
	(US$/oz)	**1 658**	1 373	1 301
Cash operating cost	(Rm)	**1 440**	1 241	1 214
	(US$m)	**94**	79	86
Production profit	(Rm)	**209**	143	154
	(US$m)	**13**	9	11
Capital expenditure	(Rm)	**29**	24	109
	(US$m)	**2**	2	8
Operating free cash flow[1]	(Rm)	**166**	136	36
	(US$m)	**11**	8	2
Cash operating cost	(R/kg)	**715 835**	620 804	525 703
	(US$/oz)	**1 446**	1 233	1 153
All-in sustaining cost	(R/kg)	**764 577**	655 888	593 408
	(US$/oz)	**1 544**	1 302	1 302
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**2.86**	7.51	5.88
Environment				
Electricity consumption	(GWh)	**133**	138	161
Water consumption – primary activities	(Ml)	**383**	510	721
Greenhouse gas emissions	(000tCO_2e)	**139**	146	147
Intensity data per tonne treated				
– Energy		**0.26**	0.28	0.27
– Water		**0.75**	1.04	1.2
– Greenhouse gas emissions		**0.27**	0.3	0.24
Number of reportable environmental incidents		**1**	–	–
Community				
Local economic development	(Rm)	**5**	11	6
Training and development	(Rm)	**23**	23	26

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Masimong continued

Other salient features	
Status of operation	Mature, single-shaft operation nearing the end of its life
Life-of-mine	18 months
Nameplate hoisting capacity (per month)	112 000 tonnes (124 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 14001 • ISO 9001 • OHSAS 18001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	0.7	4.37	3	0.03	3.08	0.1	0.8	4.32	3
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	0.8	0.127	105	0.03	0.090	3	0.9	0.126	108

Overview of operations

Masimong is a deep-level mine in the Free State, near Welkom, some 260km from Johannesburg. The operation is close to the end of its mine life, with some 18 months of mining left. Masimong is a mine that reflects the effectiveness of Harmony's business model.

The Masimong complex comprises two shafts with 5 Shaft used as the operating shaft and 4 Shaft for ventilation, pumping and a second escape outlet. Masimong exploits the Basal Reef and B Reef, using a conventional tabular narrow-reef stoping method. Mining is conducted at a depth of 1 650m to 2 010m below collar. Ore mined is processed at the nearby Harmony One plant.

Operating performance FY21

Gold production increased 1% to 2 012kg (64 687oz) (FY20: 1 999kg, 64 269oz), due to a 4% increase in tonnes milled to 510 000 tonnes (FY20: 489 000 tonnes), countered by a deteriorating underground grade recovered of 3% to 3.95g/t (FY20: 4.09g/t).

The 19% increase in gold price received to R820 780/kg (FY20: R691 282/kg) and slight increase in production contributed to the 17% increase in revenue to R1 636 million (FY20: R1 401 million), despite a marginal decrease in gold sold. This performance was underpinned by a good safety record with no loss-of-life incidents recorded in FY21 as the operations achieved 2 million fatality-free shifts.

Cash operating costs rose 16% to R1 440 million (FY20: R1 241 million) mainly due to annual wage increases and electricity tariff increases. Capital expenditure increased 21% to R29 million (FY20: 24 million), mainly for ongoing development.

Outlook for FY22

The Masimong management team will focus on maintaining the safety and production performance as life-of-mine was extended by another year.

South Africa – underground operation
Unisel

		FY21	FY20	FY19
Number of employees				
– Permanent		—	750	880
– Contractors		—	77	52
Total		—	827	932
Operational				
Volumes milled	(000t) (metric)	**57**	219	256
	(000t) (imperial)	**63**	242	283
Gold produced	(kg)	**247**	982	1 212
	(oz)	**7 941**	31 573	38 966
Gold sold	(kg)	**242**	994	1 207
	(oz)	**7 780**	31 958	38 807
Grade	(g/t)	**4.33**	4.48	4.73
	(oz/t)	**0.126**	0.130	0.138
Productivity	(g/TEC)	**80.40**	98.59	110.5
Development results				
– Total metres		**–**	1 048	2 035
– Reef metres		**–**	299	1 177
– Capital metres		**–**	–	–
Financial				
Revenue	(Rm)	**224**	681	713
	(US$m)	**15**	43	50
Average gold price received	(R/kg)	**925 979**	684 727	590 468
	(US$/oz)	**1 870**	1 360	1 295
Cash operating cost	(Rm)	**178**	573	569
	(US$m)	**12**	37	40
Production profit	(Rm)	**42**	101	149
	(US$m)	**3**	6	10
Capital expenditure	(Rm)	**–**	7	45
	(US$m)	**–**	–	3
Operating free cash flow[1]	(Rm)	**46**	100	99
	(US$m)	**3**	6	7
Cash operating cost	(R/kg)	**721 271**	583 274	469 108
	(US$/oz)	**1 457**	1 158	1 029
All-in sustaining cost	(R/kg)	**782 126**	613 382	523 823
	(US$/oz)	**1 580**	1 218	1 149
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**1.88**	1.66	4.02
Environment				
Electricity consumption	(GWh)	**18**	51	62
Water consumption – primary activities	(Ml)	**269**	414	367
Greenhouse gas emissions	(000tCO_2e)	**18**	54	57
Intensity data per tonne treated				
– Energy		**0.31**	0.23	0.03
– Water		**4.72**	1.89	0.36
– Greenhouse gas emissions		**0.32**	0.25	0.04
Number of reportable environmental incidents		**–**	–	1
Community				
Local economic development	(Rm)	**–**	4	3
Training and development	(Rm)	**3**	8	11

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

The FY21 results and figures in the table above are for the four months until 31 October 2020.

Unisel continued

Other salient features	
Status of operation	Mature operation closed in FY21
Life-of-mine	Closed
Nameplate hoisting capacity (per month)	63 000 tonnes (69 000 tons)
Compliance and certification	• New order mining right – December 2007 • ISO 9001.

Overview of operations
Unisel is a single-shaft, intermediate-depth mine in the Free State, near Virginia, some 270km south-west of Johannesburg. Having been in production since 1979, Unisel has reached the end of its life, and was closed in the first half of FY21. This mine has served myriad stakeholders in the province well over the past 40 years.

Post-closure, Harmony will arrange to transfer the Unisel workforce to other operations where positions are available. Portable skills training will be a key focus.

Operating performance FY21
In FY21, Unisel recorded its sixth consecutive year without a fatality.

Due to the closure of the mine, volume of ore milled decreased 74% to 57 000 tonnes (FY20: 219 000 tonnes) with underground recovered grade deteriorating 3% to 4.33g/t (FY20: 4.48g/t). This resulted in gold production being 75% lower at 247kg (7 941oz) (FY20: 982kg, 31 573oz).

Despite an exceptional 35% rise in the gold price received to R925 979/kg (FY20: R684 727/kg) in the review period, revenue declined 67% to R224 million (FY20: R681 million) after the mine was closed in the second quarter. Operating free cash flow of R46 million was recorded when the shaft was closed, with a 69% decrease in cash operating costs to R178 million. There was no capital expenditure in FY21.

Outlook for FY22
The mine has reached the end of its life and was closed in the second quarter of FY21.

South Africa – surface operation

Mine Waste Solutions (tailings retreatment)

		FY21	FY20	FY19
Number of employees				
– Permanent		**479**		
– Contractors		**797**		
Total		**1 276**		
Operational				
Volumes milled	(000t) (metric)	**17 665**		
	(000t) (imperial)	**19 479**		
Gold produced	(kg)	**2 057**		
	(oz)	**66 133**		
Gold sold	(kg)	**2 043**		
	(oz)	**65 684**		
Grade	(g/t)	**0.116**		
	(oz/t)	**0.003**		
Productivity	(g/TEC)	**302.38**		
Financial				
Revenue	(Rm)	**1 889**		
	(US$m)	**123**		
Average gold price received	(R/kg)	**729 882**		
	(US$/oz)	**1 474**		
Cash operating cost	(Rm)	**1 036**		
	(US$m)	**67**		
Production profit	(Rm)	**751**		
	(US$m)	**49**		
Capital expenditure	(Rm)	**70**		
	(US$m)	**5**		
Operating free cash flow[1]	(Rm)	**385**		
	(US$m)	**25**		
Cash operating cost	(R/kg)	**503 635**		
	(US$/oz)	**1 017**		
All-in sustaining cost	(R/kg)	**601 978**		
	(US$/oz)	**1 216**		
Average exchange rate	(R/US$)	**15.40**		
Safety				
Number of fatalities		**–**		
Lost-time injury frequency rate	per million hours worked	**4.04**		
Environment				
Electricity consumption	(GWh)	**142**		
Water consumption – primary activities	(Ml)	**6 222**		
Greenhouse gas emissions	(000tCO_2e)	**154**		
Intensity data per tonne treated				
– Energy		**0.01**		
– Water		**0.35**		
– Greenhouse gas emissions		**0.01**		
Number of reportable environmental incidents		**1**		
Community				
Local economic development	(Rm)	**–**		
Training and development	(Rm)	**1**		

[1] *Operating free cash flow = revenue – Franco-Nevada non-cash consideration – cash operating cost – capital expenditure as per operating results.*

The results and figures in the table above are for the nine months from 1 October 2020 to 30 June 2021.

Mine Waste Solutions (tailings retreatment) continued

Other salient features	
Status of operation	Tailings retreatment
Life-of-mine	17 years

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	50.0	0.24	12	164.9	0.26	42	214.9	0.25	54
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	55.1	0.007	390	181.8	0.007	1 358	236.9	0.007	1 749

Overview of operations

Mine Waste Solutions is a tailings retreatment operation near Klerksdorp in North West province. It reprocesses low-grade material from tailing storage facilities scattered across the Vaal River and Stilfontein area to reduce the tailings footprint.

The operation was acquired from AngloGold Ashanti Limited in October 2020.

Harmony's subsidiary, Chemwes, the owner of Mine Waste Solutions has a contract with Franco-Nevada Barbados (Franco-Nevada) where Franco-Nevada is entitled to receive 25% of all the gold produced through Mine Waste Solutions.

As at 1 October 2020, the balance of gold ounces to be delivered to Franco-Nevada amounted to 100 686oz. Subsequent to 1 October 2020, 16 257oz had been delivered to Franco-Nevada bringing the balance of gold ounces to be delivered as at 30 June 2021 to 84 429oz.

Operating performance FY21

The acquisition of Mine Waste Solutions in FY21 met Harmony’s strategic objective of improving the quality of its asset portfolio and increasing margins. Its integration boosted group production and operating free cash flow in FY21.

Mine Waste Solutions processed 17.7 million tonnes at an underground grade of 0.116g/t, producing 2 057kg (66 133oz) of gold in the nine months to June 2021.

Revenue of R1 889 million reflects high productivity and a healthy average gold price received of R729 882/kg. The operation incurred all-in sustaining costs of R601 978/kg and capital expenditure of R70 million, mainly due to emergency generators, Kareerand East stormwater drain and the Kareerand expansion project.

The integration of Mine Waste Solutions included the transfer of Harmony’s existing accounting and payroll systems, successfully completed by year end.

Outlook for FY22

Management is focused on optimising costs and efficiencies to further enhance performance.

South Africa – surface operation
Kalgold

		FY21	FY20	FY19
Number of employees				
– Permanent		**270**	253	238
– Contractors		**430**	361	346
Total		**700**	614	584
Operational				
Volumes milled	(000t) (metric)	**1 507**	1 541	1 619
	(000t) (imperial)	**1 662**	1 700	1 785
Gold produced	(kg)	**1 109**	1 153	1 249
	(oz)	**35 655**	37 070	40 156
Gold sold	(kg)	**1 112**	1 151	1 263
	(oz)	**35 752**	37 006	40 605
Grade	(g/t)	**0.74**	0.75	0.77
	(oz/t)	**0.021**	0.022	0.022
Productivity	(g/TEC)	**121.92**	128.80	150.85
Financial				
Revenue	(Rm)	**955**	855	750
	(US$m)	**62**	55	53
Average gold price received	(R/kg)	**859 070**	742 533	593 482
	(US$/oz)	**1 735**	1 474	1 302
Cash operating cost	(Rm)	**776**	674	695
	(US$m)	**50**	43	49
Production profit	(Rm)	**179**	183	50
	(US$m)	**12**	12	3
Capital expenditure	(Rm)	**208**	99	61
	(US$m)	**14**	6	4
Operating free cash flow[1]	(Rm)	**(36)**	84	(4)
	(US$m)	**(2)**	6	–
Cash operating cost	(R/kg)	**699 546**	584 218	556 283
	(US$/oz)	**1 413**	1 160	1 220
All-in sustaining cost	(R/kg)	**905 253**	690 239	624 147
	(US$/oz)	**1 828**	1 371	1 369
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**3.21**	1.65	0.88
Environment				
Electricity consumption	(GWh)	**53**	54	54
Water consumption – primary activities	(Ml)	**267**	307	583
Greenhouse gas emissions	(000tCO_2e)	**75**	72	66
Intensity data per tonne treated				
– Energy		**0.03**	0.04	0.03
– Water		**0.18**	0.2	0.36
– Greenhouse gas emissions		**0.05**	0.05	0.04
Number of reportable environmental incidents		**–**	–	1
Community				
Local economic development	(Rm)	**1**	8	9
Training and development	(Rm)	**6**	9	5

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure ± impact of run-of-mine costs as per operating results.*

Kalgold continued

Other salient features	
Status of operation	Open-pit mining operation
Life-of-mine	12 years
Nameplate hoisting capacity (per month)	112 000 tonnes (124 000 tons)
Compliance and certification	• New order mining right – August 2008 • ISO 14001 • ISO 9001.

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	6.1	0.93	6	12.5	1.12	14	18.5	1.06	20
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	6.7	0.027	182	13.7	0.033	449	20.4	0.031	631

Overview of operations

Kalgold is a long-life, open-pit gold mine on the Kraaipan Greenstone Belt, 55km south-west of Mahikeng in North West province.

Mining takes place from the A-zone pit, where activities are ramping up at the pillar between the A-zone and Watertank pit. Mined ore is processed at the carbon-in-leach Kalgold plant.

Operating performance FY21

Kalgold maintained its fatality-free record in FY21.

Gold production decreased 4% to 1 109kg (35 655oz) (FY20: 1 153kg, 37 070oz), due to a 2% drop in ore milled to 1 507 000 tonnes (FY20: 1 541 000 tonnes) and a 1% decrease in recovered grade to 0.74g/t (FY20: 0.75g/t).

Despite lower production, the 16% higher average gold price received in FY21 boosted revenue 12% to R955 million (FY20: R855 million). Cash operating costs increased 15% to R776 million (FY20: R674 million) due to increased annual wages and electricity tariffs.

Capital expenditure rose over 100% to R208 million (FY20: R99 million), mainly for capitalised stripping costs in FY21.

Outlook for FY22

With a 12-year life-of-mine, the key focus areas in FY22 will be to optimise the pit design to produce safe, profitable ounces by mining the A-zone and Watertank pits. Feasibility studies are underway to potentially expand milling capacity – two options are being considered, one to expand milling capacity by 300 000t a month, the other by 450 000t a month. The results from exploration drilling at Kalgold outline an expanded, robust mineralised system that extends beyond current resource limits. Resource development drilling underway has outlined a mineralised zone that now comprises over 2.1km of strike and extends to more than 300m below surface. The intersections show good continuity of geology and mineralisation, making this an exciting organic growth opportunity for Harmony.

South Africa – surface operation

Phoenix (tailings retreatment)

		FY21	FY20	FY19
Number of employees				
– Permanent		**86**	83	87
– Contractors		**247**	261	249
Total		**333**	344	336
Operational				
Volumes milled	(000t) (metric)	**6 190**	6 227	6 133
	(000t) (imperial)	**6 827**	6 866	6 762
Gold produced	(kg)	**779**	818	756
	(oz)	**25 046**	26 299	24 306
Gold sold	(kg)	**777**	823	750
	(oz)	**24 982**	26 459	24 113
Grade	(g/t)	**0.126**	0.131	0.123
	(oz/t)	**0.004**	0.004	0.004
Productivity	(g/TEC)	**375.24**	385.12	185.84
Financial				
Revenue	(Rm)	**620**	589	433
	(US$m)	**40**	38	31
Average gold price received	(R/kg)	**798 310**	715 787	577 889
	(US$/oz)	**1 612**	1 421	1 268
Cash operating cost	(Rm)	**396**	363	344
	(US$m)	**26**	23	24
Production profit	(Rm)	**227**	223	92
	(US$m)	**15**	14	7
Capital expenditure	(Rm)	**4**	7	6
	(US$m)	**–**	–	–
Operating free cash flow[1]	(Rm)	**221**	219	83
	(US$m)	**14**	14	7
Cash operating cost	(R/kg)	**508 162**	443 972	455 370
	(US$/oz)	**1 026**	882	999
All-in sustaining cost	(R/kg)	**511 946**	453 937	462 579
	(US$/oz)	**1 034**	901	1 015
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**–**	–	–
Environment				
Electricity consumption	(GWh)	**41**	40	41
Water consumption – primary activities	(Ml)	**305**	320	304
Greenhouse gas emissions	(000tCO2e)	**43**	43	37
Intensity data per tonne treated				
– Energy		**0.01**	0.01	0.007
– Water		**0.05**	0.05	0.05
– Greenhouse gas emissions		**0.01**	0.01	0.006
Number of reportable environmental incidents		**1**	–	1

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Phoenix (tailings retreatment) continued

Other salient features	
Status of operation	Tailings retreatment
Life-of-mine	Seven years

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	42.6	0.28	12	—	—	—	42.6	0.28	12
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	46.9	0.008	385	—	—	—	46.9	0.008	385

Overview of operations

Phoenix is a tailings retreatment operation in Virginia, Free State.

It retreats tailings from Harmony's tailings storage facilities in the Free State region to extract any residual gold, using the Saaiplaas plant. It is 100% owned by the black economic empowerment company, Tswelopele Beneficiation Operation Proprietary Limited, of which Harmony is a 76% shareholder.

Operating performance FY21

With its safety performance intact, Phoenix continued to improve its operating performance by increasing volumes processed and containing costs.

Gold production decreased 5% to 779kg (25 046oz) (FY20: 818kg, 26 299oz), mainly due to a 1% decrease in volumes of ore processed to 6.19 million tonnes and 4% decrease in recovered grade to 0.126g/t (FY20: 0.131g/t). Lower gold production was offset by the 12% rise in average gold price received to R798 310/kg (FY20: R715 787/kg), resulting in a 5% increase in revenue to R620 million (FY20: R589 million).

All-in sustaining unit costs rose 13% to R511 946/kg (FY20: R453 937/kg). Capital expenditure for FY21 decreased 43% to R4 million (FY20: R7 million) after replacing a 2km leach pipe in the prior year to reduce pipe failures and improve plant efficiencies.

Operational success depends on maintaining plant efficiency and reducing pump and pipe failures (adequate spillage control).

Outlook for FY22

The aim is to finish feasibility work on identifying the optimum second-source feed for processing given that the current feed is nearing the end of its life. Another focus will be to investigate the possibility of boosting gold recovery by reducing resonance time in processing.

South Africa – surface operation
Central Plant Reclamation (tailings retreatment)

		FY21	FY20	FY19
Number of employees				
– Permanent		**96**	97	99
– Contractors		**153**	151	136
Total		**249**	248	235
Operational				
Volumes milled	(000t) (metric)	**4 020**	4 020	3 872
	(000t) (imperial)	**4 434**	4 433	4 269
Gold produced	(kg)	**563**	625	579
	(oz)	**18 101**	20 094	18 615
Gold sold	(kg)	**566**	625	577
	(oz)	**18 197**	20 093	18 551
Grade	(g/t)	**0.140**	0.155	0.15
	(oz/t)	**0.004**	0.005	0.004
Productivity	(g/TEC)	**291.34**	325.83	307.23
Financial				
Revenue	(Rm)	**482**	468	342
	(US$m)	**31**	30	24
Average gold price received	(R/kg)	**851 505**	749 216	592 359
	(US$/oz)	**1 720**	1 488	1 299
Cash operating cost	(Rm)	**271**	234	212
	(US$m)	**18**	15	15
Production profit	(Rm)	**211**	234	130
	(US$m)	**14**	15	9
Capital expenditure	(Rm)	**13**	12	7
	(US$m)	**1**	1	1
Operating free cash flow[1]	(Rm)	**198**	222	123
	(US$m)	**13**	14	8
Cash operating cost	(R/kg)	**480 975**	373 798	366 364
	(US$/oz)	**971**	742	804
All-in sustaining cost	(R/kg)	**501 947**	389 611	378 038
	(US$/oz)	**1 014**	774	829
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**–**	–	2.09
Environment				
Electricity consumption	(GWh)	**23**	24	23
Water consumption – primary activities	(Ml)	**203**	171	191
Greenhouse gas emissions	(000tCO_2e)	**27**	25	21
Intensity data per tonne treated				
– Energy		**0.01**	0.01	0.01
– Water		**0.05**	0.04	0.05
– Greenhouse gas emissions		**0.01**	0.01	0.005
Number of reportable environmental incidents		**–**	–	–

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Central Plant Reclamation (tailings retreatment) continued

Other salient features	
Status of operation	Tailings retreatment
Life-of-mine	14 years

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	—	—	—	52.0	0.27	14	52.0	0.27	14
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	—	—	—	57.3	0.008	450	57.3	0.008	450

Overview of operations

Central Plant Reclamation is a tailings retreatment operation near Welkom in the Free State. Originally built to process waste-rock dumps, it was converted into a tailings retreatment facility in FY17.

Operating performance FY21

The operation maintained processing volumes at 4 million tonnes, but a 10% decline in recovered grade to 0.140g/t (FY20:0.155g/t) resulted in an 10% decrease in gold production to 563kg (18 101oz) (FY20: 625kg, 20 094oz). This was countered by an exceptional rise in average gold price received of 14% to R851 505/kg (FY20: R749 216/kg), increasing revenue 3% to R482 million (FY20: R468 million).

All-in sustaining unit cost increased 29% to R501 947/kg (FY20: R389 611/kg). Capital expenditure for FY21 rose 7% to R13 million (FY20: R12 million) on higher plant maintenance.

Outlook for FY22

Key focus areas in FY22 will be to continue safe operations and deliver operational excellence by maintaining costs and improving mining efficiencies.

South Africa – surface operation
Waste-rock dumps

		FY21	FY20	FY19
Operational				
Volumes milled	(000t) (metric)	**10 107**	4 476	4 307
	(000t) (imperial)	**11 145**	4 936	4 749
Gold produced	(kg)	**3 580**	1 753	1 515
	(oz)	**115 099**	56 630	48 708
Gold sold	(kg)	**3 527**	1 780	1 497
	(oz)	**113 395**	57 229	48 129
Grade	(g/t)	**0.354**	0.392	0.352
	(oz/t)	**0.010**	0.011	0.01
Financial				
Revenue	(Rm)	**3 079**	1 388	879
	(US$m)	**200**	89	62
Average gold price received	(R/kg)	**872 960**	779 835	587 483
	(US$/oz)	**1 763**	1 549	1 289
Cash operating cost	(Rm)	**2 127**	853	692
	(US$m)	**138**	54	49
Production profit	(Rm)	**933**	527	195
	(US$m)	**61**	34	14
Capital expenditure	(Rm)	**39**	2	8
	(US$m)	**3**	–	1
Operating free cash flow[1]	(Rm)	**913**	533	179
	(US$m)	**59**	34	12
Cash operating cost	(R/kg)	**594 033**	486 792	456 473
	(US$/oz)	**1 200**	967	1 001
All-in sustaining cost	(R/kg)	**619 692**	484 507	462 178
	(US$/oz)	**1 252**	962	1 014
Average exchange rate	(R/US$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**–**	–	–
Environment				
Electricity consumption	(GWh)	*****	*	*
Water consumption – primary activities	(Ml)	*****	*	*
Greenhouse gas emissions	(000tCO_2e)	*****	*	*
Intensity data per tonne treated				
– Energy		*****	*	*
– Water		*****	*	*
– Greenhouse gas emissions		*****	*	*
Number of reportable environmental incidents		**–**	–	–

* *Electricity and water consumption and related emission and intensity data for the respective plants at which the waste rock dumps are processed are accounted for as part of the primary operation's environmental results.*

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure as per operating results.*

Waste-rock dumps continued

Other salient features	
Status of operation	Processing waste-rock dumps depends on the availability of spare plant capacity and plant requirements for grinding material
Life-of-mine	±1 year

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)	Tonnes (Mt)	Grade (g/t)	Gold (000kg)
	–	–	–	–	–	–	–	–	–
Reserves (imperial)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)	Tons (Mt)	Grade (oz/t)	Gold (000oz)
	–	–	–	–	–	–	–	–	–

Overview of operations

Production from processing surface-rock dumps, situated across Harmony's operations, depends entirely on the availability of spare mill capacity at the Harmony One and Target plants. Waste and waste-rock dump deliveries to Kusasalethu plant (near the border of Gauteng and North West provinces) supplement mining volumes to secure sufficient backfill to use as support in stoping areas. Waste-rock dumps near Orkney (acquired with Moab Khotsong operations) are treated at the Great Noligwa and Mispah plants. Milling of waste-rock dumps at the Doornkop plant, in Gauteng, began in FY18. Waste-rock dumps and tailings facilities acquired with Mponeng are treated at Mponeng, Savuka and Kopanang plants.

Operating performance FY21

An increase of 126% in ore milled to 10 million tonnes (FY20: 4 million tonnes), despite a 10% decline in recovered grade to 0.354g/t (FY20: 0.392g/t), translated to a 104% rise in gold produced to 3 580kg (115 099oz) (FY20: 1 753kg, 56 630oz). These operations recorded an excellent financial performance, with revenue increasing 121% to R3 079 million (FY20: R1 388 million) mainly due to the inclusion of surface sources acquired from AngloGold Ashanti in the Mponeng transaction, coupled with a substantial rise in average gold price received of 12% to R872 960/kg (FY20: R779 835/kg).

The newly acquired waste-rock dumps and tailings operations contributed a total of 5.4 million tonnes and 1 445kg of gold at an average recovered grade of 0.264g/t. These operations recorded revenue of R1 270 million, with cash costs and capital expenditure of R1 148 million resulting in operational free cash of R122 million.

All-in sustaining unit cost rose 28% to R619 692/kg (FY20: R484 507/kg). Capital expenditure for FY21 increased significantly to R39 million (FY20: R2 million) to replace a pipeline and conveyor at the Mispah plant as well as bratticing, refurbishments and replacing equipment related to the newly acquired surface assets.

Outlook for FY22

The priority for FY22 will be to continue safe, profitable production by maintaining costs and improving mining efficiencies.

Papua New Guinea
Hidden Valley

		FY21	FY20	FY19
Number of employees				
– Permanent		**1 474**	1 434	1 391
– Contractors		**754**	748	709
Total		**2 228**	2 182	2 100
Operational				
Volumes milled	(000t) (metric)	**3 420**	3 906	3 886
	(000t) (imperial)	**3 772**	4 307	4 285
Gold produced	(kg)	**4 689**	4 872	6 222
	(oz)	**150 755**	156 639	200 042
Gold sold	(kg)	**4 755**	4 949	6 192
	(oz)	**152 876**	159 113	199 077
Grade	(g/t)	**1.37**	1.25	1.6
	(oz/t)	**0.040**	0.036	0.047
Financial				
Revenue	(Rm)	**4 028**	3 748	3 591
	(US\$m)	**262**	239	253
Average gold price received	(R/kg)	**847 027**	757 348	579 902
	(US\$/oz)	**1 711**	1 504	1 272
Cash operating cost	(Rm)	**1 670**	1 696	1 371
	(US\$m)	**108**	108	97
Production profit	(Rm)	**2 309**	2 109	2 229
	(US\$m)	**150**	134	157
Capital expenditure	(Rm)	**1 260**	959	1 591
	(US\$m)	**82**	61	112
Operating free cash flow[1]	(Rm)	**1 117**	871	573
	(US\$m)	**73**	56	40
Cash operating cost	(R/kg)	**356 233**	348 054	220 323
	(US\$/oz)	**719**	691	483
All-in sustaining cost	(R/kg)	**677 659**	562 648	497 399
	(US\$/oz)	**1 383**	1 120	1 090
Average exchange rate	(R/US\$)	**15.40**	15.66	14.18
Safety				
Number of fatalities		**–**	–	–
Lost-time injury frequency rate	per million hours worked	**–**	0.68	0.35
Environment				
Electricity consumption	(GWh)	**103**	120	117
Water consumption – primary activities	(Ml)	**1983**	1 810	1 827
Greenhouse gas emissions	(000tCO_2e)	**158**	165	208
Intensity data per tonne treated				
– Energy		**0.03**	0.04	0.03
– Water		**0.58**	0.46	0.47
– Greenhouse gas emissions		**0.05**	0.04	0.05
Number of reportable environmental incidents		**–**	7	2

[1] *Operating free cash flow = revenue – cash operating cost – capital expenditure ± impact of run-of-mine costs as per operating results.*

Hidden Valley continued

Other salient features	
Status of operation	Open-pit mining operation producing gold and silver (by-product).
Life-of-mine	Six years

Mineral Reserve estimates at 30 June 2021

	Proved			Probable			Total		
Reserves (metric)	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**	**Tonnes (Mt)**	**Grade (g/t)**	**Gold (000kg)**
	3.4	0.95	3	19.9	1.59	32	23.3	1.50	35
Reserves (imperial)	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**	**Tons (Mt)**	**Grade (oz/t)**	**Gold (000oz)**
	3.7	0.028	103	21.9	0.046	1 016	25.6	0.044	1 119

Overview of operations

The Hidden Valley Mine is an open-pit gold and silver operation, in Morobe Province, Papua New Guinea, some 210km north-west of Port Moresby. The mine is located at elevations of 2 800m to 1 700m above sea level in steep mountainous and forested terrain that receives around 3m of rainfall per year. The major gold and silver deposits of Hidden Valley are in the Morobe Granodiorite of the Wau Graben.

Crushed ore is conveyed from the pit via a 5.5km overland pipe conveyor and treated at the Hidden Valley processing plant, using a two-stage crushing circuit followed by a semi-autogenous grinding mill, gravity, counter current decantation/ Merril Crowe circuit for silver and a carbon-in-leach circuit for gold.

Operating performance FY21

Hidden Valley's safety performance is among the best in the industry, with a fifth consecutive year of zero fatalities and over three million fatality-free shifts in FY21. This is testament to the culture of zero harm, safety coaching and leadership, as well as the use of critical control management that has been embedded operationally to drive safety.

The 14-day mil stoppage in January 2021, caused by a fault in the mill's electronic management system, together with the impact of Covid-19-related travel restrictions and operational constraints, impacted production. Volumes milled decreased 12% to 3.4 million tonnes (FY20: 3.9 million tonnes), although recovered grade improved 10% to 1.37g/t (FY20: 1.25g/t). Gold production declined 4% to 4 689kg (150 755oz) (FY20: 4 872kg, 156 639oz) and generated operating free cash flow of R1 117 million, making it the group's third-largest contributor to operating free cash flow in FY21, just behind the newly acquired Mponeng. The 12% rise in average gold price received to R847 027/kg (FY20: R757 348/kg) increased revenue by 8% to R4 028 million (FY20: R3 748 million). The all-in sustaining unit cost rose 20% to R677 659/kg (US$1 383/oz) (FY20: R562 648/kg, US$1 120/oz) due to:

- Lower gold production as a result of lower ore processed as the mine transitioned between various stages of the open-pit
- Higher total capital expenditure for plant maintenance and optimisation.

A prefeasibility study for the life-of-mine extension has been completed, which considered a two-year mine life extension and annual gold production of around 190 000oz. This study progressed to feasibility stage by the end of FY20 and was completed in FY21. A renewal of the mining lease to support a proposed mine life extension by two years was obtained.

Outlook for FY22

The key focus in FY22 will be to safely mine the current cutback to produce 153 000oz to 161 000oz ounces, while beginning the next planned pushback of the main Hidden Valley pit.

EXPLORATION AND PROJECTS

EXPLORATION AND PROJECTS
CREATING FUTURE VALUE

Exploration
- Kalgold exploration drilling
- Target North
- Tau Tona and Savuka shafts pillar extraction project studies*.

Feasibility
- Kalgold expansion project
- Savuka Plant Tailings Reclamation project.

Permitting
- Wafi-Golpu.

Projects
- Zaaiplaats
- Kareerand
- Hidden Valley extension
- Renewable energy
- Doornkop expansion
- Great Noligwa pillar
- Target 1
- Tshepong Sub 75

* *Study work to commence during FY22*

Exploration

Our exploration strategy is to predominantly pursue brownfields exploration targets close to existing infrastructure. This will drive short to medium-term organic Mineral Reserve replacement and growth to support our current strategy of increasing quality ounces and to mitigate the risk of a depleting Mineral Reserve base.

Key work streams underpinning the FY21 exploration programme include:
- Brownfield exploration at Hidden Valley and Kalgold to optimise existing open-pit operations and extend mine life
- Brownfield exploration at our underground operations in South Africa
- Greenfield exploration at Target North
- Reviewing exploration opportunities as part of our new business strategy.

During the year these work streams continued to be impacted as a result of the global Covid-19 pandemic, with some work programmes suspended in the interest of the health and safety of our employees and the host communities we work in, and to preserve capital during these challenging times.

A detailed report of exploration results appears in our **Mineral Resources and Mineral Reserves 2021 report.**

KALGOLD
The brownfields drilling campaign focused on resource extension drilling for the Windmill Zone. A total of 30 boreholes were drilled which amounts to 4 745 metres of Reverse Circulation drilling. Geotechnical, condemnation and water borehole drilling was also carried out to support various components of the Feasibility study and provide input to mine planning. All proposed sites have now been cleared for future development. The systematic geochemical soil sampling survey was completed over the selected anomalies identified by magnetic and electro-magnetic surveys. A total of 1 806 auger holes were drilled and 3 476 outcrop samples were obtained and analysed. Integration of these results with all historical geological information was concluded and identified excellent drilling targets associated with favourable cherty BIF sequence, the main host rock of Kalgold mineralisation.

TARGET NORTH
The exploration drilling programme from surface advanced well and a total of 3 744m was drilled. At MAL21A borehole, the first long directional deflection targeting the VCR to the west of the original intersection was completed including a set of short grade variability deflections. Deflection drilling continues. The average grade of reef intersections obtained from the mother hole and short deflections is 10g/t over the 110cm stoping width. Drilling of the second borehole MAL22 began in January 2021 and the hole advanced to a depth of 1 547 metres. Drilling continues in the Ventersdorp Lava.

Exploration continued

PAPUA NEW GUINEA
HIDDEN VALLEY BROWNFIELD EXPLORATION
Kerimenge prospect – The Kerimenge prospect is located some 8km to the west of the Hamata processing plant. Review of existing drill data commenced with the aim of developing a new resource estimate. Kerimenge is a historic gold deposit outlined by previous explorers that contains components of refractory and free milling oxide gold mineralisation. Webiak prospect – Assay results were returned for drilling at the Webiak prospect, located approximately 7.5km north of Hidden Valley (one hole for 120.5m). While no significant gold assays were obtained, results highlighted several zones of coincident anomalous silver-arsenic-antimony-mercury element anomalism consistent with the upper parts of a low sulphidation precious metal system.

WAFI-GOLPU JOINT VENTURE (Harmony 50%)
Buvu prospect – The Buvu prospect is located some approximately 2km north-west of the Golpu porphyry. A programme of soil sampling supported by geological reconnaissance mapping and rock-chip sampling was completed to develop a gold target in the hanging wall of the Buvu Fault. Results outlined a significant gold anomaly (open to the south) which sits in an envelope of anomalous silver, lead and zinc geochemistry. Work completed to date has confirmed the Buvu target area as having potential for an unrecognised centre of epithermal hydrothermal alteration and mineralisation.

Projects

We have identified substantial opportunities in our existing portfolio through exploration and brownfield projects which will extend the life of some of our larger and higher-grade assets, adding lower-risk, higher-margin ounces to Harmony's portfolio. Each project brings multiple benefits to Harmony and exceeds all our minimum criteria for allocating capital. We will continue to focus on ensuring all our mines operate safely and optimally and will continue investing across all our operations to ensure optimal production.

The salient features of our key projects are:

SOUTH AFRICA
ZAAIPLAATS PROJECT
Zaaiplaats is located south west of Moab Khotsong mine in South Africa and has significant resources of 3.5Moz below the last infrastructure level. This project is expected to produce over 200 000 ounces per annum and add 24 years' life-of-mine at a yield of approximately 9g/t and an estimated, real all-in sustaining cost of R512 300/kg. The major capital expenditure will be funded by Moab Khotsong. There are significant benefits to pursuing this project such as leveraging existing infrastructure, increasing ounces and sustaining jobs. Harmony has proven its ability to extract value and add life-of-mine time and again throughout its 71-year history.

KAREERAND EXTENSION
Mine Waste Solutions was acquired in October 2020 and is a reclamation operation in the Stilfontein/Orkney area in North West province, and treats 2.2 million tonnes per month from historical tailings facilities through the Mine Waste Solutions plant. Residue is then deposited on the existing Kareerand Tailings Storage Facility. However, this facility is running out of tailings deposition capacity. The project will require major capital to extend the existing deposition site to enable the full development of our tailings resource in the region. This project will be funded out of group cash and will deliver excellent cash flow margins once this project is completed and the Franco-Nevada streaming agreement comes to an end. This project is expected to produce approximately 100 000 ounces of gold per annum and add 16 years' life of mine at an estimated all-in sustaining cost of R572 000/kg over the life of mine.

HIDDEN VALLEY EXTENSION
This project in Papua New Guinea will be self-funded and will extend the life of mine to 2027. We expect the project to deliver approximately 160 000-200 000oz of gold per annum and 2.1Moz to 3.1Moz of silver per annum at a life-of-mine all-in sustaining cost of $1 017/oz.

OTHER PROJECTS IN EXECUTION
These include the Doornkop levels 207 and 212 mining and engineering infrastructure upgrade, the Tshepong sub-75 development, the Target 1 recapitalisation and decline development as well as our renewable energy projects (which are expected to realise significant energy savings).

PAPUA NEW GUINEA
WAFI-GOLPU PROJECT
Harmony is committed to realising its aspiration of being a specialist emerging-market copper-gold producer. In December 2020, following a rigorous environmental impact assessment, the Environmental Permit for the Wafi-Golpu project was approved by the Papua New Guinean Conservation and Environment Protection Authority and issued by the Director of Environment. The Environmental Permit is required under the Papua New Guinean Environment Act and is a prerequisite for granting a Special Mining Lease under the Mining Act. Harmony, together with its Wafi-Golpu Joint Venture partner Newcrest Mining Limited, is currently engaging with the State of Papua New Guinea to progress permitting of the Wafi-Golpu Project and has commenced discussions with the State in relation to the Special Mining Lease. The Wafi-Golpu Joint Venture Social Licence to Operate is in good standing and continues to receive support from the Project Impact Area communities, including various coastal communities. During FY21, several meetings took place between the Prime minister, Deputy Prime Minister and the Wafi-Golpu Joint Venture proponents on the resumption of the permitting process, with the Prime Minister expressing his government's desire to have it expedited. In July 2021, engagement on a revised draft term sheet occurred.

ENVIRONMENT

ENVIRONMENTAL MANAGEMENT AND STEWARDSHIP

Capitals affected

Directly	Indirectly
NATURAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL

Stakeholders affected

Host communities

Other stakeholders include non-governmental organisations and civil organisations, government and regulators.

Link to strategy

Responsible stewardship

Related risks

- Ensuring licence to operate and increasing cost of compliance
- Supply insecurity, rising cost of and continued use of fossil fuel-generated electricity in South Africa.

Related material issues

- Responsible environmental stewardship – mitigating the impacts of our mining activities
- Navigating political and regulatory uncertainty.

Governance responsibility

Social and ethics committee.

GRI standards

Prepared in accordance with: 102-10, 201-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5, 307-1, 308-1, 308-2, MM1, MM2, MM3 and MM10

Related SDGs

- Water efficiency programmes to optimise use
- Efficient and responsible waste management, including tailings disposal.

- Energy-efficiency programmes to optimise use and limit related emissions
- Improving energy mix with renewable and low-carbon alternatives.

- Taking all possible steps to prevent harm to the ocean and marine life from proposed deep-sea tailings placement for the Wafi-Golpu project.

- Focused rehabilitation programme to restore land to viability post-mining
- Biodiversity action plans being developed to restore biodiversity and limit losses.

Mining extracts natural minerals from the earth – land is disturbed; water is consumed and its quality potentially affected; dust and other emissions are generated; wastes are discharged and greenhouse gases are emitted.

We fully appreciate the significant impact of our activities on the natural environment and our surrounding communities. Our principal environmental impacts are:

Land disturbance	**Greenhouse gas emissions**	**Water consumption and pollution**	**Waste generation**	**Air pollution**

The tenets of our environmental strategy are accordingly focused on:

Emissions reduction through energy efficiency	**Emissions reduction through improved mix**	**Water conservation**	**Environmental leadership and disclosure**
Pollution prevention and resource protection	**Land restoration**	**Value creation**	**Environmental conservation**

Our performance FY21

We spent **R281 million (US$18 million)** (FY20: R159 million or US$10 million) on our group environmental portfolio in FY21.

Material used	**FY21**	FY20	FY19	FY18	FY17
Tonnes treated (000t)	**49 253**	25 429	25 980	22 441	19 402

Annual expenditure on our environmental portfolio

	FY21		FY20	
	Rm	**US$m**	Rm	US$m
SOUTH AFRICA				
Implementation of environmental control	**198**	**13**	64	4
Mine rehabilitation projects	**49**	**3**	62	4
Total	**247**	**16**	126	8
PAPUA NEW GUINEA				
Implementation of environmental control	**34**	**2**	32	2
Harmony – Total	**281**	**18**	159	10

Setting environmental targets

We measure and monitor our performance against group environmental targets, re-evaluated every five years. The targets against which we are currently reporting were implemented in FY18 and apply through to FY22. We are revising group aggregate targets post acquisition of Mponeng and related assets for FY22 to align with the call for net-zero emissions and to encapsulate more robust science-based targets.

Harmony remains on track to achieving most of its five-year targets by the end of FY22. Our absolute consumption for electricity and water has increased since 2017 due to the addition of Moab, Mine Waste Solutions and Mponeng operations. Despite consuming more, Harmony has noticeably improved its intensities per tonne of ore processed relative to consumption of electricity and water.

Harmony continues to initiate projects to improve energy and water efficiencies at our operations, including Mponeng and Mine Waste Solutions. Our expanded base of assets presents an opportunity to identify synergies within and between operations, which could support more aggressive reductions in the short to medium term.

Group environmental targets

KPIs	Five-year baseline target (FY18 to FY22) Target	Cumulative actual	Year on year Target	Actual	Achieved	Ten-year target (FY18 to FY27)
Energy						
Reduce absolute electricity consumption (% MWh)	5	(57)	**1**	**(30)**	✗	7 %
Electricity intensity (% kWh/tonne treated)	5	38	**1**	**33**	✓	7 %
Total carbon emission intensity reduction (% tCO_2/tonne treated)	5	34	**1**	**34**	✓	5 %
Diesel intensity (% kl/tonne treated)	2	57	**0.4**	**50**	✓	
Petrol intensity (% kl/tonne treated)	2	34	**0.4**	**39**	✓	
Energy intensity (% GJ/tonne treated)	5	39	**1**	**34**	✓	7 %
Water						
Reduce water used for primary activities (% kl)	7	(67)	**1.4**	**(54)**	✗	
Water intensity (% kl/tonne treated)	7	34	**1.4**	**21**	✓	
Water recycling (% increase)	6	103	**1.2**	**38**	✓	80% recycled and zero discharge
Waste						
Non-hazardous waste recycled (% increase)[1]	10	40	**2**	**52**	✓	Zero to landfill
Land and biodiversity						
Reduce impacted land footprint (%)	3	n/a	**0.6**	**0.03**	✗	
Environmental fines (#)	0	0	**0**	**0**	✓	
Implement biodiversity action plans (%)	100	70	**20**	**70**	✓	One offset project per region

[1] Timber, steel and plastic.

KPIs measured on Harmony's consumption figures

KPI	Five-year target based on consumption (FY18 to FY22)	Year 4 – FY21 Target	Actual	Achieved	Ten-year target (FY18 to FY27)
Energy					
Renewable energy (% of total electricity consumption)[1]	10	**2**	**2.7**	✓	30% of energy mix
Waste					
Hydrocarbon recycling[2] (% increase of total hydrocarbon consumption)	80	**16**	**21**	✓	

[1] Sources that produce electricity for Harmony's consumption. Renewable sources are based on installed capacity.
[2] Hydraulic oil and lubricants.

Our approach

Natural capital is one of the six capitals on which our business is based and our value measured. While mining impacts negatively on our natural capital, we believe environmental impacts caused by mining can be managed, mitigated or avoided entirely in some cases.

Our approach to environmental management and stewardship therefore aims to have the least impact feasible on the natural surroundings of our operations, and to preserve our natural capital to the fullest extent.

To achieve this, our goal is excellence in environmental performance that underpins our business strategy. We aim to conduct our mining activities and processes in a way that complies with environmental legislation while being responsible and considerate of the environment and our communities. We seek to be a responsible steward of natural resources and the environment in areas where we operate. This is a moral imperative, but also makes good business sense: mitigating our environmental impact reduces operating costs and our exposure to risk, while supporting our long-term objective of leaving a positive post-mining legacy.

Our approach is guided by our environmental management and stewardship policy, set out in Harmony's sustainable development framework, and underpinned by specific commitments:

- Preventing pollution where feasible wherever we operate or minimising, mitigating and remediating the harmful effects of our operation on the environment
- Complying with applicable host-country environmental laws and regulations
- Promoting active partnerships with government, community, labour and non-governmental organisations for environmental protection and conservation at international, national, regional and local levels
- Continual improvement, driven by environmental management systems that focus on:
  - Setting and achieving targets that promote the efficient use of resources and reduce environmental exposure; reporting on progress to relevant internal and external stakeholders
  - Managing hazardous substances safely and responsibly
- Contributing to biodiversity protection and considering ecological values and land-use aspects in investment, operational and closure activities
- Ensuring transparent communications with our communities on environmental issues.
- Ensuring integrity in the disclosure on of our environmental KPIs through GRI assurance processes. For FY21, the assured group KPIs include Mponeng and Mine Waste Solutions figures for the period October 2020 to June 2021. The Mponeng and Mine Waste solution figures were not sampled in FY21,detailed assurance work will be performed for the FY22.

www.harmony.co.za/sustainability/governance#policies.

Responsible stewardship: suppliers and market

Suppliers

Harmony has an extensive supply chain, and these suppliers indirectly contribute to our scope 3 greenhouse gas emissions. To comply with requirements in South Africa's National Environmental Management Act (as amended), each supplier must therefore adhere to our environmental management policies and standards. In this way, we ensure companies in our supply chain observe laws and regulations governing water and air quality, and will use all reasonable measures to avoid polluting and degrading the environment.

We have also engaged with our top 20 suppliers on their carbon and water footprints. Our aim was to enhance understanding that their activities, combined with our mining and processing activities, generate greenhouse gas emissions and must be re-evaluated to improve processes and reduce the impact of climate change.

Market

Rand Refinery smelts, evaluates, refines and fabricates the gold we produce for investment and retail clients. Harmony has a 10% stake in Rand Refinery, and one of our executive directors serves as a non-executive director and chair of its social and ethics committee. Rand Refinery is similarly committed to improving its environmental performance and operating to a high degree of compliance. It is also committed to internationally accepted responsible-sourcing practices (specifically London Bullion Market Association's responsible gold guidance and OECD due-diligence guidance for responsible supply chains of minerals from conflict-affected and high-risk areas). The certified gold chain of custody is audited independently in line with the requirements of independent bodies and enacted legislation.

Rand Refinery is accredited under ISO 45001:2018.

Governance

Our social and ethics committee oversees Harmony's environmental strategy and performance. The executive responsible for sustainable development motivates environmental improvement strategically at group level. General managers at each operation are accountable for annual environmental management plans that identify opportunities for improvement.

Operations are guided by technical and performance standards, incorporated into their environmental management systems and implemented in line with ISO 14001 (2015). Environmental management programmes include detailed closure plans for each operation within five years of planned closure to expedite beneficial post-mining land use and activities to ensure sustainable community livelihoods.

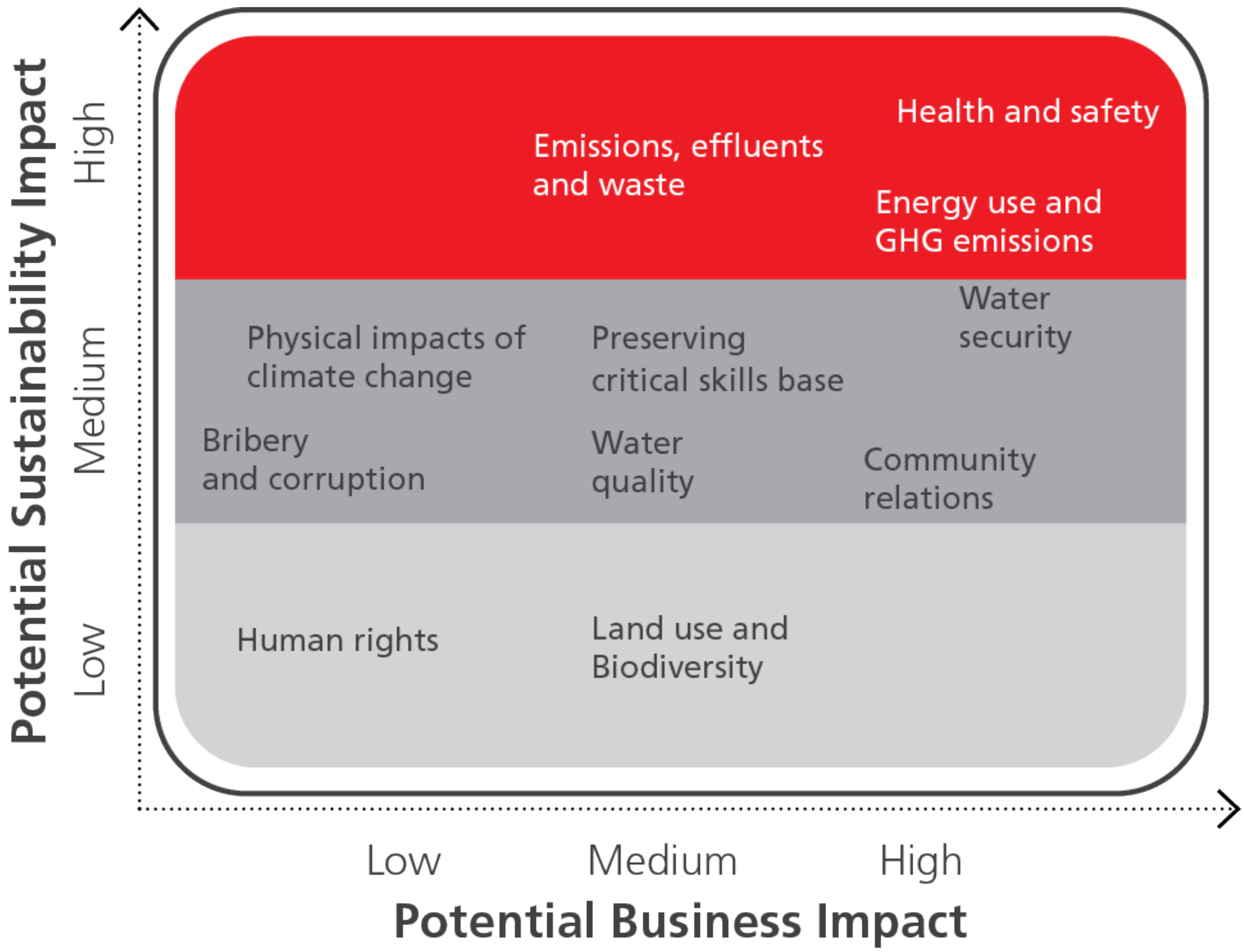
Harmony's assets cover a spectrum from development to long-life, operational, as well as short-life operational, decommissioned and closed operations. Accordingly, we decided to ensure that all long-life assets (over five years) will be ISO certified, with short-life and decommissioned assets to be compliant, but not certified. Eleven of our South African operations are therefore ISO 14001 compliant, including Mponeng plants and Mine Waste Solutions. Unisel is not certified as it is in closure. Certification is underway for Central and Saaiplaas plants, which we expect to receive by December 2021, and Mponeng shaft will be recertified by May 2021. Improvements are noted year on year.

In Papua New Guinea, Hidden Valley's environmental management plan is aligned with the ISO 14001(2015) standard.

Although Harmony is not a member of World Gold Council, we subscribe to global good practice and will be implementing the World Gold Council's responsible gold mining principles where applicable to our business. We have completed the gap analysis or self-assessment (refer assurance statement on page xx) required for year 1 of the three-year certification process, with the year 2 process underway.

All new employees in South Africa and Papua New Guinea receive environmental awareness training, reinforced by leadership training courses and monthly initiatives.

Environmental risk matrix



Our environmental risk matrix, included in our corporate risk register, underscores the importance of our natural capital and environmental management strategy. This matrix details the most significant threats to our business, employees and communities over the medium to long term.

Key among these threats is climate change, which could affect future operating costs, infrastructure requirements, operations and operating conditions, host communities and supply chain.

Material climate-related risks – which could have substantive financial impacts* – include safety (ie increasing ambient temperatures and flash flooding), regulatory changes (such as South Africa's new carbon tax regulations and the Climate Change Management Act 19 2015 in PNG), and major infrastructure incidents such as those caused by flash flooding.

** A substantive financial impact is defined as roughly R10 million, equivalent to an average loss of one day's production at a typical Harmony operation. Additionally, we estimate the impact to our business from carbon tax will be R300 million to R500 million by 2030.*

For more on climate-related risks, see TCFD report 2021.

Water is the primary medium through which Harmony will experience the effects of climate change, and therefore a key environmental risk. Our scenario analysis indicates water is a likely risk either from extreme storm or drought events, increased temperatures that could affect underground ambient temperatures and possible food-security risks. Water availability is also becoming less predictable, particularly in some of our operating regions in South Africa. Equally, water is a critical requirement for our growth prospects, particularly hydraulic tailings reclamation, and we are therefore acutely aware of the impact on our future mineable reserves, especially in water-scarce regions such as the Free State. Our recent acquisition of two water companies (discussed in the Water use section) adds strategic value to Harmony by limiting the impact of climate change to our business while limiting our use of water from host communities.

Land degradation is another major contributor to climate change and features in our environmental risk matrix. Land degradation generally means poorer vegetation cover which impairs the ability of fewer plants to absorb carbon dioxide, increases the likelihood of soil erosion during rain and dust storms, particularly detrimental to high arable land, and impacts biodiversity.

Legislative framework

The legislative frameworks regulating the mining industry in South Africa and Papua New Guinea remain in a state of flux, with several new and amended bills as well as draft policies before the respective parliaments. While promulgation is delayed by the pandemic, regulatory uncertainty continues in both countries, particularly management and reporting of environmental impacts in and around mining operations. A summary of the bills and their associated implications for our business is provided below.

South Africa

Financial Provision Regulations

The industry has been engaging with Department of Forestry, Fisheries and Environment on final publication of the Financial Provision Regulations for rehabilitation. The implementation of these regulations has again been deferred to June 2022 to allow for review of the recent drafted regulations. We view the recent published draft regulations as onerous to the industry, constraining growth opportunities in the sector.

Carbon tax

National Treasury published regulations for the Carbon Tax Act. These include trade exposure and performance allowances that grant Harmony the opportunity to claim up to 10% trade exposure allowance. Despite these allowances, a substantive financial impact remains, with continued uncertainty on the implementation of phase 2 where these allowances may fall away.

Papua New Guinea

While the principal environmental legislation in Papua New Guinea – the Environment Act 2000 – remains applicable, several national policy changes are being considered, with provisions for imposing additional taxes and levies on resource industries:

- Revised mine-closure policy with provision for financial assurance as security for closure costs
- Introduction of a biodiversity offsets policy, which includes a mechanism for associated payments to support national biodiversity incentives.

In July 2020, the draft national oceans policy was endorsed. This aims to develop an integrated ocean-management system and includes considering issues associated with offshore mining and extractive industries. The extent to which the policy may be relevant to deep-sea tailings placement is presently unclear.

In January 2021, climate-change fees and charges came into effect in support of the country's Climate Change Management Act. This includes taxes on carbon in fuel products, taxes on nitrogen synthetic fertilizer (not applicable to our operations) and a green fee (departure tax applied to non-residents exiting the country).

In addition, the legal standing of new guidelines on mine closure and rehabilitation issued by the Mineral Resources Authority of Papua New Guinea in September 2019 is being assessed.

Compliance and certification in FY21

- Seven of 13 gold plants were certified as compliant with the cyanide code
- 11 operations hold ISO 14001 certification, with Unisel in closure
- Harmony recorded six reportable environmental incidents during the year – all level 3 (moderate) incidents in South Africa. Appropriate remedial action was taken in all cases (see table on the following page).

Environmental compliance

No compliance notices received in FY21 and no fines or penalties have been levied.

Papua New Guinea

An amendment to the Hidden Valley environment permit was secured in April 2021, in support of a potential mine-life extension. Conditions of the amended permit are unchanged from those previously in effect, except for an increase to permissible surface-water extraction volumes.

In line with a permit condition requiring that the operation routinely update its environmental management plans, the Hidden Valley environment management plan 2021-2024 was lodged with the regulator in March 2021.

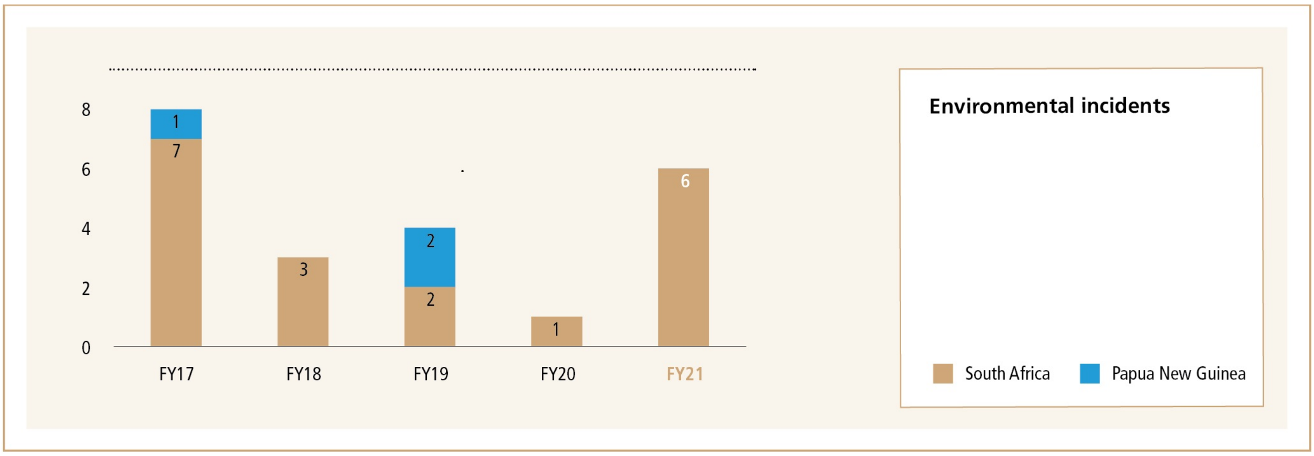
Compliance activities proposed by the regulator for FY21 were deferred because of the pandemic.

Environmental incidents

Harmony reports its environmental incidents based on a risk matrix that evaluates the severity of the incident against the financial and reputational implications for the group. This matrix was updated last year to more adequately reflect the levels of severity, incident descriptions, financial and legal implications and to align to Harmony's enterprise risk matrix.

Severity level	Mitigation costs	Environmental impact	Reputation impact	Legal impact
5	> R10 million	Irreversible damage to habitat or ecosystem	International condemnation	Potential director liability
4	< R10 million	Significant impact on habitat or ecosystem	National and international concern – non-governmental organisation involved	Very significant fines or prosecutions
3	< R5 million	Longer-term impacts and ecosystem compromised	Adverse media attention – locally/ nationally	Breach of legislation and likely consequences from regulator
2	< R1 million	Moderate short-term effects but not affecting ecosystem function	Unresolved local complaints and possible local media attention	Minor breach of legislation
1	< R500 000	Localised affected area of low impact	Local complaints	No major breaches of legislation

Environmental incidents



The reportable incidents in South Africa are summarised below:

Location	Incident level and description	Environmental impact
Kusasalethu	Level 3: Excessive rainfall in the catchment area caused return-water dam to overflow, resulting in contaminated water flowing into the local catchment.	We have monitored the impact at the point source and downstream and conclude that there has been no impact on the receiving environment. A marginal increase on elements monitored was noted at point source which normalised downstream.
Kusasalethu	Level 3: Pump station valve failure discharged mining-affected water into Loopspruit tributary.	We have monitored the impact at the point source and downstream and conclude that there has been no impact on the receiving environment. A marginal increase on elements monitored was noted at point source which normalised downstream.
Mine Waste Solutions	Level 3: Excessive rainfall caused run-off from Kareerand tailings storage facility that blocked outlet pipe in return-water dam, and overflowed into the Vaal River.	Our impact was monitored from point source where higher levels of sulphate and total dissolved solids were detected. However, no impact could be detected to the receiving environment. Additional containment facilities are being constructed to separate clean and dirty water.
Free State Operations – Outside Services	Level 3: Overflow of water from Freddies 9 dam into Losdoringspruit due to burst municipal potable water pipeline.	Impacts are monitored from point sources and potential downstream users. No impact was realised between point source and downstream users. The only elements recording higher concentrations are electrical conductivity and total dissolved solids.
Masimong	Level 3: Overflow from cooling dam at 4 Shaft discharged into Blesbokpan and compromised sump draining into stormwater trenches.	On-shaft fissure water discharged into a local pan, contributing to increased water levels already present from municipal effluent discharge. No water-quality impact was realised. Associated mitigation includes increased monitoring and sealing pipelines.
Saaiplaas plant	Level 3: An incident was recorded at Saaiplaas plant's reclamation pipeline from its reclamation tailings facility. A pipeline ruptured and spilled tailings onto a private landowner's property. The pipeline has been replaced and spilled tailings returned to the relevant reclamation site.	An area of 10.5 hectares contaminated by tailings on private property. The impact has been cleaned and no water resources were impacted. Relevant pipelines were replaced.

LAND REHABILITATION AND MANAGEMENT

We are custodians of the land we disturb and manage. As such, we keenly understand that some aspects of our operations – particularly open-pit mining, waste and tailings deposition, and constructing physical structures – alter the landscape permanently. Once mining ends, it is vital that we rehabilitate the land to effective and appropriate post-mining use. Our aim is to create value from this land through initiatives with a positive impact such as enhanced conservation or commercial socio-economic enterprises.

South Africa

The goal of our rehabilitation strategy in South Africa is to reduce our environmental footprint through concurrent and final rehabilitation. In this way, we meet the commitments in our environmental management programme, reduce our environmental liability and mitigate the risk of illegal mining activities. The necessary rehabilitation funding mechanisms are in place and, where feasible, infrastructure is refurbished for alternative use.
Our focus areas include rehabilitating decommissioned shafts linked to ingress by illegal miners, rehabilitating tailings dams and reclaiming waste-rock dumps.

Rehabilitating decommissioned shafts

We began rehabilitating our decommissioned shafts and hostels ten years ago to mitigate and manage illegal mining and its associated impacts. Since then, we have demolished 50 shafts and rehabilitated some old plant footprints. By FY21, we had rehabilitated and secured all our high-risk decommissioned sites, with Brand 5 completed in December 2020. This programme has largely been successful in controlling the scourge of illegal mining in the Free State.

Our focus has now shifted to consolidating our broader footprints. This includes demolishing and clearing defunct ancillary service infrastructure supporting historical mining operations like training centres, offices, etc. In the past two years, we have completed 15 active rehabilitation sites.

In addition, we are rehabilitating land surrounding these decommissioned shafts. In FY21, we rehabilitated 4.46ha of land and have some 13 923ha still to address. Total land under management is 95 255ha. Land under our management has increased with the inclusion of Mponeng and Mine Waste Solutions operations.

Rehabilitation strategy

Last year, with specialist assistance, we developed and began implementing a new rehabilitation strategy to achieve a step-change in our approach to the group rehabilitation programme. Our main objectives include:

- Using land for carbon removal and offsets and biodiversity conservation where feasible, and, in other cases, to cultivate food to support food security
- Managing vegetation planted so that these ecosystems are restored to proper function
- Promoting job creation, environmental skills development and conservation capacity for youth and women
- To enable communities to be involved in the greening and future of their environment.

Rehabilitation and socio-economic development

By rehabilitating and reclaiming land, tailings dams and waste-rock dumps, we integrate our imperatives of environmental stewardship and socio-economic development. Over many years, we have worked with local entrepreneurs and communities to create sustainable aggregate and construction-materials businesses from our waste-rock dumps. In line with our principle of shared ownership, we recently donated waste dumps that contain recoverable gold in commercial quantities to local communities. We also provide technical resources and financial support to enable artisanal small miners from these communities to build viable businesses. Importantly, this includes access to group processing facilities. We have taken a responsible approach to these initiatives by conducting extensive due-diligence on our community partners and instituting safeguards to protect them from the pressure that could be exerted by criminal groups involved in illegal mining. We have found that the success rate of these new small businesses rises significantly when we are closely engaged and focused on building capacity, particularly in technical and financial aspects.

It remains incumbent on us to contain our impacted footprint and seek responsible practices for avoiding, mitigating and remediating negative impacts, as we aim to create positive benefits for healthy ecosystems and societies. The rehabilitation programme has already created some 200 jobs and supported the development of numerous local small businesses. The next phase in the strategy is to use mine-impacted land to support the agribusiness sector, both for small-scale and commercial production.

Other socio-economic development projects underway on rehabilitated land include:

- The labour-intensive alien and invasive vegetation removal project near Kusasalethu and Doornkop. This project, started in 2016 at Kusasalethu, is rolling out in phases.
- Establishing commercially viable agricultural projects as well as subsistence agriculture in Gauteng, Carletonville and Matlosana.

See Caring for our workforce - Empowering communities for details.

Reclamation of waste-rock dumps is progressing well at Kusasalethu, Doornkop, Moab and several sites in our Free State operations. As waste rock is considered a resource by the aggregate industry, an SMME is operating in the Free State. Additionally we are attempting to support and assist a junior and local community grouping to participate in this sector. This approach is growing in Welkom and initiatives are being finalised in Klerksdorp.

See waste rock under Tailings and waste management - Mineral waste section for details

Finally, a feasibility study is underway to determine the viability of repurposing old mine-site buildings for alternative accommodation facilities for our host communities. The feasibility is due for completion by March 2022.

Rehabilitation Strategy

Responsible Stewardship

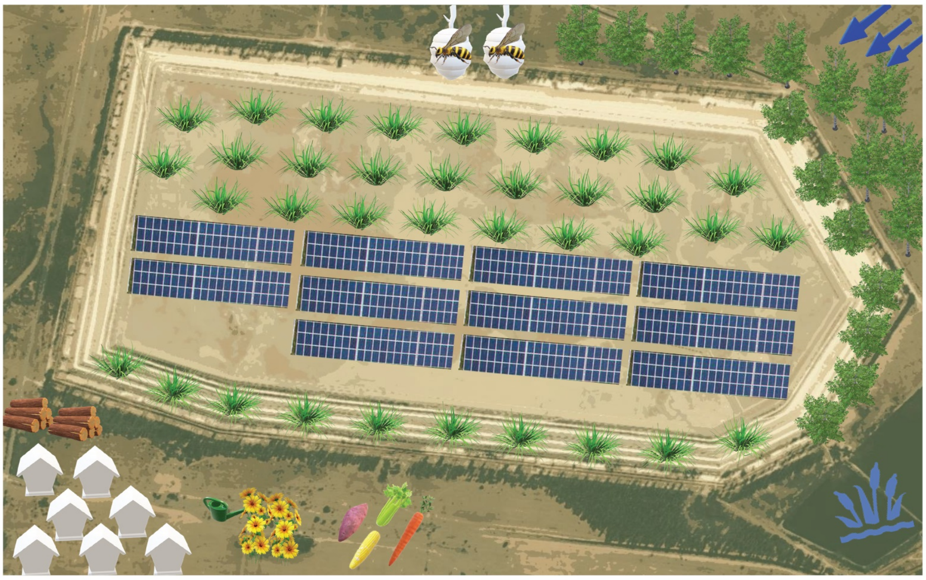
- Responsible management of environmental impacts are a priority
  - Demolition and rehabilitation of mining impacts
  - Carbon sink/offsets
  - Biodiversity offsets
- To enhance socio-economic benefits to host communities through holistic closure planning
- Strive in creating and sharing value through various resource inputs – human, financial, natural, manufactured and social and relationship capitals
- Responsibility to host communities extends beyond provisions of direct employment
- Adoption of Sustainability Development Goals.

Alternative Energy Mix Climate Mitigation

- Utilising alternative energy, reducing carbon emissions
- Planting of vegetation to create carbon sink
- Selection of trees that have high-density wood.

Final Land Use

- Link to Agribusiness
- Woodlots
- Honeybees
- Indigenous nursery
- Composting
- Products branded "In Harmony with Nature".



Socio-economic benefits

- Preferential/local procurement
- Social licence to operate corporate citizenship
- Enterprise and supplier development

Socio-economic development focused on

- Uplifting communities
- Infrastructure
- Agriculture
- Educating, upskilling and enabling youth.

Vegetation management

Land rehabilitation liability

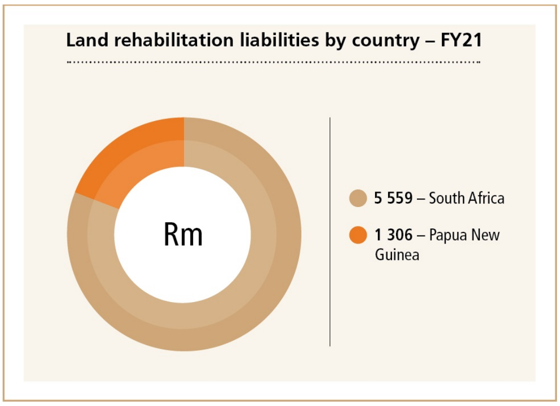
After recent acquisitions, Harmony's land rehabilitation liabilities increased to R6.9 billion in FY21. This liability is carried on Harmony's balance sheet. Where funding is required as per DMRE regulations, Harmony has fully covered its liabilities for South African operations.

Our rehabilitation programme continued in the review period, with a further 4.46ha rehabilitated. This area covers two plant footprints, decommissioned and closed shafts as well as one hostel. We have planned to rehabilitate an area of 117ha in the next financial year, while an area of around 1 132ha is currently available for rehabilitation. Our rehabilitation initiatives in FY21 were affected by Covid-19 restrictions. Once lockdown levels were progressively eased, Harmony focused on ensuring that all employees and contractors involved at production shafts and gold plants be brought back first to generate revenue. Services such as those by our rehabilitation department were thus delayed. One further contributing factor to a smaller rehabilitation footprint was the emphasis on sealing and capping shaft barrels for safety purposes and to retard illegal mining access.

Land rehabilitation liabilities (Rm)

Rm	FY21	FY20	FY19	FY18	FY17
South Africa	**5 559**[1]	3 038	2 884	2 919[2]	2 180
Papua New Guinea	**1 306**	1 228	1 039	1 336	1 391
Group	**6 865**	4 226	3 923	4 255	3 571
Total US$m	**438**	244	278	308	166

[1] *Following acquisition of Mponeng and related assets.*
[2] *Following acquisition of Moab Khotsong operation*



Mining requires enormous effort and various natural-capital inputs. In FY21, Harmony mined 60 million tonnes of rock – of which 49 million tonnes was ore – to produce 47 775 kilograms of gold.

Refer to **Form 20-F** for further detail on risks and liabilities.

Papua New Guinea

As our projects in Papua New Guinea are either in production or exploration stages, most disturbed areas remain active. We undertake progressive rehabilitation where possible at Hidden Valley to stabilise exposed areas to prevent ground movement near critical infrastructure and limit off-site sediment transport.

CLIMATE CHANGE, ENERGY AND EMISSIONS MANAGEMENT

Energy consumption is a significant financial and environmental concern for Harmony:

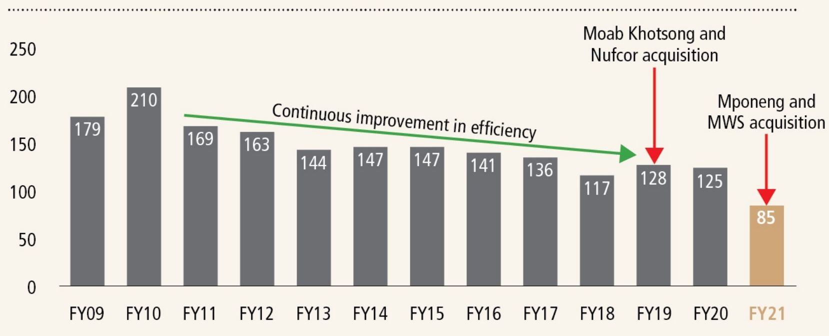
- Mining and extractive processes are highly energy-intensive, with a considerable impact on our operating costs. In South Africa, electricity accounts for around 18% of our operating costs. To contextualise, the utility's latest increase added R750 million to our operating cost
- The energy we consume is mostly generated by fossil fuels, a contributing factor to climate change.

Accordingly, our policy on energy efficiency and climate-change mitigation has been revised, based on key commitments:

- Optimising the consumption of electrical energy and carbon resources to enhance efficiency in our operations while identifying opportunities to improve the energy mix in the group
- Improving energy efficiency through effective energy-management programmes that support mining operations while providing a safe and healthy work environment
- Promoting efficient use of renewable and non-renewable carbon resources
- Reducing greenhouse gas emissions, measuring progress and reporting results
- Developing appropriate responses to climate change by way of adaptation and mitigation
- Encouraging continuous energy conservation by employees in their work and personal activities
- Engaging government in developing policies and strategies to address energy efficiency and greenhouse gas reduction.

Driven by these commitments, we have reduced our intensity use by 28% over the past six years. Harmony's energy-efficiency journey dates back as far as 2004 where we were the first mining company in South Africa to participate in government-funded demand-management programmes. Since, Harmony's efforts intensified year on year to continuously mitigate ever-growing electricity costs and reduce its carbon footprint. The graph below illustrates the benefits of our energy-management programme, supported by our service provider engineering company, ETA Operations. Since 2016, we have saved R1 billion in energy costs and, equally important, reduced CO_2 emissions by 1.2 million tons.

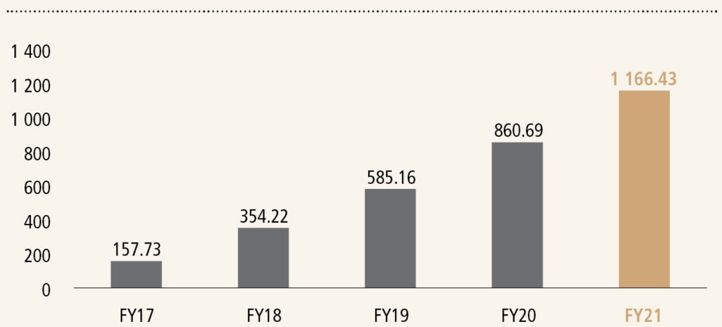
As illustrated below, the acquisition of Mponeng and related assets has had a significant positive impact on our climate-change performance. While Mponeng is a deep-level mine, Mine Waste Solutions is a high-volume surface-tailings retreatment operation, which is less energy-intensive and helps to eliminate and process surface sources. The combined result is a safer and more efficient Harmony with an expanded base of assets.



* *Unaudited*

Harmony electricity intensity

*(kWh/tonnes treated)**



Accumulative scope 2 and 3 savings

(000tCO_2 equivalent)

Decarbonising Harmony

Harmony is a socially and ecologically conscious miner. We understand that our portfolio of assets is characterised by high energy use and will remain so, given our future deepening projects. We are therefore focused on transforming these assets into low-carbon consumers. In South Africa, there is both a financial and stewardship benefit to diversifying our energy mix. Our approach has multiple prongs:

- Diversifying our portfolio of assets – the process of acquiring and advancing our surface-reclamation programme is intended to produce ounces at lower energy-intensity factors. Similarly, within our asset base, we have a growing low-carbon portfolio of metals and minerals. In Papua New Guinea, copper is our primary product. Silver and uranium will be assets which will also support our decarbonisation strategy
- We are decommissioning energy-intensive and low-margin assets to avoid generating high emissions for low returns
- We are driving efficiency programmes
- We are enhancing our portfolio mix, with a strong pipeline of renewable and low carbon energy sources over the next two years supporting decarbonisation. At present, 137MW of additional renewable energy is in the process of being licensed, we are exploring options for liquified natural gas or syngas and we are testing market for wheeling in wind to our long-life assets.

Our progress on specific focus areas over the past decade and plans for the next five years are summarised below.

Decarbonising Harmony

Energy efficiency

2016-2021
- Reduction: 1.3TWh
- Investment: R181 million
- Cumulative savings of R1 billion and 1.2Mt of CO_2.

2021-2026
- Planned reduction: 1.5% pa
- Estimated investment: R44m pa
- Estimated savings: R85m pa.

Energy mix

Phase 1:
- 30MW solar in commercial close
- Cost saving R340m 15 years
- Carbon reduction: 62 000tpa
- Capital investment: R5 million.

Phase 2:
- 137MW solar
- Estimated NPV @ 15 years: R3 billion
- Carbon reduction: 444 000tpa
- Capital investment: R1.56 billion.

Adaptation
- Carbon removal
- Agriculture and forestation
- Water beneficiation.

Rebalancing asset portfolio

2008-2020
- Closed energy-intensive shafts.

2019-2023
- Closed further deep-level and energy-intensive shafts
- Hidden Valley secures increased supply of hydropower
- Increased surface portfolio of assets
- Golpu copper project.

Portfolio of assets supporting decarbonisation or green economy
- Silver
- Copper
- Uranium
- Water

With most operations running at full capacity for the bulk of FY21, we made further progress with our energy-saving initiatives, detailed by country overleaf.

Electricity consumption

000MWh	**FY21**	FY20	FY19	FY18	FY17
South Africa	**4 020** [1]	3 051	3 209[3]	2 458	2 538
Papua New Guinea	**103**	120	131[2]	90[4]	90
Total	**4 123**	3 171	3 340	2 548	2 628
Consumption intensity (MWh/tonne treated)	**0.08**	0.12	0.12	0.11	0.14

[1] *Acquisition of Mponeng and related assets.*
[2] *Includes diesel consumption used to produce electricity (13 900MWh).*
[3] *Reflects acquisition of Moab Khotsong.*
[4] *Full-year production although plant was idle during planned shutdown.*

Energy consumption (000MWh)

	FY21 [1]	FY20	FY19	FY18	FY17
Group electricity	**4 123**	3 171	3 340	2 548	2 628
Group diesel	**448**	462	488	486	410
Group other sources (petrol and heating oil)	**59.72**	4.54	4.71	3.48	3.24
Total group	**4 631**	3 637	3 820	3 007	3 004
Energy consumption intensity (MWh/t treated)	**0.09**	0.14	0.15	0.13	0.15

[1] *Includes the acquisition of Mponeng and related assets.*

Climate change

In line with global best practice, we have again produced a separate report on our carbon-related performance, and associated risks, concerns and opportunities. This report is aligned with the Task Force on Climate-related Financial Disclosures (TCFD) and available on our website **www.harmony.co.za**. It focuses on four key areas – governance, strategy, risk management, and metrics and targets (in prior years, we reported against CDP climate change).

In line with the principles and requirements of TCFD, the South African carbon tax and related updates from National Treasury have been incorporated into our financial modelling to enhance our understanding of the likely impact on our business. We have also included carbon pricing in our strategic and operational plans.

We have a good understanding of the tax's regulatory risks and financial and operational implications. Given our initial view that the tax could compromise the longevity (life-of-mine) of our assets, we commissioned a scenario-planning assessment to aid understanding of the implications for each of our three operating regions in South Africa and Papua New Guinea. Harmony has done extensive scenario planning exercises to internalise the impact of climate change on our business. We have ensured that we put in place the appropriate mitigation measures so that the residual risks are tolerable. In terms of physical risks, our acquisition of Covalent Water and Margaret Water will ensure that water security is de-risked and this will aid in managing any potential rise in shaft temperatures.
In terms of transitional risks, we have used carbon pricing to evaluate the economic impact on our business and to inform measures to make sure we are profitable and sustainable in the future. Renewables remain a substantial focus in the short and medium term. Harmony is well positioned to support the transition to a clean energy future through its copper and silver output which is necessary for global renewable electrification and transportation.

South Africa

In South Africa, Harmony consumes energy as electricity purchased from the state-owned power utility, Eskom, and generated by coal-fired power stations. From 2007 to 2021, electricity tariffs increased by 753%, while inflation over this period was 134%. Thus, electricity tariffs increased over fivefold in real money terms in 14 years. The 2021 increase was 15.06%, which translates to around R750 million in additional operating costs. Our dual focus therefore is to decrease electricity consumption and reduce our dependence on Eskom's fossil-fuel generated power.

Renewable energy

We welcomed the president's announcement in June 2021 of a 100MW cap for embedded generation, effectively doubling the amount of energy our industry can generate for self-use. We are exploring a number of self-generation renewable energy options, including solar projects. We plan to bring the first 30MW of solar power into production in early 2022, while we progress a pipeline of projects for a further 137MW. The environmental authorisation process for this additional self-generated power will begin during this financial year.

Energy-efficiency initiatives

While renewable energy will go some way in reducing our dependence on fossil fuels, we are keenly aware of the need to be far more efficient in consuming energy. Our energy-efficiency initiatives focus on mine cooling, compressed air, water management and ventilation. Total savings from these initiatives were R309 million for FY21, of which R50 million originated from new projects (difference reflects ongoing savings from earlier projects). To date, we have implemented over 200 energy-efficiency initiatives at our operations, generating cumulative savings of around R1 billion.

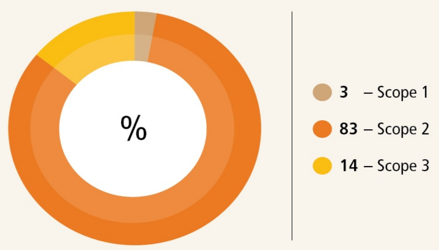
Papua New Guinea

The Hidden Valley operation is less energy-intensive than those in South Africa and draws its power from the country's Ramu grid, which is predominately generated by hydropower (some 70%). Given the reliability of the grid supply, site-based diesel generators are used as back-up. Power options for the Wafi-Golpu project, including renewable energy, continue to be assessed.

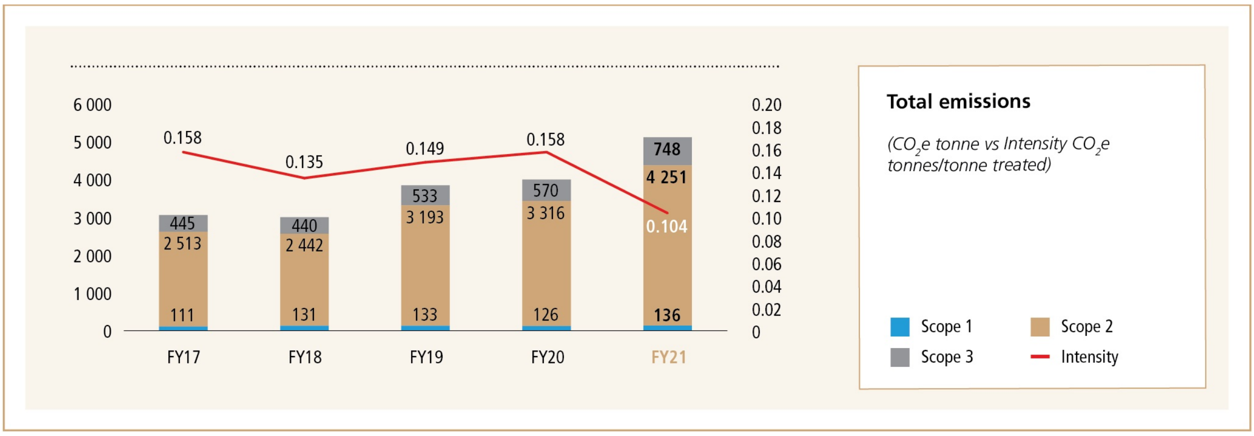
The proportion of grid power used in FY21 was 78% (FY20: 88%) and 22% diesel-generated electricity.

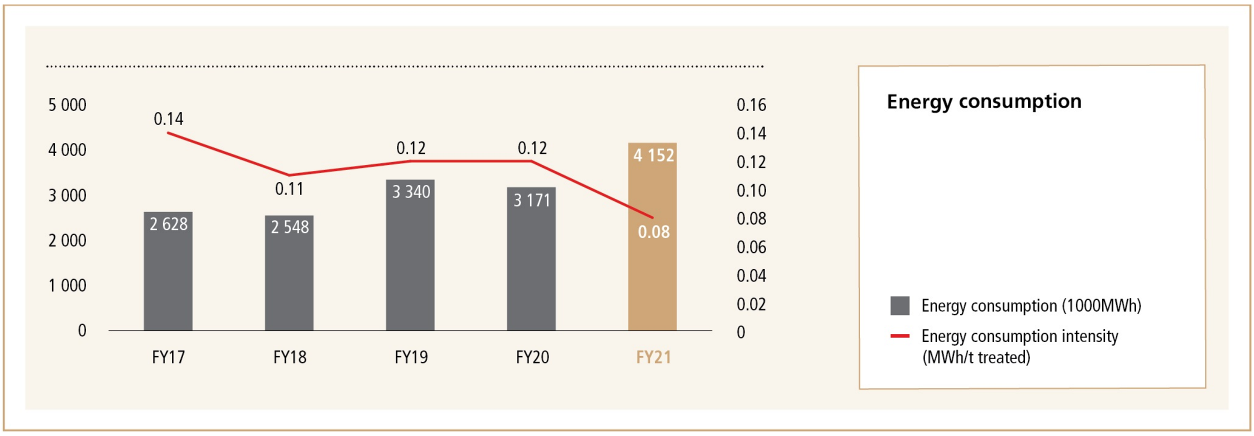
Performance in FY21

Emissions by source – FY21



Scope 2 emissions account for the bulk of our emissions. This is aligned with energy consumption in South Africa, where electricity is sourced from Eskom.





WATER USE

Water is a critical natural resource in our mining and processing activities, and as potable water for our employees and communities. Harmony deals with the twin challenges of South Africa being a severely water-stressed region, while Papua New Guinea has a tropical climate, characterised by high rainfall.

Optimising use, limiting our impacts

Our water consumption could have an impact on the environment and communities around our operations with whom we share this resource. As such, managing and mitigating our impacts on water-catchment areas – by ensuring we do not degrade the quality or reduce the volume of water in surrounding areas – is crucial to maintaining our social licence to operate.

The group approach is guided by our water management policy. However, given that our operations face drastically different climatic conditions, water-management strategies are adapted to the characteristics and requirements of each mine.

Our overarching objective is to conserve this natural resource by improving our water efficiencies through reuse and recycling. If we need to return water to source, we aim to ensure it is treated and discharged responsibly into the receiving environment. We also operate to comply with all relevant legislation in our host countries.

South Africa

Water in South Africa is a scarce resource. Our water management strategy articulates our commitment to climate-change mitigation and adaptation at a strategic level. It supports water conservation and demand management, including optimising supply in regions to secure supply during a protracted drought and for the sustainable development of businesses and relevant host communities. We have implemented a campaign to reuse process water while increasing the amount of water recycled. This enables us to maintain or improve our water-use intensity. Conservation of potable water is a priority, particularly after the recent drought experience and likely drought patterns in future. More detail is available in our CDP water submission.

At many of our underground operations, we intercept the aquifer to generate fissure water, which we treat and use to free up freshwater supplies for other users. At these operations, we maximise the use of underground water by treating it to meet quality standards and then using it in our operations, in line with our aspiration of zero discharge.

At Kalgold in particular, given the scarcity of water in that region, its availability is critical to business continuity and operational growth. We therefore ensure that what we use does not impact upstream and downstream users. To help protect and preserve this water resource, we engage with stakeholders, upstream and downstream, as well as the relevant regulators.

In recent years, we have constructed three water-treatment plants that assist in securing water for operations, while reducing consumption and supporting water-conservation initiatives. These plants deliver dual benefits: reducing our consumption of potable water and recycling much of our own fissure water, while saving costs for the operation. The model works so well that we are considering the feasibility of an additional plant in the Free State while work has started on plants in Orkney and Carletonville.

After recent acquisitions, we have operational control of Covalent Water, which is a valuable addition to our portfolio as it opens significant opportunities to beneficiate and commercialise this scarce resource. Covalent was established to operate, maintain and manage dewatering operations from adjacent historical mine voids. The two shafts discharge on average 20Ml per day into the nearby Wonderfonteinspruit or stream, and operate under an existing directive issued by the Department of Water and Sanitation. All water quality meets relevant discharge requirements for livestock standards. With the physical impacts of climate change posing potential threats to water security in South Africa, Covalent and Margaret Water become strategic assets for community upliftment as well as operational growth and development. For more information refer to our CDP water submission.

As many of our orebodies are contiguous, those mines operate in the same catchment area. Combined with the scarcity of water, this warrants a collaborative, coordinated approach to effective regional water management. Harmony participates in several inter- and multidisciplinary regional catchment management agencies, including the Far West Rand technical working group, KOSH (Klerksdorp, Orkney, Stilfontein and Hartbeesfontein) mine water forum and the Free State government task team. We are also represented on the board of the Margaret Water Company in Orkney, in partnership with Village Main Reef, to manage the KOSH water basin. In the western basin, Harmony and Sibanye-Stillwater collaborate on the latter's Cooke shafts-closure programme to ensure the sealing programme inhibits water ingress into our Doornkop operation.

Kusasalethu is the only local operation currently discharging water, although several operations have approval to discharge. While the mine is striving to achieve zero discharge, its discharges at present average 1.5Ml per day of fissure water.

The Margaret Water Company, managed by Harmony, pumps an average 18Ml per day, most of which is recycled into the Moab Khotsong and Mines Waste Solutions reticulation circuit. The average volume of water discharged by this company in FY21 was 1.5Ml per day. This discharge of high-quality dolomitic water has had a positive influence on the Vaal River by contributing a resource to local farmers with the added benefit of improving water quality for downstream users.

WATER USE CATEGORISED BY WATER QUALITY (Ml)

		FY21	FY20	FY19	FY18	FY17
Water withdrawal						
Potable water from external sources	Fresh water	**19 468**	14 576	15 933	12 646	12 468
	Other water	**–**	–	–	–	–
Surface water	Fresh water	**2 695**	2 570	3 252	1 359	1 437
	Other water	**89**	118	798	673	3 426
Groundwater	Fresh water	**218**	191	337	234	281
	Other water	**7 836**	2 238	2 838	561	494
Water discharged						
Surface source	Fresh water	**295**	308	302	301	404
	Other water	**2 485**	2 777	2 097	2 350	1 549

WATER USE CATEGORISED BY WATER-STRESS AREAS (Ml)[1]

		FY21	FY20	FY19	FY18	FY17
Water withdrawal						
Potable water from external sources	Arid and low water use	**–**	–	–	–	–
	Low	**13 669**	11 289	12 597	284	9 558
	Low-medium	**716**	601	177	9 826	860
	High	**5 083**	2 686	3 159	2 536	2 050
Surface water	Arid and low water use	**89**	113	207	94	62
	Low	**2 695**	2 575	3 843	1 938	4 801
	Low-medium	**–**	–	–	–	–
	High	**–**	–	–	–	–
Groundwater	Arid and low water use	**178**	194	376	230	330
	Low	**7 789**	2 120	2 642	437	342
	Low-medium	**71**	64	89	61	88
	High	**16**	52	68	68	15

Water discharged						
Surface water	Arid and low water use	**–**	–	–	–	–
	Low	**2 624**	2 929	2 244	2 496	1 695
	Low-medium					
	High	**156**	156	156	156	259

[1] *Water-stress areas are classified using the WRI Aqueduct Water Risk Atlas.*

WATER COMPANIES' WATER USE (Ml)

		FY21	FY20	FY19	FY18	FY17
Water sold	Covalent	**37**	N/A	N/A	N/A	N/A
	Margaret[1]	**4 020**	3 231	3 100	N/A	N/A
Water pumped	Covalent	**6 848**	N/A	N/A	N/A	N/A
	Margaret[1]	**5 447**	4 339	3 684	N/A	N/A
Water discharged to surface source	Covalent	**6 811**	N/A	N/A	N/A	N/A
	Margaret[1]	**1 072**	737	584	N/A	N/A

[1] *Harmony has a 66% share in Margaret Water Company.*

Water-stress areas have been based on the World Resources Institute that has developed an aqueduct tool to determine relevant water-related risks through a water-risk atlas. Baseline water stress measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. Higher values indicate more competition among users.

Papua New Guinea

The characteristics of the Hidden Valley operation – steep surrounding topography, high rainfall and low levels of evaporation – results in a year-round positive water balance. This presents significant environmental challenges for Harmony, particularly managing the near-continuous discharge of water from the mine site into the surrounding environment. Accordingly, we adopt several management approaches, including:

- Controlled run-off of rainfall to prevent erosion and sediment entering the river system
- Recycling site water to limit volumes of water stored on the tailings storage facility and requiring treatment and release to the environment
- Treating wastewater prior to discharge.

Water discharge

In FY21, 97% of the raw water required by Hidden Valley was drawn from Pihema Creek for the process plant and related activities. Process-water recycling is prioritised to limit volumes extracted from the surface environment, as far as practical. Wastewater is treated at a cyanide detoxification plant next to the tailings storage facility. This treated water is then responsibly discharged to the receiving environment either at Pihema Creek or Upper Watut River. Compliance is monitored at a point some 18km downstream of the discharge, in line with the operation's environment permit.

Monitoring at this compliance point continued to detect low-level exceedances of water-quality criteria for dissolved (soluble) manganese in FY21. The operation's waste-rock dumps are understood to be the primary source of soluble manganese loads from the mine to the Upper Watut River.

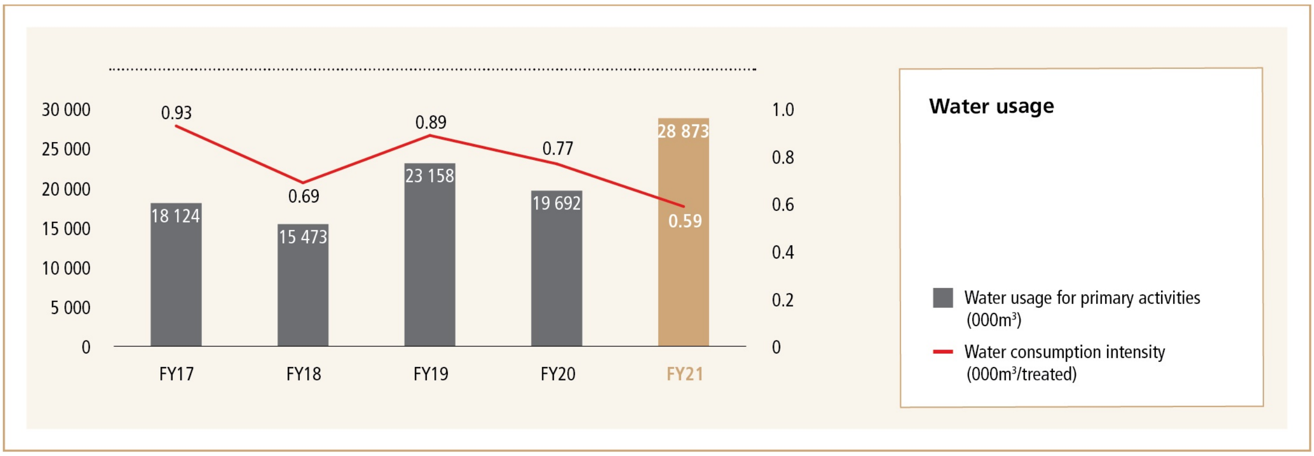
Despite the toxicity of manganese and downstream uses of the receiving river system, the ecological and human-health risk of these exceedances is considered low. Although there is low risk of impact, Harmony takes this non-compliance very seriously and continues to provide water to downstream users and monitor impacts. We also continue to look for opportunities in our treatment options to improve water quality to inform the evaluation of short, medium and long-term response strategies to address and mitigate this risk.

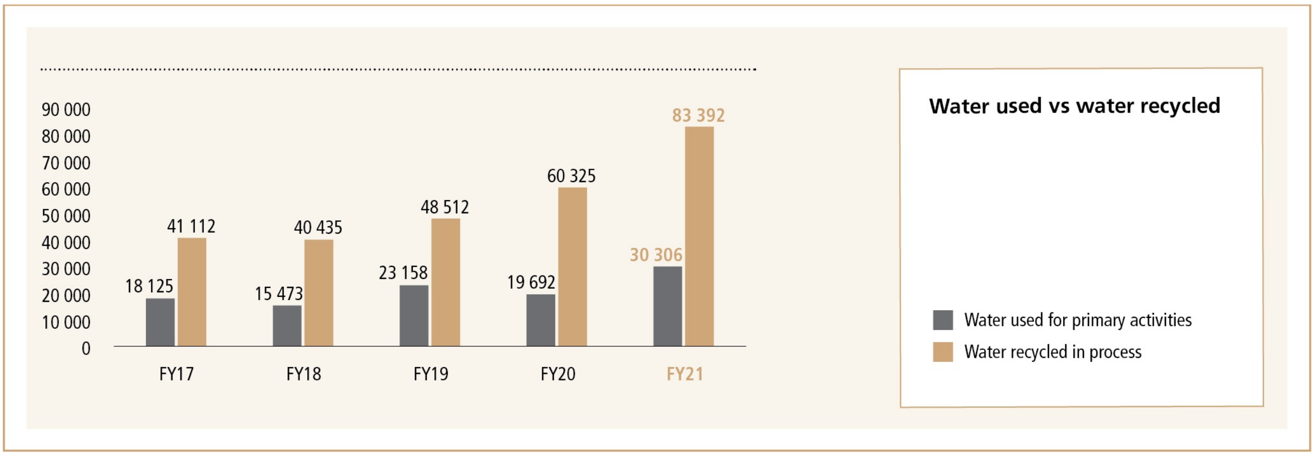
We routinely provide updates to the regulator outlining the ongoing monitoring programme and results, ongoing investigations and potential remedial actions.

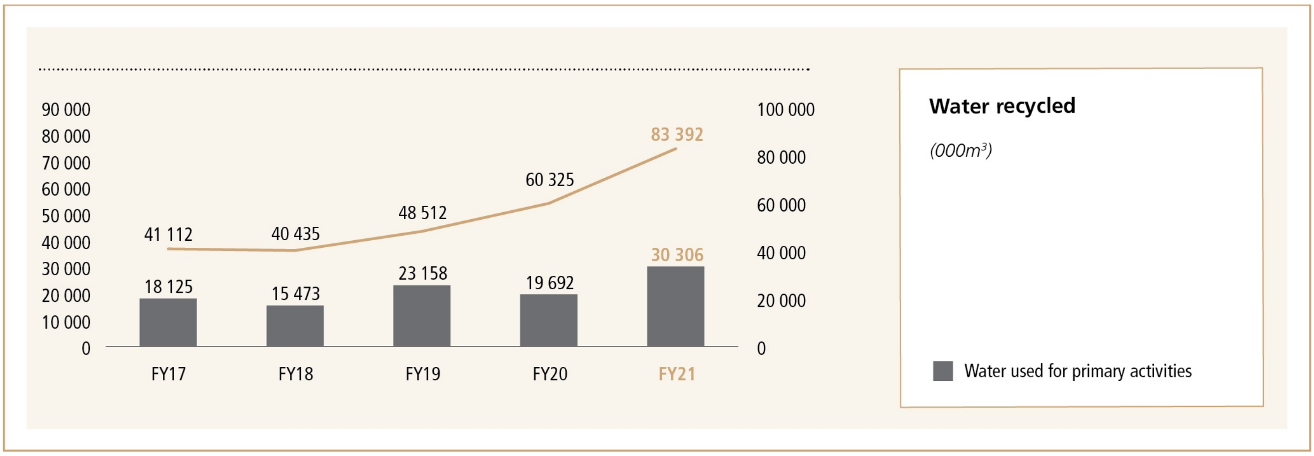
Despite these exceedances, an independent review by Australia-based consultants of the issue concluded that Hidden Valley's acid and metalliferous drainage management plan and waste-rock dumping strategy has successfully restricted oxygen resupply to sulfidic mine waste and the release of most soluble metals to the receiving environment. All other metals remained below their respective water-quality criteria in the reporting period.

Discharge of mine-related sediment into the Watut River drainage system has steadily reduced over the past five years, with ongoing focus on erosion control and sediment management.

Performance in FY21







TAILINGS AND WASTE MANAGEMENT

Tailings management

There has been a global spotlight on tailings management in recent years, underscoring the broader impact of mining activity. As an industry, we recognise the potential harm to communities and the environment that could be caused by tailings waste and pollutants. This is a serious business risk that affects many capitals, but particularly intellectual and financial in terms of potential reputational and financial damages.

We manage 85 tailings storage facilities in South Africa and one in Papua New Guinea:

- South Africa: 24 operational facilities, ten re-mining facilities and 51 dormant and inactive facilities
- 19 of our operational facilities are constructed using upstream deposition which incorporates day wall and basin deposition, while five are constructed via upstream cyclone deposition
- Papua New Guinea: our Hidden Valley operation comprises a downstream build with two cross-valley embankments forming the dam for tailings.

Robust and meticulous engineering and dam design, along with a continual focus on managing risks as well as layered assurance and oversight, ensures sustainable integrity, stability, environmental and legal compliance for our facilities. These are all in good standing as verified by:

- International Mining Industry Underwriters (IMIU) – annual audit of all operating tailings storage facilities
- International Cyanide Management Institute – audit every 18 months
- Mine residue deposit – updates provided every two years to DMRE
- Quarterly reports by accredited consulting engineers in South Africa and Papua New Guinea.

Global standard on tailings management

The Global Industry Standard on Tailings Management was published in 2019. Underpinned by an integrated approach to tailings management, the standard aims to prevent catastrophic failure and enhance the safety of our doorstep communities.

Harmony has always enforced exemplary standards in the design, engineering, operation and decommissioning of tailings dams. In addition, controls are dictated by the eco-terrain in which we operate. After reviewing the standard, we are implementing those aspects that augment our existing protocols for heightened protection. Harmony will revisit full implementation of the standards once the supporting guidelines are issued

South Africa

Our aim is to keep our 85 facilities safe and stable by understanding the mechanism of tailings dam failure – with a range of contributing man-made and environmental factors – and implementing measures to avoid failure. The status of each facility (operational, re-mined or dormant) determines the management strategy. Regular inspections are conducted at all facilities. For those that are operational and being re-mined, daily inspections facilitate proactive management. Engineering reports are available on our corporate website at https://www.harmony.co.za/responsibility/environment/tailings-management. International Mining Industry Underwriters has undertaken audits and confirmed in terms of its insurability rating matrix, that all Harmony's operations (including its tailings facilities) largely fall in the category of low to moderate risk. No high-risk tailings facilities were identified.

Tailings dam failure mechanisms

Overtopping	Slope failure	Foundation failure	Progressive failure	Liquefaction	Operational status
• Lack of freeboard • Penstock status • Basin shape/ profile.	• Lack of freeboard • Penstock status • Basin shape/ profile.		• Seepage and sloughing • Erosion.	• Seismic events • Pore water • Pressure.	• Infrastructure management • Controlled/ authorised deposition.

An independent audit of Harmony's tailings management in 2021 found that all our South African operations satisfied the country's legal requirements. In most cases, our standards exceed legal requirements and the extent of our surveillance and investigative work was noted as comparable to international standards. Remedial action closed out three areas of concern identified in the independent quarterly inspections:

- **Target 1:** instability on northern flank of the tailings storage facility. Remedial action involved constructing a buttress – completed in May 2020

- **Free State South 8:** given instability on the tailings storage facility complex, we decommissioned the facility in November 2019 – deposition rerouted to other tailings storage dams.Remedial measures were implemented in FY21 and will continue in FY22. These dams are structurally stable and pose no operational, safety or social risks.

	Tailings management strategy			
Nature of tailings storage facilities	Operation	Inspection	Monitoring	Periodic review
Operating (24 locations)	✓	✓	✓	✓
Re-mined (10 locations)	✓	✓		
Dormant (51 locations)		✓	✓	✓

Specialist consultants assist with maintaining and managing these facilities to ensure they meet global best practice in the mining industry. Drone technology supports our monitoring activities for all types of tailings storage facilities. Our TSFs in the SA region are 82% compliant to the tailings facility code of practice.

Papua New Guinea

Our Hidden Valley operation uses a land-based tailings storage facility to safely store tailings material and wastewater. This facility is designed and operated in accordance with ANCOLD (Australian National Committee on Large Dams) standards. It comprises two cross-valley embankments, a main and a saddle dam, constructed via downstream build methods. It is also the first large facility of this kind to be operated successfully in Papua New Guinea.

Because of the climate in the area and the site's positive water balance, there is heightened risk of a breach in the dam wall during excessive rainfall. Our early-warning system will notify downstream villages in the unlikely event of a breach, including text messages to all potentially affected community members. Due to the pandemic, this early-warning siren project is currently on hold. The first tower, next to the tailings storage facility, has been commissioned and two further towers will be constructed in downstream villages as soon as restrictions allow. We have taken extensive measures to inform villages of this early-warning system and to explain what should be done in the event of an incident and the siren sounding. We are confident that our communities now have a comprehensive understanding of the risks (and benefits) of living downstream of our operation.

An extension to the life of the Hidden Valley Mine will be realised by constructing a second tailings storage facility. This is proposed to be sited in the final void of the Hamata pit, significantly reducing the disturbance footprint associated with this landform. As with our existing tailings storage facility, the new dam has been designed against ANCOLD standards and will require constructing a single cross-valley embankment for tailings storage. The early-warning system remains an appropriate safeguard to downstream communities for this second facility on account of its positioning in the same catchment as the existing dam.

For the Wafi-Golpu project, deep-sea tailings placement was selected as the preferred tailings management solution after extensive investigations into both on-land and submarine options.

As background, expectations are that the Wafi-Golpu project will be required to place over 360 million tonnes of tailings over its 28-year life-of-mine. The decision on tailings placement was made based on long-term safety, engineering, environmental, social, cultural heritage and economic factors. Submarine tailings placement is currently employed in six countries and used at three operations in Papua New Guinea.

The terrestrial tailings sites examined for the project all involve significant risks and constraints given the high seismicity, topography, soil type and high rainfall of the region. Heritage sites, communities, productive and ecologically sensitive land would also be severely impacted by a surface tailings facility.

Instead, tailings will be deposited in the Huon Gulf from an outfall at some 200m depth, mixing with natural sediments from various rivers as it flows down the submarine canyon and settles on the floor of the Markham Canyon. The tailings will represent only a small percentage (<20%) of the total sediment flow in the area. The Markham Canyon does not have clear water suitable for most fish life and lacks biodiversity because of the significant natural sediment material. After closure of the Wafi-Golpu Mine, the natural sediment loads will continue to occur and are expected to eventually bury the deposited tailings.

The discharge of tailings will occur well below the productive surface layers of the ocean and is not predicted to affect the coastal environment, biologically productive surface waters, community health or fisheries.

At the boundary of the proposed mixing zone, the tailings discharges are diluted to levels that meet Papua New Guinea water-quality criteria as well as Australian and New Zealand water-quality guidelines for marine aquatic ecosystem protection.

The environmental assessment and approval process for this project was concluded in FY21, with an environment permit issued on 18 December 2020 approving the use of deep-sea tailings placement for the project.

Cyanide code

Harmony has adopted and operates its processing plants according to the cyanide code (International Cyanide Management Code). This is a voluntary industry programme focused on the safe management of cyanide and cyanidation mill tailings and leach solutions.

Of our nine operational processing plants, seven are certified against the code following recent audits by an independent third party. Kalgold and Saaiplaas plants do not meet requirements for certification.

International Mining Industry Underwriters (IMIU) also conducts annual audits on all our operating tailings storage facilities, while the International Cyanide Management Institute (ICMI) undertakes an audit every 18 months. In addition, mine residue deposits updates are provided every two years to the DMRE. Based on these audits, most of our South African operations are in good standing.

Waste management

Responsible and effective waste management reduces our environmental impacts and mitigates associated liabilities, making this a priority area. Internally, guidelines on mineral, non-mineral and hazardous waste materials are included in all operations' environmental management systems. At Harmony, waste management begins with initial generation and encompasses handling, storage and transport as well as recycling, treatment and/or disposal.

By understanding the actual cost of waste management, we are able to plan effectively for new projects and mine closure. Practically, we maximise recycling and waste reduction during the life of a mine, and design plans to minimise waste and reclaim mineral waste (such as waste rock from dumps as aggregate) to curtail our total mining environmental footprint.

Mineral waste

Waste rock

Our mining and extractive processes generate mineral and non-mineral waste, as well as emissions. Our mineral waste comprises tailings and overburden, often viewed as a resource in waiting. Effective mineral waste management reduces the aesthetic and land-use challenges of mining, particularly during closure, as well as the potential for water and air pollution, while maximising the recovery of ore, minerals and metals. Improved mineral waste management can generate significant savings and reduce energy consumption.

The year-on-year increase in mineral waste is due to waste stripping at cutbacks at Hidden Valley. Waste rock is also generated from our underground operations in South Africa.

Waste rock generally has no value as a gold mineral resource, but its characteristics make it useful as plant grinding media and feed for backfill plants. In addition, waste rock is often regarded as a resource by the aggregate industry.

In line with our commitment to inclusive mining and our social purpose, we have ring-fenced some of our waste rock for local businesses and entrepreneurs. This has enabled Harmony, as a large-scale miner, to forge a supporting and enabling relationship with legitimate licensed artisanal operators in our host communities:

- The size and quality of waste-rock dumps in Gauteng and Free State are potentially suitable for aggregate initiatives, and we are investigating their feasibility. These initiatives can create employment, allow local participation in economic development, and make economic use of a liability. Additionally, once the rock dumps have been cleared, the land is available for rehabilitation
- At Kalgold, aggregate was contracted out to be reclaimed and repurposed for market by a consortium comprising a seasoned aggregate producer, the local community and employees
- In Welkom, surplus waste rock is being processed by local aggregate producers and has been commercially sustainable for over a decade. We are also working with local community representatives from Allanridge and a BEE entrepreneur to establish an additional aggregate producer.

We have a five-year target to reclaim at least 10% of our total available mineral waste footprint. Meeting this target depends on the market as well as provincial infrastructural needs.

In Papua New Guinea, there is limited opportunity to repurpose waste material, given the potentially acid-forming nature of much of the waste. Where practical, suitable waste rock is reused on-site to construct embankments for the tailings storage facility.

Non-mineral waste

Non-mineral waste is classified as hazardous and non-hazardous and managed by recycling or reuse, off-site treatment, or disposal to on-site landfills. We ensure responsible storage, treatment and disposal of non-mineral waste. Group environmental standards for non-mineral waste management are integrated into existing ISO 14001 systems.

Hydrocarbons are the principal hazardous waste streams at our operations. We aim to minimise much of these waste streams to landfill by sending them to accredited institutions (such as the Rose Foundation) for repurposing while the remaining hydrocarbon waste is sent to appropriate landfill sites.

In FY21, 12 485 tonnes of non-hazardous non-mineral waste (plastic, steel, wood and paper) were recycled (FY20: 8 241 tonnes), an increase of 51%. As we actively promote recycling of our waste streams, we have initiated a reclamation programme that harvests underground equipment and infrastructure which is sent to the salvage yard and repurposed for potential consumption by other operations. In keeping with our transformation objectives, this initiative has helped develop and promote local entrepreneurs in the core mining sector.

AIR QUALITY

Our primary atmospheric emissions are from our gold plants, namely sulphur oxides (SOx), nitrous oxides (NOx) and particulate matter, and measured under air emissions licences for each plant. Most of our gold plants meet the revised thresholds stipulated by government, with occasional exceedances in particulate matter during FY18. These exceedances are a function of the quality of carbon bought from suppliers. These have been successfully addressed by purchasing higher-quality carbon. An anomaly for nitrous oxides was registered at Mponeng in FY21. Maintenance at the plant has fixed the error to ensure emissions remain in an appropriate range. Mines Waste Solutions and Mponeng plants will require focused strategies to reduce atmospheric emissions for these emission elements.

Dust fallout from operations (including tailings storage facilities) is monitored and managed. We apply the American standard for testing and materials method (D1739), in line with the National Environmental Management Act: National Dust Control Regulations, in collecting and analysing dust fallout across the group. In the review period, Harmony was largely compliant, with some exceedances recorded at Doornkop, Kalgold and at our Free State operations. Not all exceedances can be attributed to our mining operations. Often we find that monitoring indicates other sources of fugitive dust, coupled to fallout from tailings facilities. Other sources include algal growth in wet seasons as well as soil and other organics. Nonetheless, we record these as a non-compliance and take remedial measures where applicable. Tailings facilities contributing to dust fallout have been identified, with mitigation focused on areas where sequential exceedances are prevalent. This will be rolled out over the next four years. Mitigating measures for tailings include installing netting barriers (artificial netting or trees), dust suppressants and vegetation through rehabilitation.

BIODIVERSITY AND CONSERVATION

Our mining activities affect the biodiversity and ecology of the surrounding environment. Recognising that these impacts could span the life-of-mine, and beyond in some cases, we implement appropriate management systems and processes to limit our footprint, mitigate and offset our impacts, where possible. In line with our goal of net zero impact on biodiversity and SDG 15, our approach is focused on protecting, restoring and promoting the sustainable use of terrestrial ecosystems, while halting and reversing land degradation. This approach applies to all our regions in South Africa, as summarised below.

Biodiversity management and action plans	Alien invasive eradication	Biodiversity offsets and trade-offs	Land rehabilitation
Policy and strategy in place	Programmes developed and implemented at Kusasalethu, Kalgold and our Free State operations	Develop one offset project in each region to ensure net zero impact	Continue demolition and rehabilitation programmes
Gap analysis		Investigate carbon trading	Land-use function determined by land capability
Management and action plans to include aspects such as: • Sensitive habitats, eg riverine systems along Vaal River • Wetland delineations • Avoidance of operating in World Heritage Sites			Re-vegetate areas with indigenous grasses or create alternate economically viable end land use, post-closure
Participating in biodiversity disclosure project (eg EWT)			

South Africa

Biodiversity management

All long-life South African sites have biodiversity management plans, implemented through their mine-closure plans, environmental management plans or specific biodiversity action plans. To ensure compliance, environmental projects are being implemented across our operations. We have completed an analysis to close any gaps in our biodiversity management plans and ensure alignment with the broader biodiversity disclosure project. In addition, biodiversity offsets are being planned per region as part of this project.

The most notable biodiverse areas in which Harmony operates are in North West province. Kalgold operates in a critical biodiversity area with endangered, vulnerable ecosystems including endemic vegetation types such the critically endangered ***Brachystelma canum*** and endangered ***Aloe braamvanwykii.*** Both plants are endemic to a province that has seen much agricultural expansion in recent decades, resulting in habitat loss. According to the IUCN Red Data list, the only critically endangered fauna includes the white-backed vulture (***Gyps africanus Vulture***). Moab Khotsong Mine is next to the Vaal River, the main tributary to South Africa's largest river, the Orange River. The region comprises areas of differing biodiversity criteria, including sandy and rocky grasslands as well as riverine and valley-bottom wetlands. We operate to very stringent conditions in our environmental authorisations.

Harmony's Free State operations fall in the Vaal-Vet sandy grassland and the western Free State clay grassland ecosystem. The Vaal-Vet vegetation area is considered endangered given the conserved regional areas. No Red Data species were identified, but the commonly known threatened sungazer or giant girdled lizard and near-threatened lesser flamingo are situated in these habitats.

Our Gauteng operations are near urban areas and do not have any nearby critically endangered, endangered or vulnerable biodiversity areas, but do include near-threatened ecosystems or species.

Papua New Guinea

The country is home to the third-largest block of unbroken tropical forest and the largest tract of primary forest remaining in the Asia-Pacific region. Its forests support over 5% of the world's plant and animal species. Some two-thirds of its flora and fauna is endemic. Hidden Valley in Morobe province hosts a variety of habitats and flora and fauna communities. The Huon Peninsula, forming most of the province, has moderate to high species richness with a variety of threatened mammal fauna. Of some 3.3 million hectares, two-thirds is forest, and the areas of lowland forest have been heavily deforested or degraded.

The area affected by Hidden Valley has been disturbed over a relatively long period by human activities. This area is not known to contain plants or plant communities of particular significance or rarity. The project area is home to a number of species of mammals or birds that are protected under PNG's Fauna (Protection and Control) Act 1976 or IUCN (2003) Red List of Threatened Species or Convention on International Trade in Endangered Species (CITES) of Wild Flora and Fauna. Vulnerable or endangered fauna includes two species of tree kangaroo (***Dendrolagus dorianus*** and ***D goodfellowi***), the long-snouted or giant echidna (***Zaglossus bruijni***), the rare nectar bat (***Syconycteris hobbit***) and the New Guinea harpy eagle ***(Harpyopsis novaeguineae***).

At Wafi-Golpu, three ecological subdivisions were made to assess conservation status (at national level) of the principal forest types present in the area studies as part of the baseline characterisation for the project:

- Floodplain forest: this vegetation community was assessed as vulnerable, since its extent has reduced by over 30% in the past 50 years. This has been attributed to ongoing commercial logging across Papua New Guinea
- Mixed hill forest: the reduction in extent of mixed hill forest was estimated to be less than 30% over the past 50 years, and was therefore not considered threatened. In addition, this vegetation type has an estimated area of occurrence of 13.3 million hectares across Papua New Guinea
- Swamp forest: was not assessed to be threatened due to the difficulty of safely accessing these forest types, and because Papua New Guinea has not yet experienced broad-scale draining and clearing of swamps for agriculture.

Seven fauna species of conservation significance were recorded. One was classified as critically endangered, three as vulnerable, one as near-threatened and the remainder as data deficient. Two other near-threatened species, Doria's goshawk (***Megatriorchis doriae***) and forest bittern (***Zonerodius heliosylus***), were identified as being likely (Doria's goshawk), or having potential to occur (forest bittern) in the terrestrial ecology study area.

South Africa

Alien and invasive plant management

In FY21, we continued our project to minimise growth and infestation of alien species, aiming to ultimately eradicate these plants. Areas of infestation are mapped and then divided into management units for prioritisation and appropriate planning. Since FY16, these efforts have primarily focused on our Kusasalethu operation, with some 5 000ha of the surface mining right area cleared of alien vegetation. Once an area has been cleared, follow-up monitoring continues for a period. In FY21, a total of 1 229ha of surface right area received follow-up treatment to ensure effective eradication of alien invasives. A further 100ha is being cleared at our Free State operations. Clearing these plants will also benefit community safety and address concerns raised.

Conservation programme

Mining activities at our Kalgold operation resulted in clearing vegetation to construct haul roads and for further pit development. To offset the impact of vegetation clearing, 579 trees were purchased from a nursery and transplanted within the mining boundary. These trees included *Combetrum erythrophyllum*, *Olea africana*, *Rhus lancea* and *Vachellia erioloba*. This project has been successfully implemented since 2015 with very few species succumbing. A further 200 trees will be planted in partnership with the local community.

The lesser flamingo is recognised as a near-threatened species commonly identified in shallow eutrophic, open saline water bodies. Salt pans, estuaries and lagoons habitats are frequented by the lesser flamingo. Our Free State operations are in areas where salt pans are regularly identified. Four breeding sites have been identified across Africa, hence Harmony's intention to construct a fifth breeding site. After unavoidable Covid-19 delays in the prior year, construction of the facility for the proposed conservation project in the Welkom area is planned to begin in the second half of FY22. The project entails constructing an island in an identified local pan at our Free State operations.

Radiation

In FY21, we continued to implement radiation-protection programmes at all our regulated operations. Public radiation-protection programmes are also being implemented at all sites, where we sample dust and water. We have demonstrated a high level of compliance for both employees and the communities, with no health or safety threats.

Average compliance for FY21 was 96%, with no major regulatory issues.

Focus areas for FY22

In the new year, our focus will be on:

- Ensuring all operations have the necessary licences to operate legitimately and that we have maximum compliance
- Focus on aligning our targets and objectives post-acquisition
- Optimising these assets in terms energy and water. Beneficiating The Margaret Water and Covalent Water Company presents an opportunity to account/utilise this resource for the benefit of broader society and the environment
- Supporting various stakeholders to finalise environmental licences for Wafi-Golpu
- Accelerating our energy-mix programme in support of our net-zero intent and science-based targets that we will finalise early in FY22
- Planning and designing the biodiversity and climate-change offset programmes
- Accelerated rehabilitation and mine-closure programmes.

CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

INTRODUCTION

Under our strategic pillar of Responsible Stewardship, Harmony recognises the global shift towards a low-carbon economy. During the last year, this shift has been accelerating with an increased focus by investors on climate change, with the pressure for a low-carbon transition ever mounting.

Harmony continues to support the climate-change commitments of its host countries, South Africa and Papua New Guinea.

We recognise the push towards net-zero targets, as underpinned by the Paris Agreement and the newly released IPCC 6th Assessment Report. Harmony takes note of the demands of investors regarding net-zero targets and has initiated a process to evaluate the practicalities and net impacts of such a target on our business and is working on a strategy and plans to determine when our net zero will be achieved.

The South African government has recently announced a move towards a low-carbon economy by increasing the limit for exemption from licence requirements for self-generation projects up to 100MW. This removes a significant obstacle to investment in embedded generation projects. This provides an opportunity for Harmony as more than 80% of our emissions relate to the use of base load electricity from Eskom. This regulatory relief, if implemented, will allow us to continue our investment in renewable energy, and the resultant journey to reduce our carbon footprint.

During FY20, Harmony made a strategic decision to align its annual reporting with international best practice in terms of global climate reporting. We embarked on a process to structure our annual reporting in accordance with the Task Force for Climate-related Financial Disclosure (TCFD) requirements. While our TCFD reporting continues to evolve, we have focused on the four key areas as defined by the TCFD for this year's report as we progress in integrating the TCFD requirements with our existing reporting structures.

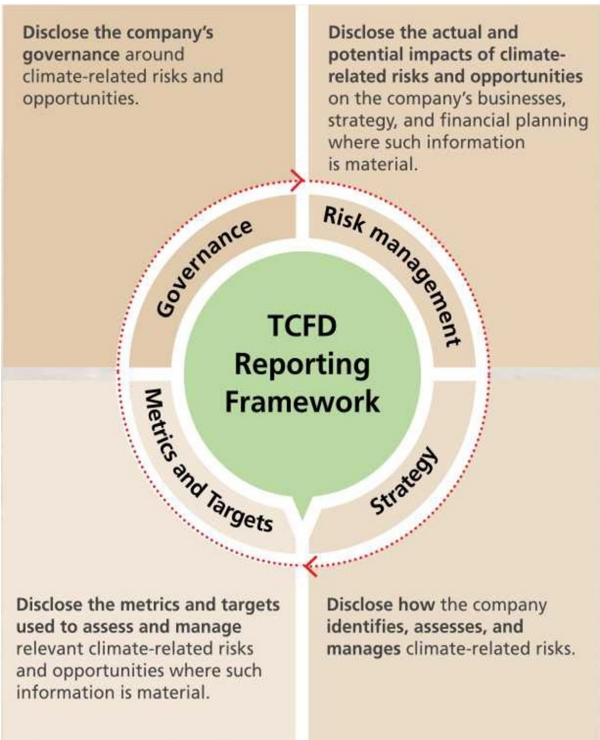


Figure 1: The TCFD Reporting Framework.

GOVERNANCE

Harmony has an embedded and risk-adjusted strategy. Our recognition of climate change and our commitment to climate change mitigation and adaptation, is embedded into our business strategy and decision making. As such, Harmony's board has oversight of all climate-related issues.

The Harmony board's social and ethics committee has the highest level of strategic oversight regarding climate change within the group. The committee is guided by the relevant environmental legislation, as well as the country's international commitments as embodied in the Paris Agreement and the Nationally Determined Contributions (NDC). One of the primary purposes of the social and ethics committee is to ensure responsible environmental management across all of the group's operations. The committee thus provides the strategic direction for Harmony's response to climate change.

The social and ethics committee is also responsible for setting and overseeing the achievement of group-level greenhouse gas (GHG) emission reduction targets. Through the social and ethics committee, climate-related matters are managed through a top-down approach. As such strategies, policies and targets relating to environmental and climate change are managed proactively from board-level. This results in more informed decisions and actions both in terms of climate mitigation and adaptation.

The social and ethics committee is supported by:
- Harmony's board of directors (who approve Harmony's climate change policy and strategy)
- The chief executive officer (who "owns" Harmony's climate change policy and strategy)
- The executive: Sustainable development (who is responsible for the execution of Harmony's climate change policy and strategy)
- SA and PNG executives: Engineering and operational delivery and project management

The board of directors recognises the Group's commitment to be a responsible corporate citizen. The board is responsible for appointing the chief executive officer (CEO), on the recommendation of the nomination committee. Harmony's CEO is responsible for leading implementation and execution of the board-approved strategy, policy and operational planning, and serves as a link between the board and executive management. The CEO is held accountable for all decisions passed and reports to the board.

The group's CEO leadership role ultimately entails being responsible for all day-to-day management decisions and for implementing the company's long and short-term plans. As such, climate change impact management, environmental and social stewardship, resource efficiency and emission reduction forms part of the CEO's operational responsibilities.

The executive: sustainable development is responsible for the operational assessment of climate management across the group and the subsequent implementation of Harmony's climate-change policy and strategy.

Harmony's executive management KPIs are set against the achievement of ESG-specific targets, some of which are climate-change related.

RISK MANAGEMENT

Harmony monitors its risks and opportunities at both a company-level and an asset-level, as part of its multi-disciplinary process.

Climate-change risks and opportunities are included in this process. Energy and climate-change risk is assessed in relation to group enterprise risks at the audit and risk committee meetings. The committee's role in the risk management processes is multidimensional.

Material risks that have been identified at this level include Harmony's dependency on South Africa's fossil-fuel based electricity grid, carbon tax liabilities and security of electricity supply. These risks are managed most effectively through frequent engagements between management and the board, as well as between the company and stakeholders.

There are quarterly meetings held between the executive committee and the audit and risk committee, where they discuss possible risks and changes in the importance of each risk while also determining the best approach towards mitigating these risks. The risk management process reflects Harmony's integrated approach to business and strategic developments. Climate-change risk is also addressed through the social and ethics committee who have oversight of environmental and social or sustainable development policies, practices and performance. The investment committee also reviews investments in renewable energy, energy efficiency and a variety of capital programmes.

Climate change presents numerous risks and opportunities to Harmony, and thus plays a key role in the risk-identification process. Climate change will affect future costs, infrastructure requirements (energy sources), operations and operating conditions, host communities, and supply chain at Harmony.

Material climate-related risks – which could result in substantive financial impacts – include:

- **Safety and health** – considering aspects such as increasing ambient temperatures and flash flooding[1]
- **Security of water supply** to the operations which could be disrupted by climate-change events such as prolonged drought periods[1]
- **Security of energy supply** to the operations which could be disrupted by extreme climate-change events[1]
- **Regulatory changes** – such as South Africa's newly introduced Carbon Tax Act, of which the second phase that will start in 2023 is uncertain, and the proposed Climate Change Bill that provides for mandatory carbon budget limits on companies
- **Major infrastructure incidents** – such as flash flooding and potential supply chain disruptions
- **Increasing capital cost** requirements to accommodate weather/climatic changes.

Harmony is able to identify and assess the risks and opportunities they are faced with as a result of climate change through weekly review and monthly meetings. Additionally, Harmony adheres to the ISO 14001, ISO 31000 and ISO 50000 standards which enable the company to identify and manage risks appropriately. This includes issues of climate-related risks such as water availability; flash flooding; and impact of elevated ambient temperatures on cooling requirements. Shaft managers are encouraged to report on risks and opportunities relating to climate change during these meetings.

In addition, Harmony conducted a climate-change scenario analysis in July 2020, informed by the TCFD guidelines, which enables the company to navigate the most likely scenarios which might play out because of climate change. The approach applied in the scenario analysis considered five main steps to determine the financial impacts climate-change scenarios may have on Harmony's business. The five steps are summarised below.

Harmony's operating environment → **Select reference scenarios** → **Identify risks** → **Determine materiality of risks** → **Responses to risks**

Figure 2: The five main steps applied in the TCFD scenario analysis.

Harmony's physical and transitional risks identified during the scenario analysis are presented in the following infographic (Figure 3) which identifies the climate-change risk, the intermediate drivers, and the financial impact.

Climate-change risks	Intermediate drivers	Financial impact
Physical • Increased temperatures • Changes in precipitation patterns and extreme variability in weather patterns: overall drier conditions interspersed by heavy rainfall events/ extreme weather events.	**Physical** • Vulnerability of labour force • Vulnerability of migrant labour-pool areas • Sensitivity and adaptive capacity of host communities • Reliability of operations on key commodities such as timber • Water reliability of operations.	**Physical** • Reduced revenue from decreased production capacity (eg transport difficulties and supply chain interruptions).
Transitional • Regulatory (eg carbon tax) • Markets and technology changes • Reputation • Socio-economic conditions.	**Transitional** • Consumption of fossil fuels and water • Mining of minerals.	**Transitional** • Increased operating costs due to carbon tax.

Figure 3: Climate-change risks and responses identified during Harmony's scenario analysis.

The scenario analysis showed that Harmony is well-placed to be able to transition to a low carbon economy given its gold and copper reserves.

The most significant positive impact on the company's business is likely to arise from the use of gold as a hedge against geo-political uncertainty, followed by the use of copper and silver in the market for global renewable energy rollout and for the rollout of electric vehicles.

In the transition to a clean-energy future, the world will require as much copper in the next 25 years as was produced in the last five millennia. To meet this demand, and cap global warming at 1.5°C, global production of nearly every base metal (including copper, aluminium, magnesium, nickel, and lead) is expected to increase by 225%-250% in the next 30 years[4]. But as demand accelerates, the mining industry's role in climate change threatens to grow at an even greater pace, as the energy inputs needed to meet the increasing demand surges. In other words, mining companies must strive to increase their material output while decreasing their carbon-based energy inputs. However, Harmony's unique position as a supplier of metals to facilitate a transition to a low-carbon economy provides it with a unique opportunity to increase its revenues and implement actions to increase the company's resilience to climate change.

[1] *OneWorld. (2020) Situation Analysis Report on Climate Change and its Impact on Mining in South Africa. Department of Forestry, Fisheries and the Environment (DFFE); Department of Mineral Resources and Energy (DMRE); International Institute for Sustainable Development (IISD). https://oneworldgroup.co.za/oneworld-projects/climate-change-mining-sal.*

[2] *Lezak et al, Low-Carbon Metals for a Low-Carbon World: A New Energy Paradigm for Mines, Rocky Mountain Institute, 2019, available at https://rmi.org/wp-content/uploads/2019/12/Low-Carbon_Metals_for_a_Low-Carbon_World.pdf.*

STRATEGY

Harmony's climate-change journey

Harmony has been proactively positioning itself to address climate change since 2010.

During June 2021, Harmony updated both our climate-change and energy policy as well as our climate-change and energy strategy. Through this process, Harmony identified that climate change will impact the gold mining sector, both in terms of physical changes to our environment and the societal and economic mobilisation necessary to achieve the objectives of the Paris Agreement over the coming decades.

Harmony's climate-change and energy policy statement was developed in response to the transitional and physical risks and impacts of climate change. The strategy aimed to give effect to the policy statement. The strategy focuses on the following four key areas:

- Governance
- Risk management
- Integration with Harmony's strategy and four strategic pillars
- Metrics, targets, and reporting.

The strategy outlines the background to the key performance indicators, which in turn outline the targets and the implementation thereof at an operational level. The policy statement and the strategy have been historically achieved through the following:

- A top-down business intent to manage and address climate-related risks
- Recognising opportunities related to operational efficiencies and greenhouse gas emission reduction
- The move towards, and continuous drive to mine ore using methods with lower energy requirements
- Dedicated climate adaptation programmes in both South Africa and Papua New Guinea such as biogas energy production and agricultural projects in South Africa and agricultural coffee projects in Papua New Guinea.

Harmony has been decarbonising from as early as FY08, through the following initiatives.

Energy efficiency: Between 2016 and 2021, an energy saving of 1032 GW/hr was achieved, which translates to a cost saving of R1.017 billion at an investment made of R213 million. Moving forward, between 2021 and 2026, we plan to maintain a reduction of 1.5% per annum with the estimated savings of R85 million per annum based on an investment made of R44 million.

Energy mix: Our energy mix portfolio post FY22, includes grid electricity in South Africa, as well as energy from independent power producers, which include solar energy, wind energy, and electricity generated from natural gas.

Rebalancing our asset portfolio: During FY08 to FY20, Harmony closed our energy intensive shafts. From FY19 to FY23, Harmony continued and will continue further closure of deep level and energy intensive shafts, with increased surface portfolio assets. Our recently acquired assets, Mponeng and Mine Waste Solutions, have higher energy and emission intensities than our historic portfolio, and the influence on our overall performance can be seen in the graphs below. We are actively working on the reduction of these emission intensities.

Adaptation: Harmony is investigating climate change adaptation through carbon sinks, agriculture and water beneficiation. More specifically Harmony focuses on water resource management as well as biodiversity management action plans and land rehabilitation.

As a result of these efforts, as well as considering lower-emission mining technologies and practices where possible, our emission intensity has decreased substantially over time. The performance of our historic portfolio of assets is continuing to decrease. Our new acquisitions have decreased the group-wide intensities, and we have plans in place to further reduce the emission intensities of these new operations.

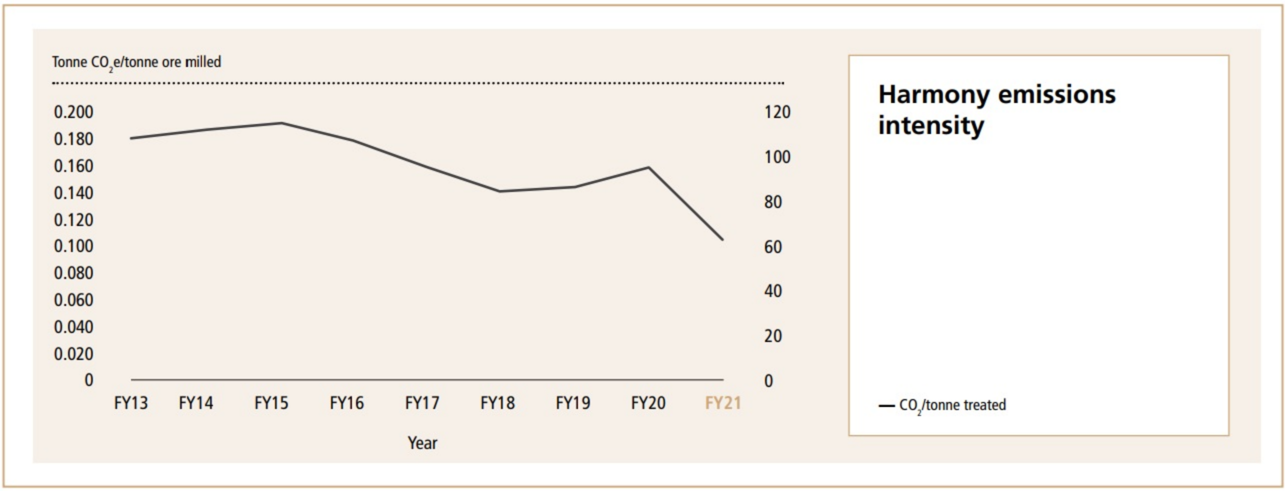
During 2016 we took full ownership of our Hidden Valley Mine in Papua New Guinea. The mine was recapitalised and reached full commercial levels of production by 2018. This is an opencast mine and decreased our overall emission intensities due to the fact that the majority of Harmony's other mines are deep-level underground operations which have a considerably higher emissions intensity.

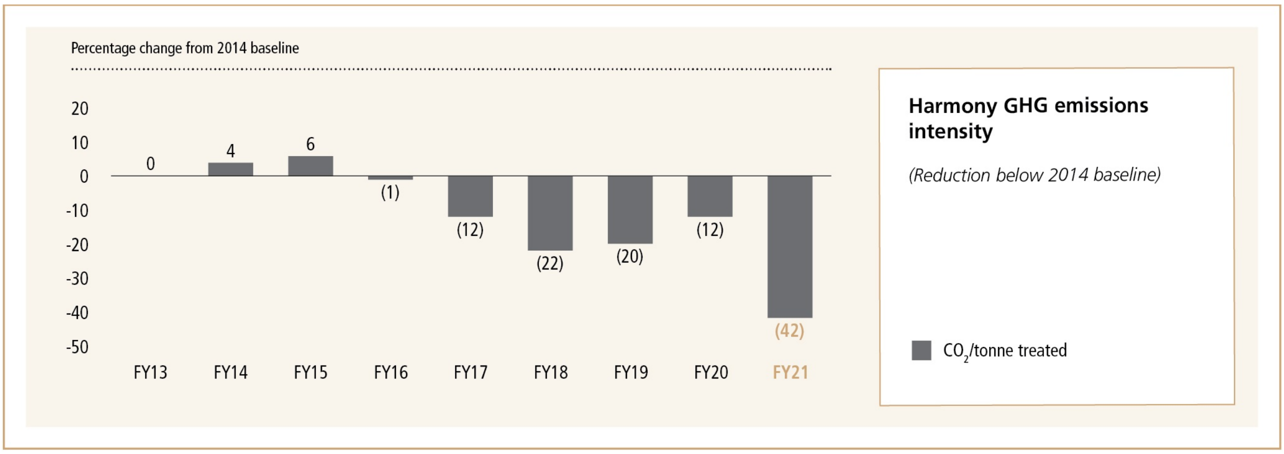
During the FY21 reporting year, Harmony acquired the Mponeng Mine operations and related assets. This included Mine Waste Solutions, a high volume surface source operation, from AngloGold Ashanti. This acquisition resulted in a substantial decrease in our GHG intensities, offsetting the additional emissions from Mponeng Mine for FY21. This is discussed further in the Metrics and Targets section.

METRICS AND TARGETS

As part of our strategy to produce safe, profitable ounces, and improve our margins through operational excellence and value-accretive acquisitions.

Harmony is continuously investigating growth prospects and, as a result, our absolute emissions will increase as we grow. Accordingly, we measure our success in reducing GHG emissions by focusing on two GHG emission intensity metrics — tonnes CO_2/tonnes ore milled, and tonnes CO_2/kg of gold produced, illustrated below.





Harmony has achieved a 42% decrease in emissions intensity per tonne of ore milled against a 2014 baseline. This decrease was in large part due to two strategic programmes. The first is a result of the continual effort in driving further **energy efficiencies**, and the second is from the ongoing rebalancing of our portfolio to focus on less energy-intensive resources, such as surface source mining. The sharp decrease from 12% below baseline in FY20 to 42% below baseline in FY21 was partly due to the acquisition of Mine Waste Solutions. This operation processes a high volume of surface materials at a very low energy consumption.

Our GHG emission intensity per tonne of gold produced increased by 16% against the FY14 baseline in FY21. We showed a reduction of 123% below the baseline in FY19 as a result of the initiatives mentioned above. The intensity has, however, increased to above the baseline in the last financial year due to the **high energy consumption** of Mponeng Mine, as well as the low grade of surface materials processed by Mine Waste Solutions.

Harmony remains committed to reducing our emissions. Multiple energy-optimisation projects were implemented and maintained across 63 operational systems in FY21, which resulted in an estimated energy cost saving of R218 million. These systems include compressed air, refrigeration, water reticulation and ventilation. This is testament to the company-wide integration and resilience of our energy and climate-change strategy to affect energy use and **greenhouse gas emission** reductions. Going forward, Harmony aims to increase total energy savings on these systems by implementing various additional energy-efficiency capital projects.

Water and energy security were identified as key areas of risk associated with both physical and transitional climate-change risks. As a result, Harmony is taking proactive steps to manage these risks through various initiatives and the close monitoring of water and energy use across our operations.

Since FY18, Harmony has developed several targets to FY22, including:

- **5%** absolute reduction in **electricity consumption** (MW)
- **5%** reduction in **electricity intensity** (kWh/tonne milled)
- **5%** reduction in **total carbon emission intensity reduction** (tCO_2/tonne milled)
- **2%** reduction in **diesel intensity** (kl/tonne milled)
- **2%** reduction in **petrol intensity** (kl/tonne milled)
- **7%** reduction in **water** used for primary activities (kl)
- **7%** reduction in **water intensity** (kl/tonne milled)
- Recycle **6%** of Harmony's **water consumption**
- **10%** of total **electricity consumption** must be from renewable energy.

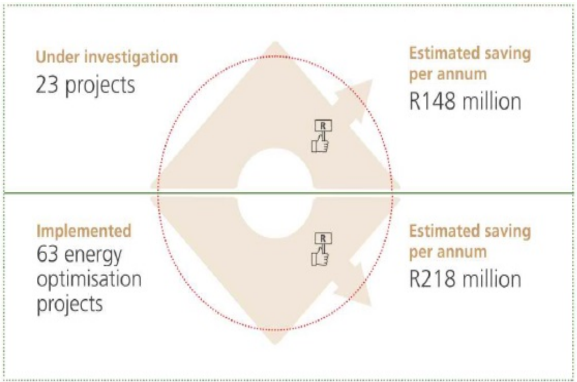
The targets related to electricity, diesel and petrol consumption will directly reduce GHG emissions, contributing to Harmony's climate-change mitigation efforts.

Harmony's water targets will contribute to reducing our reliance on potable water from water utilities in South Africa, while boosting our resilience during periods of drought.

As part of our target setting, we monitor and reduce energy use and greenhouse gas emissions. Importantly, increasing the limit for exemption from licence requirements for self-generation projects up to 100MW gives Harmony the opportunity to more aggressively pursue renewable energy in South Africa and reduce our GHG emissions.

Energy and greenhouse gas emission mitigation

Harmony consumes electricity from the national power utility, Eskom, in South Africa. This grid mainly depends on coal-fired power stations.



Most electricity used by Harmony in Papua New Guinea comes from renewable energy, predominantly hydro-power, resulting in much lower emission intensities.

For the period FY16 to FY21, R180.6 million was spent on implementing energy-optimisation projects. Harmony has increased investment in renewable energy, particularly solar power which decreases our grid-reliance as well as our carbon emissions from electricity use. Over 263 initiatives have been implemented with cumulative cost savings, over the past seven years, at a capital cost of R35 million. Projects implemented in FY21 enabled savings of R50 million and significant reductions in indirect GHG emissions and water consumption.

Water

Harmony has an embedded understanding of water management and water risks across its operational spectrum.

We have integrated the management of water security and water-related risks into our long-term strategic business objectives, as well as our financial planning. Harmony's commitment to responsibly managing water usage is therefore driven from an executive level and has evolved from a strategy into practical and relevant actions across the group. This process is achieved through Harmony's water strategy.

Harmony adopts a company-wide water management strategy which provides a consistent approach and an operations baseline for use across the group. This document clearly sets out Harmony's objectives related to water conservation, efficient water use and the necessities surrounding water supply in the context of its host communities.

This includes:

- **Integrating water management** and efficiencies
- Acknowledging **water-related risks** in respect of climate change
- Water management at **mine closure**
- Recognising water as a critical resource for **local communities**.

Harmony recognises an opportunity to reduce its operating costs through recycling its water. Harmony's water strategy supports the shift towards self-generation and zero discharge of water, to encourage the group's water conservation and demand management objectives. Harmony prioritises the conservation of potable water, especially considering the potential worsening drought conditions in the regions in which we operate in the near future.

As such, Harmony has adopted a group-wide campaign to re-use process water and reduce our dependency on potable water from water utilities. To do this, Harmony set long-term targets to reduce the water used for primary activities by 7% and increase water recycled by 6%, by FY22. In addition, we have a 10-year target to recycle 80% of our water with zero discharge by FY27. To achieve these targets, various water conservation initiatives have been implemented.

Harmony has constructed three water treatment plants that assist in continuing to secure water supply to our operations, while also reducing water consumption and assisting with water conservation initiatives. In total, the three water treatment plants save Harmony approximately R5.6 million in operating cost each year. Further to our water treatment plants, Harmony continues to pump water out of our Margaret and Covalent shafts, a portion of which is used within our processes with the remaining being discharged. This additional water could provide Harmony with water resources to adapt to future water-stressed conditions.

WAY FORWARD

Harmony's strategic decision to report against the TCFD remains a priority.

We ensure that our board has oversight of all climate-related issues. Further to this, we have included climate change, both mitigation and adaptation-related aspects, into our business strategy and decision making. We also published our climate-change and energy policy and our climate-change and energy strategy during June 2021.

Our climate-change and energy strategy recognises the opportunity to improve operational efficiencies and GHG emission reduction, as well as the move towards and continuous drive of lower energy requirements. We have already set a number of targets up to FY22 for electricity, diesel, petrol, GHG emissions, water and waste. As Harmony continues our journey towards carbon neutrality, we aim to release further carbon neutrality targets and plans by December 2021.

SOCIAL

Capitals affected

Directly	Indirectly
HUMAN CAPITAL	FINANCIAL CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL	INTELLECTUAL CAPITAL
	MANUFACTURED CAPITAL

Stakeholders affected

Employees	Communities	Other stakeholders engaged include government and regulators

Strategic pillars:

Responsible stewardship	Operational excellence

Responsible committee

Social and ethics committee

Related risks

- Covid-19 pandemic – spread of infection and potential impact on business sustainability
- Social licence to operate
- Failure to eliminate fatalities and improve safety performance.

GRI standards

Prepared in accordance with: 102-8, 102-41, 201-3, 202-1, 202-2, 401-1, 401-2, 403-1, 404-2, 404-3, 412-1, 412-2, 412-3 and MM4

Contributing to the SDGs

Specific contributions to SDGs are detailed per section.

INTRODUCTION

We believe that by contributing to the health and wellbeing of our employees and communities, as well as uplifting our communities through economic opportunities, we enable a socio-economic ecosystem in which our business and all stakeholders can thrive.

Our principal social imperatives are:

Safety and health, including managing Covid-19	**Job creation, training and development**	**Transformation**	**Human rights**	**Socio-economic/ local economic development**

Duty of care

We conduct our mining activities and associated processes in line with applicable legislation and regulations in South Africa and Papua New Guinea. However, we aim to go beyond compliance levels wherever possible. Fundamentally, we believe our duty of care for employees extends to ensuring safe and healthy workplaces, fair remuneration that provides for decent accommodation, access to healthcare and compensation, and benefits post-retirement. For our communities and broader stakeholder groups, this duty includes public health and safety. For all stakeholders, ongoing and proactive communication fosters strong relationships.

SAFETY AND HEALTH

ZERO HARM

Our employees are our most important stakeholders and a vital capital. This makes their safety and health both a moral and business imperative. Safety is our foremost corporate value – no product is as important as our people, who should return home safe and healthy every day.

Our approach extends to the communities where many of our employees live and which are affected by our operations. We believe that contributing to the health and wellbeing of our community members facilitates an ecosystem in which our business and all stakeholders can thrive.

Capitals affected

Directly	Indirectly
HUMAN CAPITAL	FINANCIAL CAPITAL
SOCIAL AND RELATIONSHIP CAPITAL	INTELLECTUAL CAPITAL
	MANUFACTURED CAPITAL

Strategic pillars

Responsible stewardship	Operational excellence

Related risks

- Covid-19 pandemic – spread of infection and potential impact on business sustainability
- Failure to eliminate fatalities and improve safety performance.
- Mental and physical wellbeing a disabler to return to work.

GRI standards

Prepared in accordance with: 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9 and 403-10

Contributing to the SDGs

- The health and wellness of employees is important to full, productive lives
- We focus on employees' comprehensive wellbeing, including occupational health, chronic diseases such as TB and HIV/Aids, and lifestyle diseases
- Combating Covid-19 has become the overwhelming focus of our health services, but the pandemic has embedded our proactive approach to health and safety.

- As a responsible employer, providing decent work includes ensuring everything possible is done to safeguard employees, ensure workplaces are safe and prevent injury or harm so that employees return home safe and well
- Employees have the right to refuse to work when they consider a workplace unsafe
- Training and other support are provided to encourage safe behaviour and conduct.

For more, see our sustainability strategy

Our approach

Zero loss of life is a non-negotiable imperative

The safety, health and wellbeing of our employees is one of the highest strategic risks to our business, given the potential to erode human capital and affect our ability to achieve our strategic objectives. Accordingly, we have a dual operational focus: ensure a safe and healthy workplace; and create a proactive safety culture where our employees stop, assess and manage all work-related risks. Taken together – safe workplaces and risk-aware employees – we are ensuring the sustainability of our business.

Our safety and health policy, integrated into our sustainable development framework, therefore focuses on:

- Ensuring leadership at all levels sets the example and creates an enabling environment to drive continuous improvement in safety performance
- Ensuring high-risk safety and health exposures are managed through focused strategies, founded on risk management
- Promoting the health of our employees by proactively supporting their physical, psychological and emotional wellbeing
- Providing an integrated, proactive healthcare service by making primary, occupational and wellness facilities easily accessible to employees at work
- Ensuring Harmony manages community health exposures and promotes the wellbeing of our host communities.

The standard operating procedure developed to address the challenges of the pandemic covered all these aspects, in turn reinforcing our safety and health policy.

Our occupational safety and health policy and related management frameworks are aligned with the Mine Health and Safety Act in South Africa and relevant legislation in Papua New Guinea, including the Mining (Safety) Act and associated regulations. We also apply best practices and guidelines as prescribed by the ICMM. Our approach to safety encompasses critical control management, preparedness, prevention and the monitoring, review and analysis of relevant safety and health indicators.

Governance

At board level, the technical committee approves and monitors compliance with our safety and health policy as well as legislation. Safety is a key performance indicator for management in determining remuneration. Our chief executive officer regularly reports on safety incidents and achievements to the committee and board. At every board meeting, the chair of the technical committee provides feedback on our safety performance.

Demonstrating our inclusive approach, representatives of management, unions, the Minerals Council South Africa and government participate in structures emphasising the importance of safety and how to achieve our goal of eliminating fatalities.

At our South African operations, safety and health committees ensure that all employees are involved in managing and ensuring the safety of all. In FY21, there were 77 full-time safety and health representatives at these operations. The chief operating officer: South Africa reports on safety to the group executive committee weekly and quarterly, with a quarterly presentation to the technical committee.

Harmony contributes to external safety initiatives and leading best practices for implementation through the Mining Industry Occupational Safety and Health (MOSH) community-of-practice adoption process. For each aspect of occupational safety and health, champions are nominated to attend industry meetings and ensure relevant information is disseminated to all operations.

In Papua New Guinea, safety managers report at least monthly to the South-east Asia executive committee. This committee in turn – through the regional chief executive officer – reports to Harmony's group executive team weekly and quarterly to the technical committee.

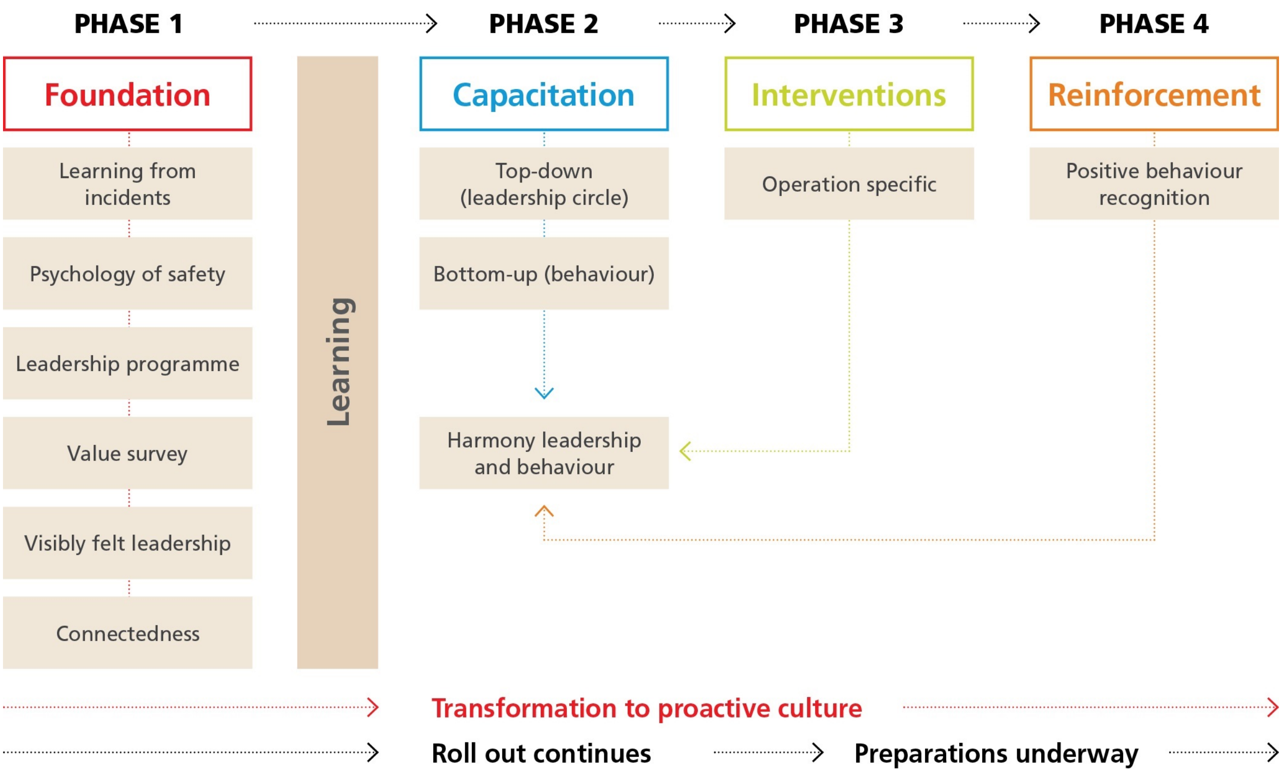
Safety

Our goal is to make safety a shared responsibility. While our safety performance fundamentally affects the lives and wellbeing of our employees, it has implications for other aspects of our business, particularly our financial, social and relationship, and manufactured capitals. Safety performance can also have a significant impact on our brand and reputation. We are determined to prevent loss of life and achieve zero harm across our operations so that our employees can return home safe and healthy each day.

Risk management strategy

Three years ago, we began implementing a group-wide risk management strategy for safety across South Africa and Papua New Guinea. This involves identifying, assessing and controlling all threats that could cause harm to our employees. Increasingly, it is based on real-time data, particularly leading indicators, to support proactive risk management initiatives and aid safe, profitable production. It also aims to embed a behaviour change for safety to one that is far more engaged and proactive. This multifaceted and cooperative approach is supported by all relevant stakeholders.

Harmony's four-layer risk management strategy



This strategy is being rolled out in phases to systematically embed risk management in our operational culture and the behaviour of all employees. Phase 3 began early last year, in tandem with the roll-out of phase 4.

As background, in phase 2 (from April 2018), we modernised systems, processes and information-sharing to facilitate more proactive management. Essentially, a modernised operating system gives our mining teams the required information before entering a workplace so that crews are aware of all hazards identified in previous shifts and can take steps to ensure the area is safe before entering.

Phase 3 has largely focused on ensuring appropriate processes are in place at all operations to embed a proactive approach to safety. This included implementing golden-control monitoring and improved responses to golden-control failures. Golden controls are the principal preventative safety measures we use in our operations. As part of this phase, we are systematically entrenching the ICMM's critical management plan at our operations, which are now better equipped to identify significant unwanted events and related mitigating controls.

While modernising our systems and processes has been pivotal to improving safety performance, our risk management strategy would be largely ineffective without the human behaviour element. Accordingly, phase 4 is being rolled out in tandem with phase 3. This final phase centres on a humanistic strategy to embed a behavioural approach to safety – ensuring our management teams are proactive, effective leaders so that our workforce is more engaged and the relationship between employees and management is based on mutual trust. The intention is to provide platforms for employees to communicate freely, without feeling threatened, and to give management the skills to be effective and connected leaders. For more on our leadership programme, see Caring for our workforce.

We also introduced an initiative to identify an employee's propensity to take risks, with the aim of managing that behaviour. This programme has identified clusters of high-risk-taking behaviours at leadership and employee levels. Additional programmes developed to further embed safe behaviour focus on recognition and reward – work on implementing these uniformly across the operations continues.

We are encouraged by steady progress on many of our leading indicators (more reliable indications of **preventing** harm than lagging indicators, which simply monitor events that occurred), particularly safe declarations, golden-control monitoring, and learning from incidents. With automated systems and processes in place, we can now continuously assess workplace conditions and equipment to ensure no undue risks are posed to any employee on the surface or underground. We are also able to more effectively monitor the progress of safety-related initiatives at our operations.

The open-pit operation, Kalgold, has operated for 22 years fatality-free

Our performance FY21

	FY21	FY20	FY19	FY18	FY17
Number of fatalities					
Group	**11**	6	11	13	5
South Africa	**11**	6	11	13	5
Papua New Guinea	**0**	0	0	0	0
Fatal injury frequency rate (per million hours worked)					
Group	**0.11**	0.08	0.12	0.16	0.07
Lost-time injury frequency rate (per million hours worked)					
Group	**6.18**	6.33	6.16	6.26	7.21
South Africa	**6.46**	6.69	6.48	6.67	7.61
Papua New Guinea	**0**	0.77	0.35	0	0.41

The group lost-time injury frequency rate (LTIFR) improved in FY21 to 6.18 per million hours worked (FY20: 6.33). Tragically, there were 11 mining-related fatalities (FY20: six), all at our South African operations. We are deeply saddened and disappointed by this performance as every fatality represents the tragic loss of a colleague and impact on their loved ones.

More positively, at end FY21, Harmony reached a record 3.38 million fatality-free shifts (which represents 107 consecutive fatal-free days), proving that our goal of zero fatalities is achievable. Commendably, our Papua New Guinea operation maintained its fatality-free performance for the fifth consecutive year and reached its target of zero harm, with an LTIFR of 0.

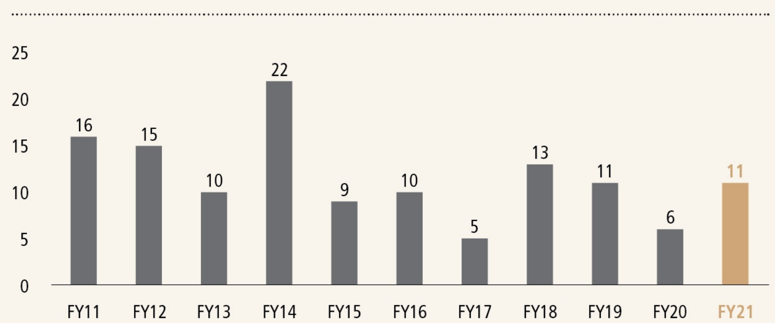
We focus intensively on understanding the causes of fatal accidents, and learning from the circumstances surrounding each incident. These lessons are shared across our operations.

South Africa

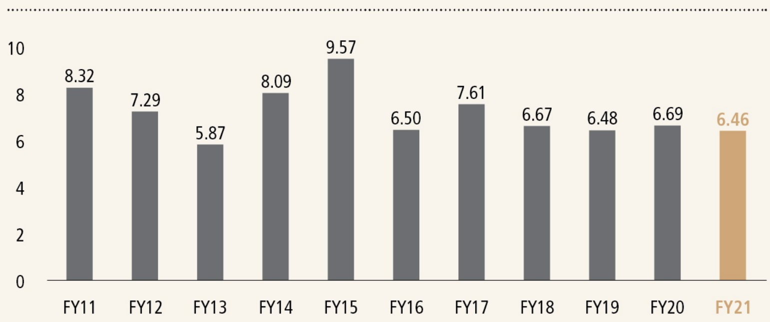
The South African operations recorded a mixed safety performance in FY21. Per million hours worked, our fatal-injury frequency rate regressed from 0.08 last year to 0.12. However, these operations have worked for extended periods without a loss of life – in addition to the 3.7 million fatality-free shifts noted above, Harmony has exceeded the 3-million shift mark on three separate occasions since 2016, proving that our goal of zero fatalities can be reached and maintained.

The LTIFR improved to 6.46 (FY20: 6.69). This translated to the loss of 28 943 shifts due to occupational injury. However, the reportable injury frequency rate regressed to 4.00 (FY20: 3.88) and the fall-of-ground injury frequency rate deteriorated from 1.22 to 1.51. In contrast, the rail-bound equipment injury frequency rate improved to 0.45 (FY20: 0.70).

When analysing this safety performance, it is essential to factor in the impact of the pandemic. Thorough investigations into the causes of fatalities in the review period reveal direct, but unanticipated, consequences of the pandemic – from changing crew compositions after members tested positive or were quarantined post-contact, to substandard supervision for various Covid-19-related reasons, and even global manufacturing shutdowns last year that affected supply chains. Despite the concerning increase, most fatalities occurred in low-risk areas and not those more commonly associated with deep-level mining, like seismic events.



Harmony group: number of fatalities



South Africa: lost-time injury frequency rate

(Rate per million hours worked)

In memoriam

Date of incident	Name	Occupation	Mine/operation	Cause
12 Jul 2020	Zamokuhle Shabane	Team leader	Bambanani	Falling from heights
10 Aug 2020	Zakhele Lubisi	Artisan	Kusasalethu	Tools, machinery and equipment
10 Sep 2020	Alexis Lesiamang Ntjantso	Driller	Doornkop	Explosion
10 Oct 2020	Tsoaela Botsane	Team leader	Tshepong	Gravity-related fall-of-ground
	Tisetso Pati	Winch operator		
18 Dec 2020	Rakitsi Seseli	Rock-drill operator	Kusasalethu	Explosion
13 Jan 2021	Makhetha Allerdice Makobane	Rock-drill operator	Bambanani	Scraper winches
26 Jan 2021	Flip Kearabetswe Mahloko	Contractor assistant	Free State Surface Operations	Falling from heights
28 Jan 2021	Tsietsi Petrus Mateane	Rock-drill operator	Phakisa	Scraper winches
3 Feb 2021	Neo Mofokeng	Underground assistant	Target	Seismic-related fall-of-ground
15 Mar 2021	Peter Bangixhanti Fosilara	Artisan	Moab Khotsong	Electricity

Death and serious injury benefits

We understand the devastating impact mine fatalities and serious injuries can have on an employee's family. In many cases, these employees are the sole breadwinners for their families, supporting an extended family of over ten people. We have a comprehensive range of benefits to support the family in the event of a mine fatality or serious injury.

Understanding causes of injury

One of the most prominent factors that contributed to the lost-time injury frequency rate was the repetitive occurrence of winch-related incidents. To address this, a winch pre-inspection was piloted at Doornkop, Kusasalethu and the Tshepong operations. This pre-inspection, conducted using the optical character recognition system – software that converts paper data to digital, live data that can be tracked, monitored and analysed in real-time – for daily deficiency management and reporting, aims to identify real-time issues reported by winch operators and to bring these to management's attention for assessment and assistance in ensuring safe winch operations. With all the initiatives implemented to date to manage this risk, we have improved our performance from 0.34 in FY 20 to 0.18 in FY21. Given the positive results at those three operations, the pre-inspection process will be implemented at all operations in FY22.

Our safety performance in FY21 has again underscored the need for a more behaviour-focused approach to safety management, which ties directly to phase 4 of our risk management strategy roll-out. To embed a proactive safety culture and accountability in our workforce, we implemented several initiatives and programmes in FY21. Among the most notable were:

- Reinforcing the right of all employees to refuse dangerous work and to leave a dangerous workplace. This is in line with the Mine Health and Safety Act. It is vital that our employees understand their rights, are engaged and feel safe to perform their duties, and that supervisors recognise these rights. In addition, frontline supervisors are being trained and encouraged to engage with mining crews and management on these rights. Effective, frequent communication is vital. To address this, communication and leadership initiatives are ongoing
- Identifying the most serious unwanted events and assigning responsibility for these at executive level. As these identified events could cause significant loss of life and shifts, they require far more focused attention by all management levels
- Reinforcing our safety mascot, Thibakotsi, and associated safety messages, signs and symbols
- Introducing a daily work note to ensure the frontline workforce receives the relevant information to proactively plan tasks at the start of each shift
- A far more thorough scanning and analysis of daily safe-declaration data to assess workplace conditions, raise awareness of risks and address repetitive failures.

Despite the challenges and regression in our safety performance, there is evidence that our risk management strategy is improving the safety culture at our South African operations.

To illustrate, in the second half of FY21, over 720 visits were made by executives and managers to workplaces as part of the visible felt leadership initiative. These engagements reinforce the concept of shared responsibility in a company that truly cares. We are also making good progress in incorporating learnings from incidents into daily safety practices. This was particularly evident in the way potential seismic hazards were monitored and managed during the year. The enforced daily monitoring substantially reduced the incidence of falls-of-ground. This practice will be carried into FY22 and especially applied when starting up new panels and after shut-down periods.

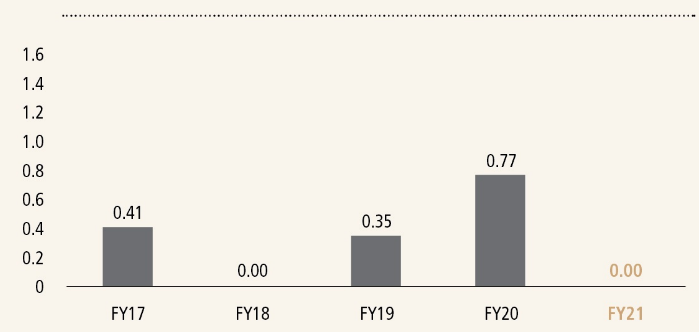
Papua New Guinea

Harmony's Hidden Valley operation boasts a world-class safety record. It has reported no fatalities since 2015, equating to 3 million fatality-free shifts. The LTIFR for FY21 was 0.0 per million hours worked, compared to 0.77 for FY20.

Hidden Valley is an open-pit mine, with far lower risks than underground mines. Other factors have contributed to its safety record, particularly the implementation of our risk management strategy and critical controls, as well as entrenching a proactive safety work ethic in all employees. This behavioural pattern has been systematically reinforced through visible felt leadership, along with regular, focused safety training.

Although the highly-mechanised nature of the mine supports a better safety performance, vehicle interaction remains the most significant safety risk at Hidden Valley. This is followed by fatigue and uncontrolled release of energy (hydraulic and compressed energy) in workshops. All mining vehicles are equipped with monitors to mitigate against driver fatigue, prevent vehicle collisions, observe driver behaviour and monitor productivity.

At Wafi-Golpu, there is a similar emphasis on proactive safety risk management, monitoring critical risks and visible felt leadership.



Papua New Guinea: lost-time injury frequency rate

(Per million hours worked)

Public safety

There were no major incidents or serious concerns raised during the year on road transport and radiation exposure. Together with dust, these are the primary public and community safety risks associated with our operations. We accelerated our plans to contain dust from tailings storage facilities at certain Free State operations after they exceeded permissible limits during the year. Refer to tailings storage facilities in environment section.

Focus areas for FY22

Group safety target

In FY22, Harmony will continue to embed its risk management process to create a more engaged and proactive safety culture across our operations. In tandem, we aim to improve our safety performance by 10% on the average performance of the previous three financial years.

South Africa – safety focus for FY22

Our priorities will include:

- Digitising information to allow us to make informed decisions as circumstances that may compromise safety are identified
- Accessing and including industry-wide best practice learning material and methodologies through the International Mining Standards Hub (Harmony is a founder member)
- Detailed analyses of our responses – on integrated platforms – to identify opportunities to improve and mitigate safety risks.

In terms of our four-layer risk management system, we will continue to:

- Map out critical production processes and align inter-disciplinary processes (process mapping) and documentation to provide assurance that our legal and social obligations are addressed. This will be achieved by embedding the identification of risks and controls into our risk and legal documentation. The aim is to have a single source of content on task assessment (procedures, training, risk assessment, continuous monitoring and reporting)
- Integrate specified routines – ensuring an integrated approach in identifying potential risks during the planning phase as well as in identifying mitigating controls and monitoring actions prior to the start of work. This will include introducing integrated services work planning and monitoring for phase 3
- Further engage all leadership, including organised labour, as partners to advance our behaviour-oriented strategy (phase 4). This will include developing and implementing a behaviour-tracking and monitoring programme to allow leaders real-time access to critical behaviour data for safety improvement.

Papua New Guinea – safety focus for FY22

- Our safety objective for the Hidden Valley Mine is to remain fatality-free and continue our exceptional safety performance of the past financial year, which ended with our LTIFR at 0.00 and an injury-free final quarter
- Our focus is to achieve zero harm through strong visible felt leadership and critical control field checks, proactive high-potential incident intervention and improvement, and engaging proactively with our workforce.

Health

While Covid-19 remains a significant challenge, the pandemic has underscored the flexibility and effectiveness of our healthcare strategy and its pivotal role in supporting our business.

Duty of care

Occupational lung diseases (including TB) and noise-induced hearing loss are the primary occupational illnesses at our South African operations. We also focus on identifying and managing non-occupational disease like HIV in the country, as well as other chronic illnesses (hypertension and diabetes). In Papua New Guinea, we have a proactive approach to dealing with malaria.

Our approach to healthcare is proactive and risk-based, aiming to ensure quality healthcare service that is easily accessible to all our employees. This approach is founded on our firm belief that every employee deserves a fulfilled and healthy life. It is important that our employees are fit for life, fit for work and fit to retire. While the first wave of Covid-19 in 2020 tested all healthcare systems and personnel to the fullest, the knowledge and experience gained stood the Harmony healthcare team in good stead as we managed successive waves with significantly improved medical outcomes (refer page 107).

Our healthcare strategy is based on four pillars:

- Education, awareness and promotion of good health
- Disease prevention and risk management
- Clinical intervention (treatment programmes)
- Continuous risk profiling.

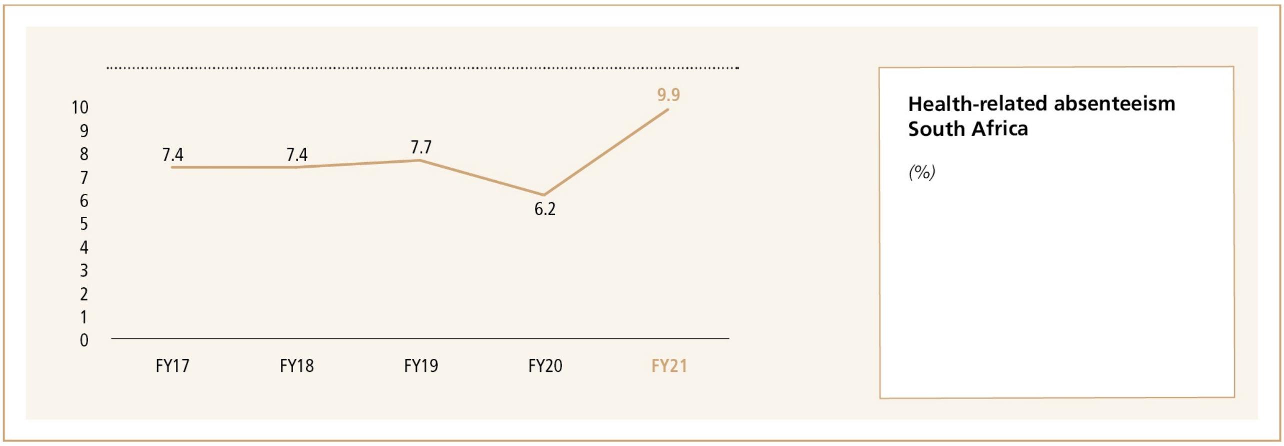
The aim of this proactive strategy is to manage illness by identifying and treating disease early to help prevent permanent adverse health impact. Medical surveillance, active case finding, early detection and treatment are integral aspects of our healthcare system.

Dedicated health hubs at all our operations cater for the primary and occupational health needs of our employees and, in some cases, host community members. Each health hub is staffed by doctors, nurses, allied healthcare workers and pharmacists. Medical doctors are part of the operational team in each mine.

Our performance FY21

In FY21, we spent R1 billion (US$65.3 million) on health-related initiatives across the group. Of that, R291.6 million (US$18.9 million) was for Covid-19 preventative initiatives in South Africa. By year end, we were leading the industry in rolling out Covid-19 vaccination programmes. We aim to vaccinate over 80% of employees within six months, and then extend this to South African community members. Harmony has committed R86 million to the vaccination programme for employees, their families and the wider community in South Africa.

South Africa



Increase in FY21 due to Covid-19

The benefits of our balanced strategy for managing the spread and severity of Covid-19 are illustrated above, with Harmony outperforming the mining sector and country on testing and vaccination rates. Effective case management contained the death rate to in line with our sector and well below the national average.

With protocols for managing Covid-19 now well entrenched, we were able to focus more on initiatives that support our strategy of promoting employee wellness, ensuring good healthcare and managing diseases.

Harmony spent R714.7 million (US$46.4 million) on free medical costs and medical-aid contributions in South Africa in FY21 (FY20: R660.4 million; US$42.2 million). The main drivers were inflationary increases in the cost of medical goods and services, particularly personal protective equipment, and a higher hospitalisation rate from Covid-19-related referrals. The full impact of pandemic-related health costs was evident in the review period.

Papua New Guinea

Expenditure on medical and healthcare	**FY21**	FY20
Total (Rm)		
Total excluding Covid-19	**12.68**	18.85
Covid-19-related management	**289.81**	Not reported

HARMONY'S RESPONSE TO COVID-19

Our Covid-19 risk management strategy has proven effective over the past 18 months. Our aim remains to reduce the probability of an employee contracting the virus and to limit the severity if infected.

Health protocols underpinning our strategy are aligned with best practice and guided by information from the World Health Organization, National Institute of Communicable Diseases, South African Department of Health and Minerals Council South Africa. These protocols were also informed by extensive and ongoing discussion with our trade union stakeholders.

Our preventative measures include:
- Preventative personal hygiene procedures
- Compulsory use of personal protective equipment (PPE) guided by occupational risk, especially face masks, across our workplaces and offices
- Communication and awareness campaigns (for employees and communities) on hygiene and social distancing
- Identification, care and counselling of high-risk employees (especially those who do not know their health status, those who have not managed their health if they have an identified chronic disease, those older than 60 and employees with pre-existing medical conditions). The Harmony policy guiding the way we should be caring for these employees was recommended for adoption in the industry as a leading practice in managing employees who are vulnerable to Covid-19
- Online collaboration with best practice medical centres to support our more remote sites, including admitting hospitals
- Stressing identification of symptoms and urgency of self-isolation if displaying symptoms and/or exposed to positive Covid-19 cases
- Rigorous screening of employees at work; testing and managing employees with symptoms of Covid-19
- Each of the regions has accredited isolation and quarantine sites that can accommodate a total of 1 038 employees across the group who have contracted Covid-19 or come into contact with infected individuals, and who do not need hospitalisation
- Increased frequency of occupational health visits and inspections by relevant national government departments to monitor Covid-19 compliance
- Symptom questionnaire and thermal screening of all individuals who enter our operations, and employees at all key points
- Reducing the number of workers in a crew to a maximum of 15 to enable social distancing underground
- Customising lift shafts and their operation to ensure appropriate social distancing in cages to reduce capacity to 75%
- Capacity on road transport reduced to 60-70% of licensed capacity and adjusted in line with risk levels
- Frequently spraying waiting areas with disinfectants and sanitising all hard surfaces
- Placing hand sanitisers and additional hand-washing stations on surface, at entrances to all operations and outside the mine at taxi ranks and in company transportation
- All equipment and machinery is sanitised at the start and end of each shift underground.

In addition, we have established four mass-vaccination sites that have received permits to vaccinate from the South African Pharmacy Council and Department of Health. Two of our pharmacies are permitted to store vaccines. The sites below are officially registered on the government's master facility list and have capacity to vaccinate 400-700 people per day.
- Harmony Moab vaccination facility
- Harmony Mponeng vaccination facility
- Harmony Tshepong vaccination facility
- Harmony Brand 5/Unisel vaccination facility.

In combination, our extensive preventative measures have contained the spread of Covid-19 among our employees. With the knowledge gained from treating infected employees in the first wave, we were able to significantly reduce the death rate in the second. Given the benefits of our leading practices, government representatives requested access to our hospitals in Carletonville and Orkney, while the ministers of health and mineral resources and energy visited the Mponeng facility.

The Harmony vaccination programme began on 25 June 2021. By 30 September, 30 662 employees had been vaccinated, with just over 17 762 receiving their second shots. The programme initially focused on high-risk employees and is now working towards the so-called herd immunity target. Harmony has committed to extend the vaccination programme to families and communities to support global efforts to reach herd immunity and minimise the impact of the pandemic in our communities.

At end 30 September 2021	
Employees tested	25 390
Employees testing positive	4 438
Employees recovered	4 328
Deaths	76 (including contractors)
Vaccinations	Programme started on 25 June
Workforce vaccinated (%)	30 662 (63% of total)
Community members vaccinated	Programme to start in October 2021

As at 14 October 2021, 73% of employees have been partially vaccinated and 45% have been fully vaccinated.

EMPLOYEE WELLNESS AND HEALTHCARE

Healthcare delivery

At our South African operations, membership of a medical scheme is compulsory for all officials and management employees. Membership is voluntary for category 4-8 employees, with 9 793 employees participating in medical schemes in FY21 (FY20: 8 122). The increase reflects the acquisition of Mponeng mine. Harmony subsidised related costs on behalf of employees by R25.7 million (US$1.7 million) a month (FY20: R20.0 million or US$1.3 million). The higher subsidy reflects the integration of Mponeng employees.

In total, 28 447 category 4-8 employees elected not to join private medical schemes. Instead, they use the free in-house comprehensive health services from mine medical health facilities and associated preferred providers, with secondary and tertiary care provided at private hospitals/health facilities. The cost of providing these services was R53.6 million (US$3.5 million) a month in FY21 (FY20: R35.0 million; US$2.2 million).

For employees who do not belong to a medical scheme, dedicated health hubs at all our operations undertake health promotion and prevention, active case-finding and screening as well as active management of chronic conditions. Medical surveillance is conducted at these hubs for all employees and contractors. In total, 68 651 medical examinations were conducted in FY21 (FY20: 49 326). The increase reflects opening up examination facilities post-lockdown and incorporating Mponeng Mine into the system.

The new integrated health management system (electronic health record) was implemented, starting at Doornkop in November 2020. This allows for a more holistic view of an employee's health status by incorporating occupational, primary health, injury-on-duty and chronic disease management on one platform. This eliminates manual processes and ensures more timely, effective and complete clinical management of the employee. To date, the system is live at Kusasalethu, Moab, Target and Joel medical hubs. It will be rolled out to all medical hubs by the end of FY22.

The integration of Mponeng Mine into Harmony on the health stream was smooth, with health services fully in-sourced from July 2021 and aligned to the company strategy.

The Vaal River Gateway Pharmacy at Orkney has been accredited as a training facility for pharmacist assistants and interns by the South African Pharmacy Council, and the responsible pharmacist issued with a tutor certificate. Both Harmony-owned pharmacies are now ready to contribute to training in this sector.

Mental health

Global research indicates that mental illness in the workplace could rise by over 60% in the next few years, exacerbated by enforced changes during the pandemic. Psychosocial illness can be caused by a range of social and financial issues faced by employees daily.

To address this, we enhanced our employee psychosocial programme early last year, in partnership with the Reality Wellness Group, for all employees and immediate family members irrespective of their medical insurance status. This multifaceted programme offers face-to-face counselling or telephonic advice by qualified social workers and psychologists, as well as financial guidance for those struggling with debt, and legal support where needed. The service is available 24/7 in nine official South African languages. Our employees can access the service by sending a 'please call me' message, via a toll-free number or email. Uptake improved in FY21, with 742 employees engaged and 1 458 calls on the hotline. Adjustment disorder, anxiety, relationship and children issues were among the top psychosocial risks.

While Covid-19 has disrupted the programme's roll out, it also underscored the need for a strategy to assist our employees in dealing with psychosocial issues. The pandemic has had a significant impact on the morale of our employees and, in late FY20, we launched a programme to address the psychosocial effects of lockdown and the quarantine process. This included daily engagements with employees in isolation and quarantine centres as well as support groups for our healthcare workers. This programme was particularly noted by our employees as an invaluable aspect of the care and support during compulsory isolation and quarantine periods.

The second phase of the project is to raise awareness among line management and equip them with the necessary knowledge to ensure optimal use of the programme. This will begin in the second quarter of FY22.

Integrated lifestyle programme

Excess weight and obesity are challenges faced by around two-thirds of our employees. Obesity remains a health risk for non-communicable diseases as well as managing Covid-19. To encourage positive lifestyle changes, we have developed an integrated lifestyle programme to improve the health and wellbeing of all employees. This will assist in addressing the rampant rise of non-communicable diseases as well as mental health-related matters. There are currently 2 006 employees enrolled in the programme.

The roll out of the integrated health management system at our operations will ensure improved management and follow-up of cases enrolled in the lifestyle programme.

Managing health-related absenteeism

Health-related absenteeism is a risk to the productivity of our workforce. Over recent years, our at-work management programme has focused on early identification of employees who may become chronically ill or medically incapacitated by debilitating diseases, and to manage, review and monitor their medical conditions.

	FY21	FY20	FY19	FY18	FY17
ABSENTEEISM					
Health-related absenteeism (%)	**9.9**	6.2	7.7	7.4	7.4

The regression in FY21 was largely as a result of Covid-19 management which included isolation and quarantine of employees affected and those coming back from SADC countries.
To cater for Covid-19-related absenteeism, categories were revised to include:
- Isolation, ie separating employees who have tested positive and are infected, accounted for 0.6% of labour unavailability
- Quarantine, ie separating employees who might have been exposed, accounted for 1.4% of labour unavailability.

Managing occupational diseases

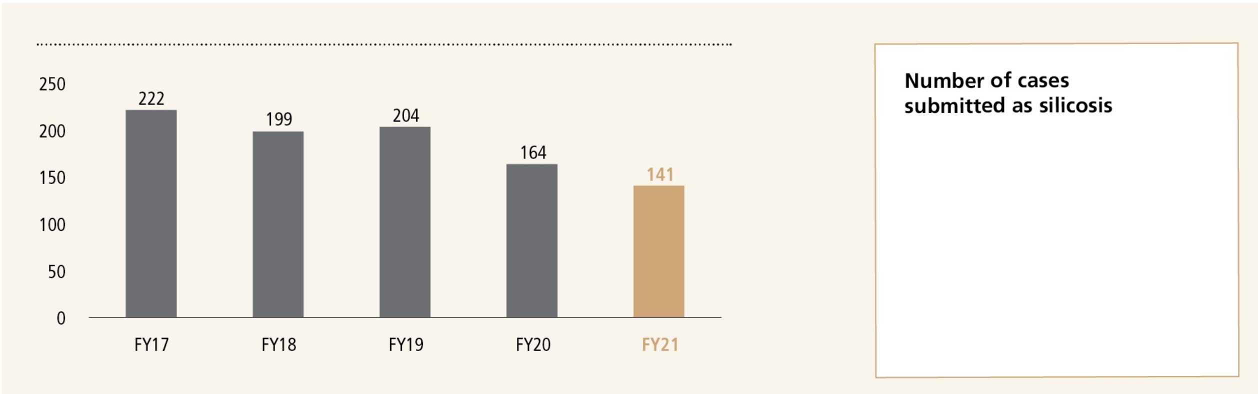
Occupational diseases present some of the key risks to our business. There could be severe health implications for employees who fall ill, as well as potential financial liability and reputational damage to Harmony. As such, managing and preventing occupational diseases remains a priority. Occupational lung disease, noise-induced hearing loss (NIHL) and heat-related illness remain our key concerns.

Silicosis

Silicosis is an occupational lung disease caused by inhaling free respirable crystalline silica dust over a long period. It can also increase susceptibility to TB. Given the severe risk posed by silicosis, Harmony has an integrated silicosis, TB and HIV/Aids policy and programme to responsibly manage the disease and proactively prevent associated health deterioration.

For our South African operations, our aim is to eliminate silicosis entirely. To achieve this, we adopted the South African gold mining industry 2024 milestone for silica dust exposure (95% of all personal silica dust samples must be below 0.05mg/m^3 by 2024). To achieve this goal, we set annual targets to reduce dust loads. The target for 2021 was 92.0%. The milestone compliance for Harmony for quarter 2 of 2021 was 86.3%, with most metallurgical plants and a third of the mines above the aspirational target of 92%.

In FY21, 141 cases of silicosis were submitted to the Medical Bureau for Occupational Diseases and 54 were certified (FY20: 164 cases reported and 67 cases certified). No new cases were noted among previously unexposed individuals entering the mining industry in 2009 as per the MHSC 2024 occupational health milestone. To date, two certified cases among previously unexposed employees have been recorded.



Dust control at our South African operations

As silicosis is caused by inhaling silica dust over time, our objective is to eliminate dust as far as possible. Dust is discharged during activities where rock is broken at source, such as stoping, development and trackless mining. Engineering controls to allay dust have been implemented or are being rolled out at our underground operations to minimise employees' exposure to silica dust. This includes leading practices as advocated by the Mining Industry Occupational Safety and Health (MOSH). Last year, we installed in-stope atomisers at most operations, and at Moab Khotsong early in FY21.

The main thrust of reducing exposure to silica dust is to ensure that the status and effectiveness of our dust engineering controls is sustainable. Most of these engineering controls are in line with leading practices. In FY21, progress in implementing these engineering controls across Harmony's operations was as follows:
- Main tips – tip foggers (98.8%), tip covers (88.4%) and tip filters (92.7%)
- Main intake haulages – airway sprays (100%), spray cars (94.9%) and footwall treatment (67.3%)
- Stopes – winch covers (98.9%) and stope atomisers (85.8%)
- Continuous real-time monitors (92.7%).

Tshiamiso Trust

Silicosis is a legacy issue in South Africa. In July 2019, the High Court approved the R5.2 billion settlement of the silicosis and tuberculosis class action suit between the Occupational Lung Disease Working Group – representing Gold Fields, African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Harmony and Sibanye-Stillwater – and lawyers representing affected mineworkers. Following a three-month opt-out process, the settlement agreement became effective on 10 December 2019.

A condition of the settlement was establishing a trust to carry out its terms and manage the compensation process.

The Tshiamiso Trust (Setswana for "to make good" or "to correct") will facilitate tracking and tracing of class members and administer claims and payments to eligible claimants or their beneficiaries.

Harmony was central in settlement negotiations and actively involved in establishing the trust. In addition, it has made provision to contribute R854 million towards the court-approved gold mineworkers' class action silicosis settlement.

The first payouts were made in July 2021, and momentum is expected to increase now that the trust is fully operational.

Settling claims in South Africa

Harmony has taken a lead role in helping the Medical Bureau of Occupational Diseases address the severe backlog in occupational lung disease compensation claims in support of Project Ku-Riha, launched by the Department of Health in 2015. In facilitating the settlement of claims due to eligible current and former Harmony mineworkers, the Harmony ReConnect department has developed various initiatives to track and trace mineworkers, and to provide operational support and resources where appropriate.

In FY21, Harmony facilitated settling 1 020 occupational lung disease claims totalling R37 million. This brings the number of settled claims to around 13 800 and total value of R276 million paid to Harmony's current and former miners since October 2015 from the Occupational Diseases and Works Act commissioner's fund.

Harmony and its peers have collaborated with the Minerals Council South Africa to establish a cogovernance model with the Department of Health which will contribute to funding and oversight of projects to improve the operations and performance of the Medical Bureau for Occupational Diseases and the Compensation Commissioner for Occupational Diseases.

Noise management – eliminating noise-induced hearing loss

Harmony aims to adhere to the requirement of the occupational health and safety milestone on eliminating noise-induced hearing loss or NIHL (that no employee's standard threshold shift will exceed 25 decibels from the baseline when averaged at 2 000, 3 000 and 4 000Hz in one or both ears). The standard threshold shift, a sensitivity marker used to identify early deterioration in hearing, guides the modification and enhancement of occupational noise controls to prevent progression in hearing loss.

All Harmony employees exposed to high noise levels receive personalised hearing-protection devices, which reduce noise levels by 25 decibels.

There was a slight decrease in the number of employees compensated for NIHL in the past year – 71 cases were compensated in FY21 versus 80 in FY20. Moab Khotsong and Tshepong accounted for most of these cases.

A notable achievement was the adoption of the tyre-deflation noise reduction simple leading practice. The MOSH adoption team trained each of our occupational hygienists and equipped them with the necessary knowledge and resources to drive implementation of this practice at our South African operations.

Managing underground temperatures – limiting heat stress

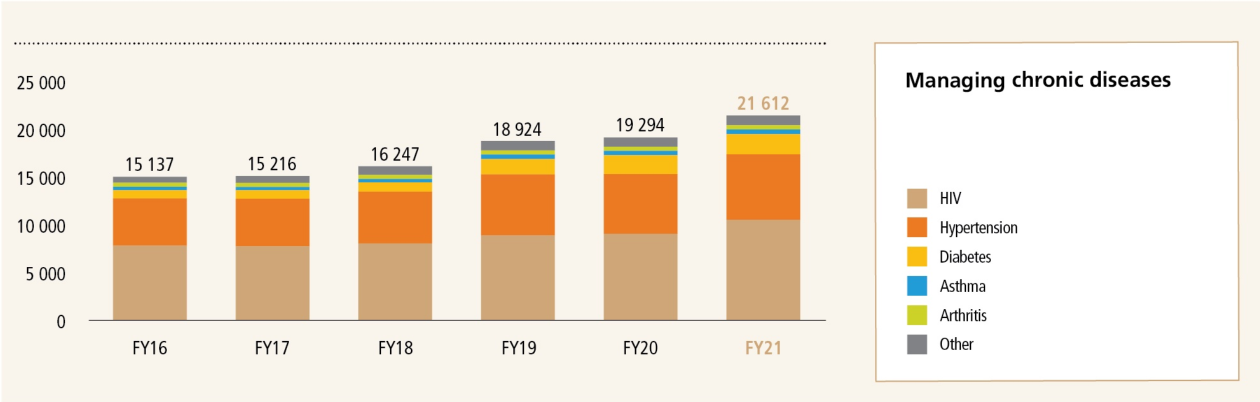
We have extensive refrigeration and ventilation measures at all operations where temperatures exceed normal working ranges. Heat-tolerance testing, acclimatisation programmes, and providing adequate hydration and support protect employees exposed to excessive heat in the workplace.

In FY21, 15 364 heat-tolerance screening tests were conducted, with 126 cases of heat-related illness reported (FY20: 17 654 tests and 78 cases). The further regression in the number of tests was largely attributed to the ongoing management of Covid-19 risk associated with this testing. Tests are conducted as per each mine's risk assessments, which allows less-risky occupations to use natural acclimatisation to minimise the threat. An increased number of heat-related cases were reported, with Moab Khotsong, Tshepong operations and Mponeng accounting for the majority. Environmental working conditions are monitored continuously.

Radiation protection

Radiation levels and exposure are monitored at all our South African operations. The dose limits are 50 millisievert a year and 100 millisievert over five years. All operations comply with these limits. Operational controls ensure that elevated monitoring results are investigated and corrected when necessary. Radiological clearances are conducted at decommissioned sites to ensure the future declassification of these areas.

Managing chronic diseases



HIV/Aids

HIV/Aids remains a severe scourge in South Africa. Despite significant progress in raising awareness and prevention, as well as the national roll out of antiretroviral therapy, the epidemic continues to significantly affect our employees and their dependants. A particular concern for Harmony is that, if left untreated, the disease can lead to higher levels of opportunistic coinfections. This clearly translates into higher absenteeism and reduced performance, loss of skills, greater economic burdens on family members, and sometimes death, more so during the Covid-19 pandemic.

However, motivating employees to confirm and/or disclose their HIV status remains a challenge, worsened by perceived stigma and confidentiality issues. This makes initiatives such as positive behaviour programmes pivotal. At our South African operations in FY21, 10 593 employees (FY20: 9 125) were identified as HIV-positive and 9 328 (FY20: 7 980) are on the HIV/Aids programme and receiving antiretroviral therapy.

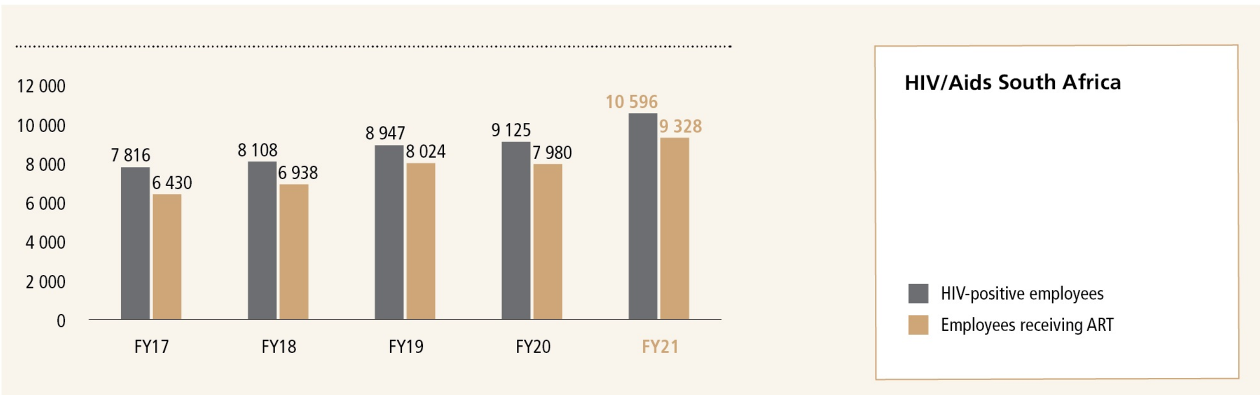
Last year, we introduced a new drug, Dolutegravir, to our first-line treatment regimen. This drug suppresses the virus much faster, with fewer side-effects. As a result, the percentage of people suppressed improved to 78% in FY21, from 71% in the prior year. Expectations are that the roll-out of this drug will support South Africa in achieving the United Nations Programme on HIV and Aids (UNAids) 90-90-90 targets. Harmony has aligned its HIV/Aids programme to this global campaign.

Target 90%

	Harmony status (South Africa)	
	FY21	FY20
Of all people living with HIV will know their status (%)	**76**	83
Of all people with diagnosed HIV infection to receive sustained antiretroviral therapy (%)	**86**	85
Of all people receiving antiretroviral therapy to have viral suppression (%)	**78**	71

Voluntary counselling and testing

Pre-test counselling and voluntary testing are offered to all employees through ongoing initiatives at our healthcare hubs. In FY21, 50 949 (FY20: 45 005) employees received voluntary counselling and testing, with 48 308 (FY20: 42 804) confirming their status. Again, the Covid-19 pandemic has affected progress – for example, just before lockdown, 86% of people living with HIV knew their status. This fell to 83% for FY20 as we had reduced access to a large percentage of our workforce.

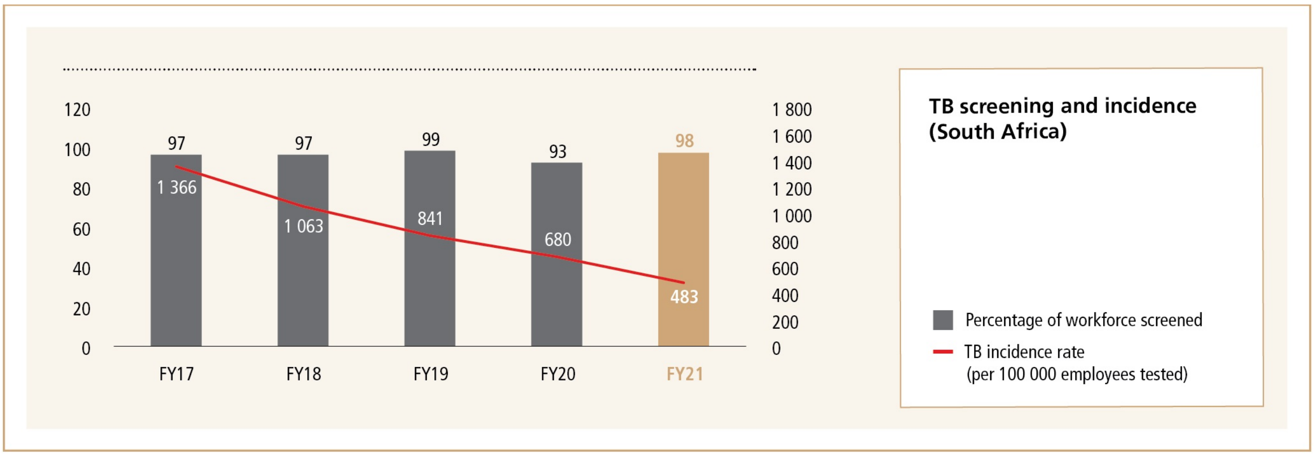


Tuberculosis

Alongside HIV/Aids, tuberculosis (TB) is the other most pressing chronic disease confronting our healthcare team – the TB incidence rate at our South African operations remains high compared with World Health Organization and national benchmarks.

To address this, we are working to proactively reduce the rate of TB incidence per 100 000 employees to below the national level by December 2024 to ensure we meet the industry milestone. Our TB control programme – aligned with the relevant guidelines and prescriptions of the World Health Organization and national strategic plan to combat TB – focuses on contact tracing, comprehensive screening, testing, hospitalisation of infectious cases and a directly observed therapy short course. Our target includes screening over 95% of our employees for TB every year. Additionally, our programme includes a TB prophylaxis programme for high-risk employees.

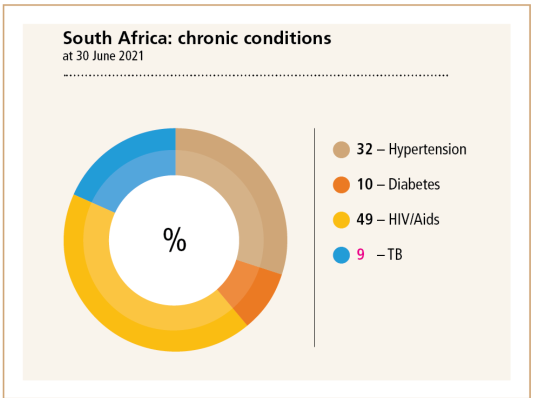
This programme is bearing fruit as the group TB incidence rate continued to decline in FY21, dropping 29% year on year. In FY21, 44 301 employees and contractors were screened for TB, or 98% of the workforce compared to the 90% target set by the minister of health. A total of 125 cases of TB were certified in FY21 (FY20: 101).



Lifestyle diseases

Non-communicable chronic diseases, including hypertension, heart disease and diabetes, are a significant challenge for our employees.

Specific initiatives have been implemented to manage chronic diseases with particular focus on HIV/Aids, TB, diabetes and hypertension. In FY21, the percentage of employees at our South African operations with a chronic condition remained unchanged at 61%. The breakdown of the 21 612 employees diagnosed with chronic conditions is shown below.



Papua New Guinea

Our healthcare strategy in Papua New Guinea followed a similar pattern to that in South Africa in the review period. While we continued to focus on meeting the primary healthcare and occupational health surveillance needs for our employees and contractors, there was also a specific focus on addressing the pandemic. Expenditure on medical and healthcare in Papua New Guinea was R12.68 million (PGK2.9 million) in FY21 (FY20: R18.85 million; PGK34.12 million), with a further PGK66.3 million (R290 million) spent on managing Covid-19.

Primary healthcare

All primary healthcare needs and occupational health surveillance are provided to our employees and contractors through medical centres at Hidden Valley and Wafi-Golpu. The medical centres are staffed by a team of full-time doctors and nurses who work a 6-week on/ 3-week off roster. We use online medical registers to track and review each patient’s progress from first visit to final treatment. Our medical centres are equipped to deal with most work and non-work-related injuries, illnesses and diseases.

In total, 11 489 health examinations were conducted at our medical centres in FY21 (FY20: 20 452), of which 31% were random drug and alcohol tests (FY20: 17%).

Tuberculosis and HIV/Aids

Given the humid climate, upper respiratory tract infections and TB are our main medical concern in Papua New Guinea. To effectively manage TB, we have a digital X-ray machine, GeneXpert lab machine and a medical laboratory to accurately diagnose this chronic disease as well as other tropical diseases. In FY21, 707 employees were treated for respiratory ailments (FY20: 1 905). The emphasis on hygiene – regular hand-washing and wearing masks – in combating Covid-19 contributed to the decrease in these infections.

For HIV/Aids, 323 employees were voluntarily tested and given counselling during the year at Hidden Valley, compared to 79 in FY20.

Occupational health – noise management

As an open-pit operation, Hidden Valley uses large mining vehicles and earth-moving equipment, making it a noisy environment. To counter this, we have a robust programme for noise monitoring and ensure employees wear the correct hearing-protection devices at all times.

Lifestyle diseases and mental health

In FY21, the rising trend in the number of employees and contractors suffering with lifestyle diseases continued. Chronic heart disease, hypertension and diabetes are the most common ailments. There has also been a concerning rise in the number of mental-health issues.

Malaria

Malaria is endemic in many parts of Papua New Guinea. While this does not necessarily affect the Hidden Valley operation, given its high altitude, the disease poses a risk to employees, contractors and communities living in valleys below, where it is rampant. It is also a risk for our Wafi-Golpu employees and contractors.

In FY21, 177 people were diagnosed with malaria, a 130% increase on FY20. However, the vast majority of these patients experience only very mild symptoms. Our community health projects play a vital role in combating the disease, particularly given its high mortality rate among young children. In the review period, we also increased spraying and fogging measures at our Covid-19 entry point centres in Bulolo, Lae and Wau.

Several malaria management programmes are in place among our communities at Wafi-Golpu. These include malaria awareness and education campaigns, and distributing mosquito nets to households, particularly those with young children.

Community health

Ensuring the health and wellbeing of our communities is a focus for our healthcare team in Papua New Guinea. Our community health outreach programme is led by our medical department and a health extension officer. To address endemic conditions in our communities, we facilitate assessments and engagement with community health providers on obstetrics training, monitoring upper respiratory health and malaria prevention. Additional medical assistance for the community includes emergency transport and transfers to health centres in Bulolo and Lae. We also work with the Papua New Guinea Department of Health on polio and cervical-cancer vaccination programmes.

Since the advent of the pandemic, we have sought to support our host communities by donating medical supplies, participating in Covid-19 emergency response planning, and community education and awareness. At Hidden Valley Mine, village liaison officers were issued with digital thermometers to assist with health checks in villages (each village has resident health staff); and we donated 48 cartons of soap to landowner village and health centres. Our community affairs team serve on the Wau Covid-19 emergency committee and supported local government-led Covid-19 awareness sessions in Wau and surrounds throughout the review period. In addition, we have distributed Covid-19 awareness flyers to 340 families, with associated safety messaging on Hidden Valley Mine's Facebook page. We have maintained weekly communications with village liaison officers as well as village and community leaders on the pandemic. We are at present working closely with the Morobe provincial health authority in its initiatives to roll out the country's Covid-19 vaccination programme.

Similarly, the Wafi-Golpu joint venture continually monitors national, provincial and community developments. It is also facilitating Covid-19 community awareness and daily feedback from village liaison officers based in the special mining lease area villages and Wagang. Community affairs team members distributed 18 boxes of medical supplies from Lae's medical store to the Wafi community clinic, and assisted with sorting and forwarding these supplies to the Zindaga, Babuaf and Timini aid posts. Senior project team members have participated in key Morobe province committees and the Lae city Covid-19 awareness programme roll-out.

Health statistics – Papua New Guinea

	FY21	FY20	FY19	FY18	FY17
Health examinations conducted	**11 489**	20 452	17 601	15 198	13 133
Employees treated for respiratory ailments	**707**	1 905	2 191	2 581	2 427

Focus areas for FY22

For both South Africa and Papua New Guinea, the focus for much of FY22 is expected to remain on managing the Covid-19 pandemic and supporting the vaccination roll-out in our workforce and host communities. At the same time, we will prioritise our other healthcare initiatives, particularly those for occupational and lifestyle diseases.

Caring for our workforce

Employees

The success of our business depends on the productivity of our workforce – our human capital. Backed by a motivated, engaged and productive workforce, Harmony is able to deliver on its business strategy and create sustained and shared value for all our stakeholders.

Capitals affected

Directly	Indirectly
HUMAN CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL
INTELLECTUAL CAPITAL	MANUFACTURED CAPITAL
	FINANCIAL CAPITAL

Stakeholders affected

Employees

Other stakeholders engaged include government and regulators

Strategic pillars

Responsible stewardship	Operational excellence

Responsible committee

Social and ethics committee

Related risks

- Covid-19 pandemic – spread of infection and potential impact on business sustainability
- Failure to eliminate fatalities and improve safety performance.

GRI standards

Prepared in accordance with: 102-8, 102-41, 201-3, 202-1, 202-2, 401-1, 401-2, 403-1, 404-2, 404-3, 412-1, 412-2, 412-3 and MM4

Contributing to the SDGs:

Ensuring a stable, engaged and productive workforce is important in achieving our strategic objectives. As a fair and responsible employer, promoting inclusivity and equality, our human relations strategy contributes directly to SDGs 5 and 8.

- Gender equality is an important aspect of our human resources policy
- Gender diversity targets are in place and we are actively increasing the number of women employed across the company, at all levels. A particular focus is women in mining – in South Africa and increasingly in Papua New Guinea.

- As a responsible employer, providing decent work includes respecting human rights, ensuring we do everything possible to safeguard employees, ensure workplaces are safe and prevent injury or harm so that employees return home, safe and well
- Employees have the right to refuse to work when they consider a workplace unsafe
- Training and support encourage safe behaviour and conduct.

For more information on our contribution to the SDGs, see Our sustainability strategy.

Our approach

We respect and value our human capital as a key asset and strive to maintain a sound and trusting relationship with employees.

Our approach to employee relations reflects our firm belief that each person is critical to our business strategy and should be engaged on the basis of mutual respect and trust. As such, each employee must be given the opportunity to develop their full potential, so they are motivated and productive in their work tasks. We provide training and development, promote fair labour practices for employees and contractors, and encourage local employment opportunities. Employee safety and wellbeing is central to our approach in ensuring positive employee relations. For more information, see Safety and health.

The tenets underpinning our approach include:

- Upholding the principle of fairness; enacting our employment equity policy through personalised development and training to empower individuals to contribute to the company and broader society
- Recognising and capitalising on the rich diversity of our people while ensuring local communities have preferential recruitment opportunities
- Aiming to generate benefits through our employee shareholder schemes in South Africa
- Where Harmony is expanding its geographic footprint, ensuring we respect the customs, traditions and needs of the local people
- Ensuring freedom of association for all employees and recognising the value of organised labour to business improvement.

Governance

Our employment policies and practices comply with relevant labour legislation in South Africa and Papua New Guinea. They are also aligned with the guidelines of the International Labour Organization. Recruitment initiatives focus on local communities in both countries. All related procedures and policies, including remuneration and incentive schemes, are reviewed regularly.

Our performance FY21

Key metrics	South Africa	Papua New Guinea
Total workforce	45 734	2 228
Historically disadvantaged persons* (South Africa)/local (Papua New Guinea)		
– Total workforce (%)	73	96
– Senior management (%)	55	14 [1]
Female employees (%)	16	14
Employee turnover (%)	8	11
Employee remuneration		
Employee wages and benefits paid (Rm)	14 452	871
Ratio of minimum wage to average wage paid (%)	50	2.5
Training spend per employee (R)	12 910	16 708

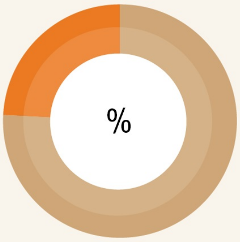
** Includes women.*
[1] *Harmony South-east Asia executive committee, excluding joint ventures and operations.*

Workforce profile

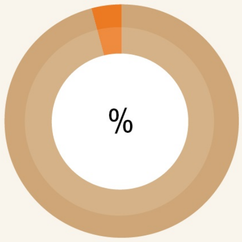
	Permanent employees			Contractors			% of employees drawn from local communities		
Region	**FY21**	FY20	FY19	**FY21**	FY20	FY19	**FY21**	FY20	FY19
South Africa[1]	**36 860**	31 502	31 201	**8 874**	5 841	6 159	**78**	76	79
Papua New Guinea[2]	**1 599**	1 589	1 675	**780**	782	738	**97**	96	96
Harmony – total	**38 459**	**33 091**	**32 876**	**9 654**	**6 623**	**6 897**			

[1] *Includes all South African underground and surface operations.*
[2] *Excludes employees of the Wafi-Golpu joint venture.*

Localisation of employees South Africa



Localisation of employees Papua New Guinea



South Africa

In FY21, our South African workforce increased to 45 734 (FY20: 37 343), with 81% being South African nationals – 78% from local communities and 4% from the Eastern Cape – and the remainder from neighbouring countries, primarily Lesotho and Mozambique.

Impact of pandemic on remuneration – South Africa

The pandemic has had an extraordinary impact on our society and economy, both in South Africa and Papua New Guinea. For the past 18 months we have faced the challenge of sustaining our business in a severely disrupted environment, but remained resolute about being transparent with employees, particularly on remuneration.

Since March 2020, different pay arrangements in South Africa were negotiated and agreed to by organised labour for the initial lockdown period. At all times, we endeavoured to balance the financial needs of our business with those of our employees.

Employment equity and gender diversity

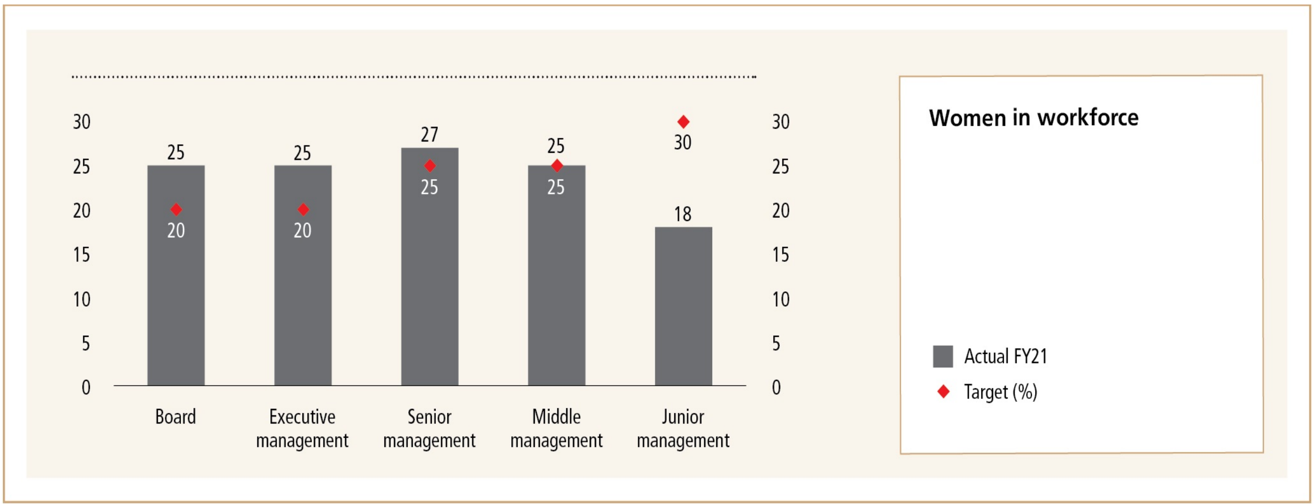
We are making good progress in creating and maintaining a workforce that represents the diversity of the South African population. This make us a good corporate citizen, in the South African context, and ensures compliance with the employment equity targets of the mining charter. These targets aim to redress historical imbalances, particularly at managerial levels, experienced by certain population groups and women.

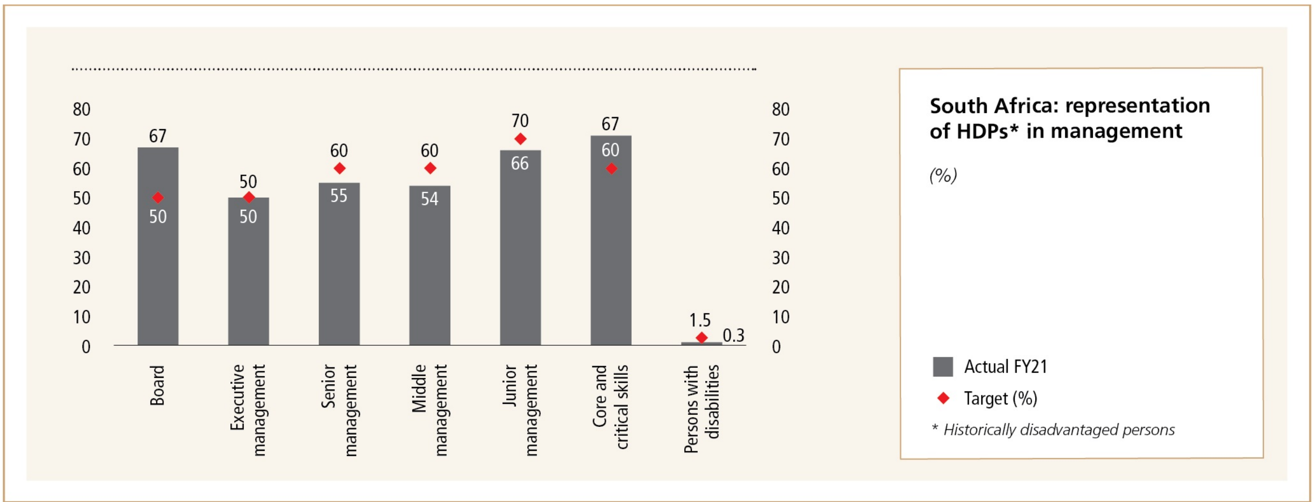
To comply with current employment equity targets, we have accelerated the representation of historically disadvantaged persons (HDPs) in managerial positions to ensure greater gender diversity in our business. In FY21, HDP representation in management increased to 65% (FY20: 64%).

Mining Charter III: employment equity performance by category at 30 June 2021

	HDPs[1]			Women		
Occupation category	Target (%)	**Actual FY21**	Actual FY20	Target (%)	**Actual FY21**	Actual FY20
Board	50	**67**	67	20	**27**	28
Executive management	50	**47**	50	20	**24**	25
Senior management	58	**55**	55	24	**27**	29
Middle management	58	**54**	53	24	**25**	23
Junior management	68	**66**	65	26	**18**	18
Core and critical skills	59	**71**	70	N/A	**N/A**	N/A
Persons with disabilities	1.3	**0.3**	0.4	N/A	**N/A**	N/A

[1] *Historically disadvantaged persons include women and exclude white males and foreign nationals.*





While we have made progress in meeting or exceeding HDP managerial targets, we have not yet achieved our gender diversity objectives. By the end of FY21, 16% of our total workforce, including contractors, were women, which is a 1% increase from FY20.

Harmony's commitment to driving gender equality has been internationally recognised with our third inclusion in the 2021 Bloomberg Gender-Equality Index, which tracks the performance of public companies committed to supporting gender equality through policy development, representation and transparency.

The final area that still needs considerable improvement is employing people with disabilities. In FY21, employees with disabilities accounted for 0.3% of the workforce versus the 1.5% target. The nature of our operations and challenging work environments add complexity to achieving this target.

Gender-based violence campaign

The abuse of women and children is one of the most prominent scourges confronting South African society. Tragically, the many and serious impacts of the Covid-19 pandemic resulted in a "second pandemic" (Global Risk Insights) as cases of gender-based violence in the country soared. While gender-based violence is not a notable problem in Harmony, we are morally obliged to support the country's fight to address this social evil. Building on an employee awareness campaign on gender-based violence in mid-2020, in the review period, we surveyed all employees and hosted online sessions with women-in-mining forums at all operations to gather feedback on the impact of this campaign and determine areas for improvement. The women-in-mining forums across all our operations continue to be a support system for women in the workforce, bringing issues to the attention of human resources for attention and recommendation.

In FY21, Hidden Valley Mine ran its own 16-day programme, coinciding with the United Nation's international campaign "16 days of activism against gender-based violence". The programme sought to shine a light on gender-based violence by sharing testimonials, group discussions and presentations, poems, song and dance.

Papua New Guinea

There was a marginal increase in the total employee complement to 2 228 (FY20: 2 371). Currently, 97% of employees at the Hidden Valley operation are local, drawn from host communities, and the balance foreign nationals. This aligns with the prime minister's aim to increase employment among Papua New Guineans, particularly in the mining sector. Our focus remains on attracting and retaining locally recruited employees, particularly landowners and citizens.

Gender diversity

The proportion of women in the workforce remained steady at 14% in FY21. At management level, 0.1% are women. Promoting the employment of women was a particular focus at Hidden Valley in the past year, with a concerted drive to employ, train and develop women as haul-truck operators. By year end, 25% were women, and 46% of the operators of smaller haul trucks were women. To accommodate more female employees, we have provided additional, gender-specific accommodation and continue to run awareness campaigns to promote gender equality and combat gender-based violence.

Our target is to ultimately employ equal numbers of men and women. We are encouraged by our progress in increasing the number of female truck operators, despite an entrenched patriarchy in the Papua New Guinean culture. While this has posed a challenge, there are signs of incremental change and a growing acceptance of female colleagues at Hidden Valley.

Skills development and learning

We believe skills development, training and talent management are not just about providing opportunities to employees to achieve their full potential. Individual development is a social and business imperative to address dire skills shortages and the legacies of absent or skewed educational and training opportunities.

All employee training and skills development programmes are aligned with our strategic and operational needs. They are designed to enable our employees to acquire the necessary skills, resources and motivation to ensure optimum performance and productivity.

South Africa

In South Africa, Harmony is required by Mining Charter III to spend 5% of its annual payroll on the essential skills development of employee and communities. While we missed this target in FY20 due to lockdowns and other restrictions, all postponed training programmes were completed in FY21.

In FY21, 94% (FY20: 95%) of our South African workforce attended training and skills development, totalling R468 million or US$30 million (FY20: R458 million or US$29 million). This included South Africa-based research and development initiatives in exploration, mining, processing, technology efficiency, beneficiation and environmental conservation. A further 83 (FY20: 81) individuals employed in critical positions attended training.

Mponeng was successfully integrated into Harmony's human resources development processes in February 2021, and all five new e-learning venues are fully functional. We will now include these sites in the Harmony ISO certification scope as a requirement for regulatory accreditation as a training provider.

Addressing employee over-indebtedness

Financial over-indebtedness remains a burden for many employees at our South African operations, with potential impacts on mental health and impact productivity. Since 2013, we have provided a financial literacy programme for employees, focusing mainly on semi-skilled and skilled categories, to enable them to better manage their personal finances.

In FY21, 1 014 employees completed this programme. This brings the total to 25 003 employees, or 68% of the workforce, who have attended financial counselling since inception of the programme (FY20: 23 989). Harmony spent around R3.5 million on this programme in FY21.

The process to verify all new emolument attachment orders (garnishee orders) before processing them through payroll has also benefited employees. In FY21, 225 emolument attachment orders were assessed and 225 employees' accounts restructured, resulting in monthly instalment reductions of R211 728. It also helped to facilitate R405 926 worth of prescribed debt write-off by creditors and, removed negative listings from credit bureaus totalling R102 220. This improved the employees' credit ratings and allowed them to qualify for mortgages and vehicle financing. The total number of employees with garnishee orders had declined to 1 386 by the end of FY21.

Papua New Guinea

Decades of underinvestment in technical training facilities in Papua New Guinea have resulted in a dearth of adequate technical skills, particularly for the mining sector. As a result, our workforce training initiatives focus on giving local recruits the skills required for our Hidden Valley operation, as well as career training to advance the skill sets of all our employees.

In FY21, 14 596 employees attended online training and skills development, totalling R19.85 million (US$1.3 million).

Our training initiatives encompass:
- Career-path development
- Production
- Safety compliance
- National Training Accreditation Council compliance
- Professional development
- Computer software
- Supervisor development.

Our communities – training and development

Investing in community skills is a key aspect of our socio-economic development approach and goal to leave a positive and lasting legacy in our communities. We focus on identifying community members who could benefit from bursaries, work experience, internships and learnerships, prioritising students living in our host communities. Our programmes for skills development, education and training are offered to local unemployed youth to prepare and equip them for the world of work and other economic opportunities.

In 2018, we finalised a memorandum of understanding with Matjhabeng municipality and the Unemployment Youth Forum in Welkom, Free State, to train young people in core mining skills. The first intake of 60 youths from local communities were all absorbed into our Free State operations for permanent mining positions. In FY19, 147 youths were trained, with 97% taking up permanent mining positions at our Free State operations. In FY20, 60 learners were enrolled and have completed their training. The programme was then expanded to other regions (North West and Gauteng) with the support of the MQA in terms of grant allocations. In 2021, 239 unemployed community youth were enrolled for mining skills training, with 95 already absorbed into permanent mining positions.

Freedom of association, labour disputes and strikes

Recognising the value organised labour brings to improving our business, our employees and contractors have the right to freedom of association, and we strive for honest, two-way discussion. We have a policy framework formalising labour union organisational recognition rights at each operation. This only applies to our South African operations as there is no union representation in Papua New Guinea.

South Africa: union representation as at June 30

At our South African operations, a multi-union environment promotes coexistence, inclusion and collaboration. Harmony recognises five labour unions, with FY21 representation split as: NUM52.1% (FY20: 58%), AMCU28.2% (FY20: 23%), UASA5.2% (FY20: 5%), Solidarity2.5% (FY20: 3%) and NUMSA6.2% (FY20: 5%). Some 5.8% (FY20: 6%) of employees did not belong to a union.

We engage with organised labour to maintain peace and stability in our operations at all times. To mitigate the risk of labour disputes, we engage frequently with unions at mine and management level, in addition to direct engagement with employees. We proactively address employee and union queries through established structures and processes. In addition to quarterly regional meetings with unions, we also encourage proactive and robust engagement on particular issues. We have daily contact with full-time stewards through our general managers and human resources leaders, who interact at union branch level and with shaft committees. Our regional managers meet regularly with regional union structures.

In July 2021, we began wage negotiations for the next three-year cycle (to June 2024). For the first time, Harmony negotiated directly with unions, or outside the traditional collective bargaining forum for our industry. On 16 September, the three-year wage agreement was signed by all representative unions, backdated to 1 July 2021 and effective to 30 June 2024. In addition to basic wage increases, the agreement included a housing allowance for eligible employees and improved employee benefits. We believe the constructive manner in which engagements were undertaken, and the leadership displayed by all parties, underscores that this agreement is in the best interests of our people and the long-term sustainability of Harmony.

A notable feature of FY21 was that it was a year with no strikes. There were 121 disputes referred in FY21, with 47 found in favour of Harmony.

2021 wage negotiations

Harmony concluded a three-year wage agreement in respect of wages and conditions of service for the period 1 July 2021 to 30 June 2024. The wage agreement was agreed with the following labour unions: The Association of Mineworkers and Construction Union (AMCU), the Coalition (comprising The National Union of Mineworkers (NUM), United Association of South Africa (UASA) and Solidarity) and The National Union of Metalworkers of South Africa (NUMSA).

The agreement allows for the following wage increases:

a. Category 4 to 8 employees will receive a wage increase of R1,000 for each year of the wage agreement. This translates to an average increase of 8.4% for employees across these categories.
b. Miners, Artisans and Officials will receive a wage increase of 6% of their basic wage for each year of the agreement.
c. The total average wage increase negotiated is 7.8% in year 1, 7.4% in year 2 and 7.0% in year 3.
d. 98% of Harmony employees are part of the bargaining unit covered by this wage agreement.

In addition to the basic wage increases mentioned above, the parties have agreed to the following benefits:

a. As part of Harmony's drive to promote home ownership, a housing allowance will be introduced for the benefit of employees who choose to purchase a residence or who have already entered into bond agreements. The housing allowance will be R2,750 in year 1 and increase incrementally each year up to a maximum value of R3,240 in year 3.
b. Employees not eligible for the housing allowance will receive a living-out allowance of R2,500 in year 1, which will increase by R100 in year 2 and in year 3 respectively. All employees will be eligible for either a housing allowance or a living-out allowance, but not both.
c. A number of non-wage related and process issues have been agreed to, including: maternity and paternal leave; medical incapacity and medical aid benefits.

Papua New Guinea

We engage continuously with all stakeholders, including employees, contractors and government (national, provincial and local) as well as landowners and regulators.

There are no active unions at Hidden Valley and oversight of industrial relations currently vests with an employee representative committee. Wage increases are agreed after consulting workers through a joint forum of management and the employee representative committee.

Employee benefits in South Africa

We have a range of benefits available to our workforce in South Africa. For details, see our Remuneration report.

Employee share ownership scheme

In 2019, Harmony launched the Sisonke (isiXhosa for 'we are together') employee share ownership scheme (ESOP). This was our third such scheme.

The current ESOP applies to some 30 700 non-managerial employees – 6.7 million ordinary shares were issued to the Sisonke ESOP Trust, with 225 participation units given to each eligible employee. The units will vest in 2022 and convert into shares, which will then be sold and paid out to each beneficiary, along with any dividends accumulated since allocation.

The challenge with these schemes is that they are based on Harmony's share price, and projected payouts can vary significantly as that share prices fluctuates. Nonetheless, under our 2015 ESOP, participating employees received a payout of some R20 000.

Promoting home ownership

We promote home ownership through our housing and living conditions strategy. To assist employees in buying their own homes, Harmony sells company-owned properties to employees at prices below market value. In FY21,118 company properties were purchased by employees: 73 of these have been registered at the deeds office. Harmony has also identified empty stands in proclaimed municipal areas. Of these 558 empty stands, 27 have been sold to employees and with 140 pending purchase applications. In addition, the company participates in the pension-backed home-loan scheme negotiated for the industry by the Minerals Council, with 39 employees participating in the scheme in FY21 (FY20: 262).

Accommodation and living conditions

We recognise that providing adequate housing and facilitating improved living conditions is a constitutional right and one of the pillars on which human dignity rests. Mining Charter III reiterates the requirement for mining right holders to improve housing and living conditions for mineworkers and ensure accommodation is in line with the standard for the mining and minerals industry.

We have achieved the target of accommodating all our employees previously residing in hostels in single rooms. There were 8547 employees and 19 contractors residing in Harmony hostels in FY21, and 6022 employees residing in company-owned houses with their families. A total of R669 million was paid to employees residing off company premises in the form of a living-out allowance.

Human rights

Respect for human rights is entrenched in our values, because we, as a company, believe in ethical conduct at all times. Our code of conduct has been developed to commit and respond to the challenges of unethical conduct in a business environment.

In addition, we acknowledge the constitutions of the countries in which we operate as the supreme laws of those countries, and commit ourselves to abide by all applicable legislation in those territories. In Papua New Guinea, this includes the rights of indigenous peoples.

Human rights are specifically articulated in our human resource policies, charters and contracts of engagement. We have also adopted the principles of the ICMM and Voluntary Principles on Security and Human Rights.

As a member of the Minerals Council South Africa, we subscribe to its membership compact, a mandatory code of ethical business conduct with guiding principles.

The human resources function and community engagement managers closely monitor our human rights performance at operational level, reporting to the social and ethics committee of the board.

Focus areas for FY22

We will continue to focus on managing the impact of the pandemic and improving our gender diversity profile.

In South Africa:

- Focus on meeting Mining Charter III targets.

In Papua New Guinea:

We will continue to work on improving gender diversity and working conditions for female employees. Our self-determined targets for FY22 are:

- Female representation of at least 17%
- At least 70% of employees to be based in Morobe province
- More than 65% of lower management and superintendent level employees to be citizens of Papua New Guinea
- More than 44% of tier 1 and 2 employees to come from local communities.

EMPOWERING COMMUNITIES

Creating shared value for the communities impacted by our mining operations is integral to our business strategy. This builds our social and relationship capital and ensures our social licence to operate but, more importantly, it underpins our reputation as a responsible corporate citizen and a valued partner in host communities.

Our aim is to create sustainable, shared value for our communities. We focus on sustainably investing in the future of these communities beyond the life of our mines to empower them, mitigate the impacts of our activities and ensure a positive legacy.

Capitals affected

Directly	Indirectly
SOCIAL AND RELATIONSHIP CAPITAL	INTELLECTUAL CAPITAL
FINANCIAL CAPITAL	NATURAL CAPITAL

Stakeholders affected

Host communities, host businesses

Other stakeholders include non-governmental organisations and civil organisations, government and regulators

Link to strategy

Responsible stewardship

Related material issue

- Social licence to operate – contributing to self-sustaining communities and responsible closure planning.

GRI standards

Prepared in accordance with: 203-1, 203-2, 413-1, 413-2, 414-1, 414-2, 419-1 and MM5

Contributing to the SDGs:

Our focus on alleviating poverty, ensuring access to quality education and supporting initiatives that will facilitate sustainable communities aligns well with SDGs 1, 4 and 11.

- We focus on implementing broad-based agriculture and viable commercial agricultural ventures to promote food security, sustain livelihoods and contribute to alternative, sustainable economic activities once mining ceases.

- Education is a key aspect of our strategy
- At secondary-school level, we promote mathematics, science and technology
- At tertiary level and in communities, our focus is on developing entrepreneurial and portable skills, especially in information and communication technology.

- Promoting preferential local procurement as well as enterprise and supplier development uplifts communities and sustains them economically
- Infrastructure projects (roads in South Africa; water and sanitation in Papua New Guinea) enhance community resilience and functionality.

For more on our contribution to the SDGs, see Our sustainability strategy

Our approach

Particularly in emerging markets, the dynamics and the needs of communities are in constant flux. Meaningful and sustainable socio-economic development therefore requires a multifaceted approach and constant two-way communication. Informed by stakeholder engagement, we focus on implementing programmes and creating opportunities that will uplift and empower local communities to make a positive and lasting contribution in the regions where we operate.

Our socio-economic development programme commits to:
- Contributing to areas that will have the most meaningful impact on our communities: infrastructure, education and skills development, job creation and entrepreneurial development
- Enhancing broad-based local and community economic empowerment and enterprise development initiatives
- Facilitating socio-economic development in local communities through our social and labour plans (SLPs) and corporate social responsibility programmes
- Building relationships of trust with our host communities, based on transparent dialogue and delivery of mutually-agreed promises.

In addition, work is underway to quantify the impact of our initiatives, and to establish partnerships with major companies in our operating regions to optimise that impact. Key partnerships are discussed in the social section of this report, specifically local and preferential procurement as well as social and labour plans.

Governance

The social and ethics committee of the board oversees the policy and strategies on socio-economic development and corporate social responsibility, as well as public safety. Responsibility for implementing related policies vests with the management team and executive responsible for sustainable development. Discipline-specific policies are supported by guidelines and standards that inform site-specific management systems, aligned with our sustainable development framework.

Our governance approach to social investment has been formalised. A local economic development strategy, supported by an operating procedure and strategy for investing in mine community development, ensures related processes and systems are entrenched in Harmony. This ensures projects are rolled out responsibly and successfully, and aimed at sustainability.

Our performance FY21

Communities – South Africa

Rm	**FY21**	FY20	FY19	FY18	FY17
Mine community development	**60**	65	43	20	23
Corporate social investment	**6.8**	11	32	15	11
Procurement					
Total discretionary spend	**10 667**	7 682	8 470	6 436	5 685
Preferential procurement[1]	**7 938**	5 084	6 340	5 120	4 461
spend on >50% BO	**5 100**	3 300	2 700	1 900	1 600
spend on 100% BO	**800**	600	400	300	200
Spend with small, local black-owned businesses in host communities	**1 972**	1 048	1 243	967	N/A

[1] *Black-owned and black economic empowerment compliant spend.*

We define socio-economic development as all activities and initiatives – using local resources, ideas and skills – that stimulate social and economic growth and upliftment, particularly for local communities impacted by our operations. The desired outcome is to create employment, alleviate poverty and reduce inequality while attracting external investment, all of which are important in creating sustainable local economies.

In FY21, total group spend on socio-economic development, preferential/local procurement, enterprise development and corporate social investment was R8.0 billion (FY20: R10.4 billion) – R70.8 million on community projects and social investment and R7.9 billion on procurement and enterprise development (FY20: R112 million, R10.3 billion respectively).

Socio-economic development Investment – FY21

	Investing in our social licence to operate	**Preferential/local procurement**	**Enterprise and supplier development**	**Corporate social investment**
Group approach	Identified mine community development initiatives to stimulate socio-economic growth and development.	Strategy to promote procurement spend to stimulate economic activity in local host communities, focused on empowering women and youth.	Approved strategy to promote and develop local enterprise.	Supplements other socio-economic activities and initiatives to generate positive impacts and outcomes.
South Africa	Governed by mining charter and related social and labour plans. Focus on: • Community agricultural projects • SMME development • Infrastructure development.	Focus on black economic empowerment (BEE) and driven by mining charter.	Providing procurement opportunities to small and medium black-owned businesses.	Focused on: • Education • Socio-economic advancement • Health • Arts, culture, sports and recreation.

Spend:	**R60 million**	**R7.9 billion***	**R1.9 billion****	**R10.8 million**
Papua New Guinea	Activities governed by memorandum of agreement with various levels of government. Focused on: • Community infrastructure • Health programmes • Community agriculture programmes.	Aligned with terms of memorandum of agreement for localised procurement in Morobe province.	Aligned with terms of memorandum of agreement for procurement in-country.	Included in activities supporting our social licence to operate.
Spend:	**R34.2 million (US$2.2 million)**	**R2.5 billion (US$145 million)**	**R1.2 billion (US$71 million)**	**R102 million**

** Spend with companies having BEE shareholdings of at least 25% + one vote or higher as well as BEE level 4 compliance.*
*** Spend with small, local black-owned businesses in host communities and is already included in preferential procurement spend.*

South Africa

National legislative requirements and needs communicated to us by host communities influence, to varying degrees, the implementation of our socio-economic strategy. In South Africa, our strategy is largely dictated by requirements under the Mineral and Petroleum Resources Development Act (MPRDA): regulation 42 stipulates that a mining right can only be granted if a social and labour plan has been submitted to the Department of Mineral Resources and Energy.

Social and labour plans (SLPs) are five-year programmes of local development executed in terms of the mining charter, MPRDA and codes of good practice for the minerals industry. Harmony takes a broader view, exceeding regulatory requirements by building partnerships with its suppliers and government stakeholders aimed at meaningful social upliftment while creating and sharing value with its partners. This collaborative and transformative approach helps direct our funding commitments to SLP projects to address the stated needs of communities. We are very encouraged by the willing participation of our major suppliers in a shared commitment to social development that benefits all the country's citizens.

Harmony is nearing the end of its third-generation (2018-2022) SLP. The total financial commitment for mine community development is R268 million, of which R60 million was spent in FY21. To date, this brings total spend to R160 million for our third-generation commitments. The diagram below summarises annual expenditure since FY16 and planned expenditure for the next two years.

South Africa – actual and planned annual investment in mine community development for social and labour plans

FY16	FY17	FY18	FY19*	FY20	FY21	FY22**	FY23**
R17 million	R23 million	R20 million	R43 million	R65 million	R60 million	±R55 million	±R50 million

** Includes Moab Khotsong from FY19.*
*** Planned investment in FY22 and FY23 is expected to decline as several mines reach the end of their operating lives.*

South Africa mine community development

The third-generation SLPs for all mining right areas are part of a five-year programme that began in FY18. To date, we have spent R160 million on mine community development projects, including R60 million in FY21. National lockdowns in the prior year delayed implementation of the planned FY21 projects and associated expenditure by three months. Implementation was also affected by the suspension of municipal services during the lockdown periods. The Mponeng operation's SLP was integrated into our organisation in October 2020. After five months of alignment with our governance processes, the Mponeng programmes were implemented from March 2021.

We continued to focus primarily on the areas below, which we believe will lead to the greatest, most-sustained social upliftment in our communities:

Rationale for third-generation SLP focus areas	Expenditure in FY21
Agriculture For our poorest communities, obtaining fresh, healthy food is not always possible, particularly from a cost perspective. To help alleviate this hardship, the second pillar of our mine community development strategy focuses on promoting agricultural initiatives – both broad-based livelihood and commercial ventures. This improves access to healthy food, promoting better health and wellbeing in our communities, while the sale of excess produce generates income. See case study below.	**R12.7 million**

Youth and small, medium and micro enterprise (SMME) development Meaningful, lasting socio-economic development can only be achieved by empowering individuals and communities with the most appropriate skills and resources. Upskilling the youth and nurturing SMMEs in our communities is therefore the priority of our mine community development plan. Related initiatives range from incubation hubs, where we provide support and resources to companies (particularly those owned by young and female entrepreneurs) to providing workshops and commercial spaces where these companies can do business.	R26.9 million
Infrastructure Infrastructure is important in uplifting communities, and related projects generate employment opportunities. Good road infrastructure is particularly vital as it allows easy movement of goods and people and promotes economic activity, while water management is becoming a critical issue in South Africa. We are making progress with a programme to improve roads connecting our host communities with larger towns in the Free State.	**R20.7 million**

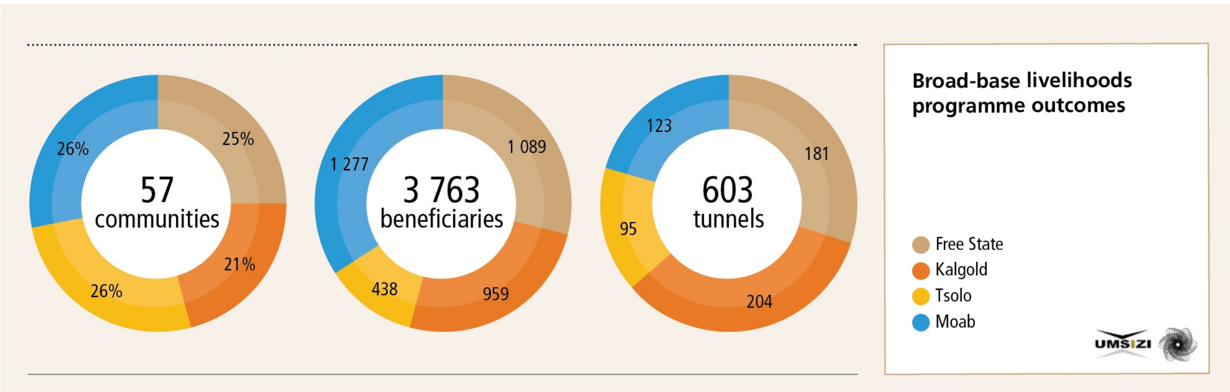
Section 93 (1)(b)(ii) notice

SLP audits for the 2019 reporting period were conducted in the Free State operations in FY21. An order in terms section 93 (1)(b)(ii) was confirmed for Tshepong operations. Areas of concern were AET, portable skills and learnerships training, and employment equity on senior management level. Action plans were developed, submitted to the regulator and subsequently implemented on the operation.

Third-generation SLP projects: expenditure by province and focus areas for FY19 to FY21

	SMME and youth development	Infrastructure	Agriculture	Information technology
Free State R103 million	R40.64 million	R47.8 million	R6.40 million	R7.43 million
Gauteng R35 million	R18.70 million	R1 million	R14.00 million	R1.40 million
North West R30 million	R11.60 million	R2.30 million	R15.30 million	R1 million

Highlights of socio-economic development projects underway in FY21 were the road-construction and agricultural projects in the Free State, and agricultural projects in Gauteng and North West. We also have outreach programmes in our labour-sending areas, particularly in Lesotho and Eastern Cape.



Harmony has recently acquired the Mponeng operations, but implementation of the LED aspect was delayed by eight months which allowed us to align with our governance processes and systems. We intend catching up on these commitments in FY22.

Socio-economic closure planning

A key issue in planning for socio-economic development is mitigating the impact of mine closures on our communities, particularly in the Free State region, where several mines are nearing the end of their operating lives. Many of our initiatives consider establishing alternative economic activities and means of livelihood that can be sustained post-mining. This includes stimulating SMME development as well as portable skills training to empower both employees and the communities as a collective.

We also use our land rehabilitation strategy (refer environmental management and stewardship section) to facilitate alternative economic development initiatives. Given the available land under our control, we support food security and poverty alleviation through agricultural and agri-processing initiatives:

- Our partnership with Unigrain to rehabilitate mine-impacted land to high-quality agricultural standards while addressing the global grain supply shortage. Commercial contracts are being finalised and we expect to implement this project in Welkom in FY22
- Harmony has signed a memorandum of understanding to promote commercial agricultural production as a final land use in our Tsolo host community in the Eastern Cape. The project has been scoped and is in final stages of our internal governance processes. Implementation of the project will commence in the second half of FY22.

Codesigned social programmes

We believe it is crucial to build trust and maintain positive relationships with host communities as well as other stakeholders, including the South African government. Our focus has shifted to a more inclusive approach by establishing SLP update forums in each host community where community members can engage directly with a company representative. Representatives from the municipalities, traditional authorities, communities and local business forums are also members of these structures, depending on the dynamics of each location.

These forums share information with communities on progress with project implementation, test their needs and expectations, and manage their perceptions of what Harmony can deliver. This has had a largely positive impact on our community stakeholder engagements and helped to promote a better understanding of the issues and concerns of participants. Illustrating the benefit of this approach, in FY21, there were fewer disruptions and less discontent expressed by community members.

Papua New Guinea

Harmony has been a partner and commercial driver of socio-economic development in Papua New Guinea for 18 years. Reflecting our commitment to the growth and development of the country, by FY21, the Hidden Valley Mine alone had directly and indirectly contributed over PGK5 billion (R19 billion; US$1.9 billion) to the regional and national economy over the past 11 years, including PGK556 million (R2.2 billion; US$204 million) in royalties and direct paid taxes. The mine has created around 2 000 jobs, with 73% of the workforce based in Morobe province. To date, around PGK1.1 billion (R4.6 billion; US$380 million) has been paid in salaries and wages over the mine's operating life.

Since the start of Hidden Valley operations, we have supported a range of community activities including via the mine's memorandum of agreement, the Hidden Valley Mine Trust benefit-sharing agreement, and our discretionary spend. These projects have focused on providing, repairing and upgrading vital infrastructure in our host communities and across Morobe province including: roads, bridges, water supply and sanitation systems, educational facilities, healthcare services, and law and order facilities. Throughout FY21, our programmes and engagements continued, albeit with some modifications and schedule interruptions due to the Covid-19 pandemic.

Agricultural initiatives

As we approach mine closure at Hidden Valley, our focus for socio-economic support is on projects that will support the transition of our host communities at closure. This includes, for example, agricultural initiatives established by Harmony to support sustainable alternate livelihoods. At our Wafi-Golpu Project site, where expectations of future project benefits are high, agribusiness offers high-value income opportunities for men and women, with the further benefit of sustainability beyond mine closure.

Hidden Valley

Between 2018 and 2021, we have supported a coffee programme in Nauti, Winima and Kuembu villages. This has encompassed coffee nursery construction, including connecting reticulated water supplies, donating tools for production, financial literacy training, assistance in opening bank accounts for participant farmers, constructing solar combination dryers and establishing logistics support to transport produce. Over 110 farmers have been trained in these three landowner villages via the pilot programme – some have passed organic certification standards and others have registered to participate in the Fairtrade programme. Coffee sales have been underway since the first commercial success of the programme in August 2019.

Given that the programme has proven to be a viable, income-producing opportunity for our communities, in FY22 we plan to roll out four new agricultural pilot programmes (poultry, tilapia, potatoes and beekeeping).

Wafi-Golpu

The cocoa programme continued to expand in FY21, with the Wafi-Golpu joint venture now working with over 2 000 cocoa-growing families across the project footprint. This increase reflects the extension of the memorandum of agreement with the Cocoa Board of Papua New Guinea for another 12 months, and its expansion to other provincial growing areas, including Labuta, Salamaua, Buang and Morobe rural local-level governments (located in Morobe province) in future.

The joint venture supported AgBook business and financial literacy training for 50 cocoa farmers from Babuaf and Lower Watut cooperatives in business management.

Nine of the 56 cocoa driers and fermentries in the project impact area were identified by PNG Cocoa Board officers as requiring rehabilitation to become fully functional again. The joint venture purchased the required hardware materials to undertake this rehabilitation; the Cocoa Board Papua New Guinea team will provide the skilled labour to fabricate and reconstruct the facilities free of charge, and the relevant drier/ fermentry owner will provide free unskilled labour. We expect this programme will be completed in FY22 to increase the value of cocoa produced in the area.

Assistance was provided to the Babuaf Cocoa Farmers' Cooperative to support their nursery at Wames, specifically nursery consumables and storage, so that they could continue to supply planting material to other farmers throughout the project impact area.

From data gathered by the Papua New Guinea Cocoa Board, cocoa exporters and farmers' cooperatives in the project impact area, we estimate that over PGK4.5 million was generated in FY21 in both wet-bean and dry-bean cocoa sales. A project to value the cocoa industry more definitively in the project impact area is underway.

The joint venture continued to promote agribusiness and more specifically, cocoa farming, in FY21, through its stakeholder engagement forums and via numerous posts on Facebook and LinkedIn channels.

Infrastructure initiatives

Harmony is frequently presented with opportunities to add value to infrastructure in Morobe province. In FY21, we had to consider Papua New Guinea's constantly evolving Covid-19 conditions, and the safety of employees and communities, when proceeding with works. Our support in maintaining critical sections of the Lae-Bulolo highway continued throughout the period, and we facilitated the upgrade and outfitting of the Bulolo magistrate's house, enabling Bulolo to have a resident magistrate. At our Wafi-Golpu joint venture, to support access to health services for Hekeng, Nambonga and Venembele villages, we modified the Wafi camp community affairs building to convert it to a community health-worker residence. A total of PGK1 million (US$0.3million) was spent on infrastructure initiatives in Papua New Guinea in FY21.

Law-enforcement initiative

In January 2020, Harmony signed a memorandum of understanding with the Royal Papua New Guinean Constabulary to regulate the relationship between the entities and address issues of law and order in the Wau/Bulolo area of Morobe province. This agreement underscores the importance of maintaining good order for a harmonious relationship between the mine and host communities.

CORPORATE SOCIAL INVESTMENT

Our corporate social investments (CSI) focus on going beyond compliance. This is an additional commitment we make to uplift and improve the livelihoods of our host communities as well as labour-sending areas. The following strategic pillars guide our focus areas for social investments in our South Africa and Papua New Guinea operations.

- Education and training
- Health
- Sports recreation, arts and culture
- Social entrepreneurship and farmer development
- Social infrastructure.

In identifying programmes and projects for a financial year, we conduct due-diligence on potential projects in consultation with communities and engagement with local government.

In South Africa, for FY21 we invested R10.8 million (US$0.76 million) in CSI projects impacting at least 10 000 individuals and families. These include social and welfare donations through the Harmony Community Trust.

Harmony also supports specific strategic initiatives through non-profit organisations totalling R4 million annually:

- Enactus South Africa, which promotes development of entrepreneurial skills at tertiary level. This initiative is a constructive way to assist in combating unemployment, poverty and inequality
- Harmony has been the main sponsor of the national Science Olympiad programme of South African Agency for Science and Technology Advancement (SAASTA) for the last 12 years. The programme assists learners to advance in science, technology and mathematics. To date 455 000 learners benefited.

In Papua New Guinea, US$6.7 million was distributed to communities, summarised in the table below.

The table below provide a synopsis of FY21 royalties and compensation paid to communities in Papua New Guinea.

Royalty distribution FY21 – Papua New Guinea

Group	%	Amount (US$ million)
Morobe provincial government	18	1.20
Bulolo district treasury	18	1.20
Mumeng LLG	3	0.20
Waria LLG	2	0.13
Buang LLG	1	0.07
Wau/Rural LLG	5	0.33
Watut LLG	5	0.33
Wau/Bulolo Urban LLG	4	0.27
Highway communities	0.5	0.03
River communities	0.5	0.03
Subsidiary landowner communities	1.5	0.10
Settler communities	2	0.13
Wafi Landowner Association	0.5	0.03
Nakuwi Landowner Association	2	0.13
Future Generations Trust	2	0.13
Hidden Valley landowners – Winima recipients	8.75	0.58
Hidden Valley landowners – Kwembu recipients	8.75	0.58
Hidden Valley landowners – Nauti recipients	17.5	1.16
Total	**100**	**6.64**

In addition, US$0.13 million was paid to communities for environmental management.

Focus areas for FY22

Socio-economic development

We will continue to focus on our infrastructure development, enterprise development, agricultural and educational programmes.

Procurement and enterprise development

Work will continue on the entrepreneur incubation programme to support and nurture fledgling enterprises to become suppliers of mining and manufacturing commodities and services. We will also focus on expanding their market access, in Harmony and beyond, through additional value-chain channels.

Mine community development

The South African socio-economic landscape as it was at the start of FY20 has altered irrevocably, as have the challenges we face. It is in this context, that going into FY22, the corporate social investment team will re-evaluate its priorities. Our ultimate objective will be to ease the scars that will be left by this pandemic.

ENTERPRISE DEVELOPMENT AND PREFERENTIAL PROCUREMENT

Procurement and enterprise development are key to developing our social capital performance. Strategic procurement facilitates creation of sustainable businesses and entrepreneurial development, while reducing inequalities and supporting job creation as well as the sustainable socio-economic development of communities and regions in which we operate. Ultimately, positive social capital reinforces a healthy ecosystem in which our business and stakeholders can thrive and build resilience during and beyond our life-of-mine.

South Africa

Preferential procurement strategy

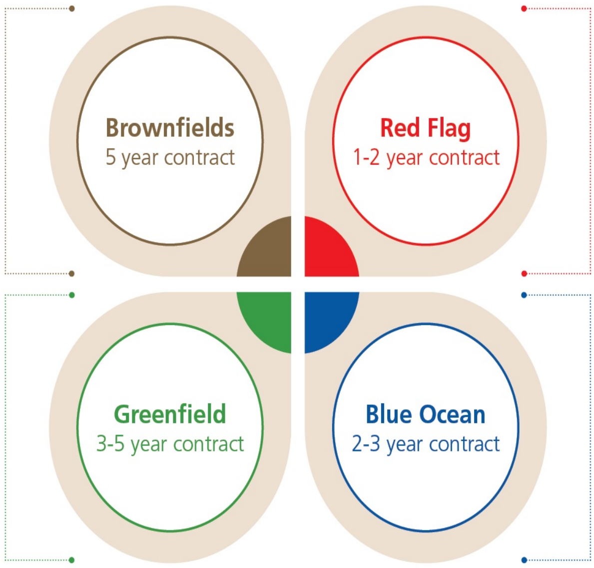
Preferential procurement strategy is underpinned by an operational model and enablers to ensure preferential procurement is embedded in the SCM processes

- Shift spend local BO QSE/EME
- Prioritise shift to current Harmony suppliers BO suppliers

- Low risk
- High impact on localisation
- Increased sustainability

- Find BO QSE/EME already in business
- Combine QSE/EME to increase BO
- Capacity and capability
- Create new supplier

- Low to medium risk
- Medium to high impact
- High inclusive growth



- Increase BO ownership of non-black generic entities
- Less Trusts and more technical BO ownership

- High risk
- Benefits few
- Should be voluntary
- Status quo remains

- Partnership with Generic large entities
- Skills transfer
- Value chain integration
- Sub-contracting

- Medium to high risk
- Force long-term commitments
- Target technical skills
- Less financial impact to Harmony
- Contract dependent

Source: Harmony; Bayajula Services Analysis.
Notes: ESD = Enterprise and Supplier Development; QSE = Qualifying Small Enterprise; EME = Exempt Micro Enterprise.

Our preferential procurement and enterprise and supplier development strategy prioritises spend in local and host communities. Our preferential procurement strategy focuses on these areas:

- Supporting existing non-compliant suppliers to meet the minimum black ownership targets as required in Mining Charter III, or to shift procurement spend to compliant suppliers
- Enhancing Harmony's current supply-chain model and ensuring preferential procurement is embedded in the sourcing process
- We promote partnerships and JVs to encourage skills transfer and development of local partners
- We work with generic and original equipment manufacturers to invest in local enterprises, and especially local manufacturing units
- Through incubation, create a pipeline of small and medium enterprises to take up procurement opportunities in core mining and engineering services, with emphasis on women and youth suppliers.

Harmony supports the South African government's imperative of facilitating sustainable socio-economic development and wider participation in the economy, particularly through mechanisms such as procurement and enterprise and supplier development. The broader mining industry, however, faces challenges in fully complying with Mining Charter III targets: firstly the dependency on multinationals and original equipment manufacturers (OEMs) and secondly, the limited availability of companies that are registered and approved producing locally manufactured goods of the required standard.

Anticipating these challenges, our revised preferential procurement strategy aims for full compliance in all areas of procurement.

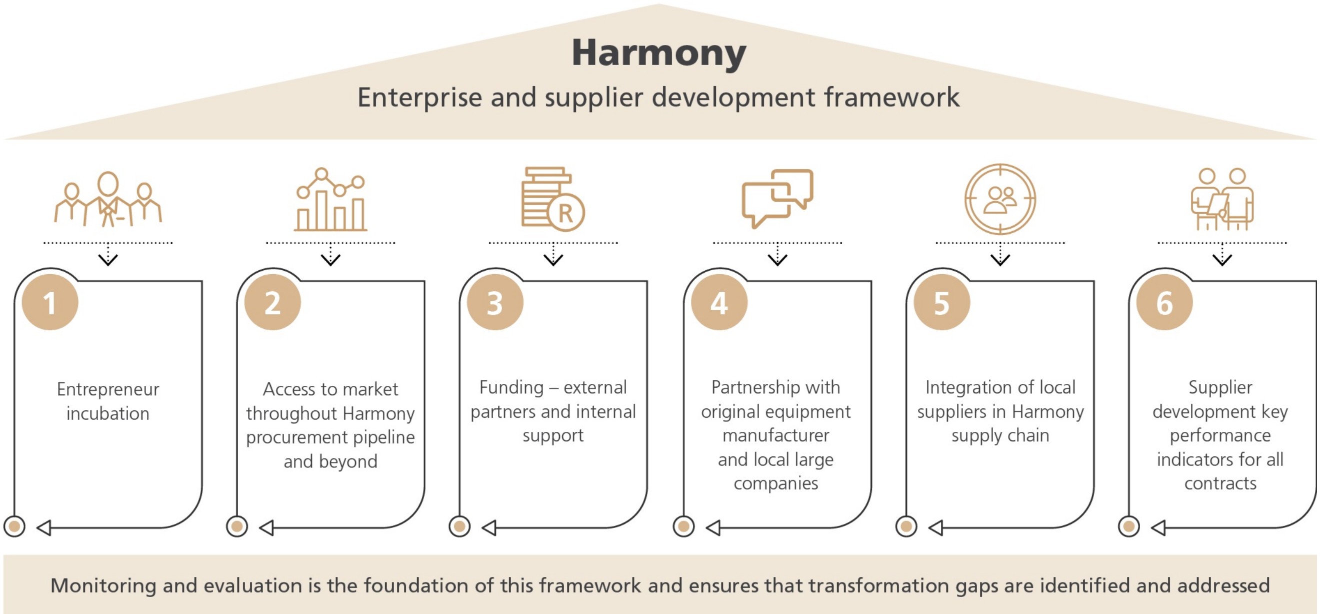
The strategy was approved by the board in 2019 and is being implemented using a differentiated approach depending on the supplier:

- Assisting suppliers to increase their black shareholding to 51%
- Facilitating sub-contracting to small and medium enterprises (SMEs)
- Promoting SMEs, with preference to host communities.

The strategy is based on an annual procurement plan to identify development and procurement opportunities for SME participation; our extensive SME databases to identify and match these companies to supplier value chains and sub-contracting opportunities.

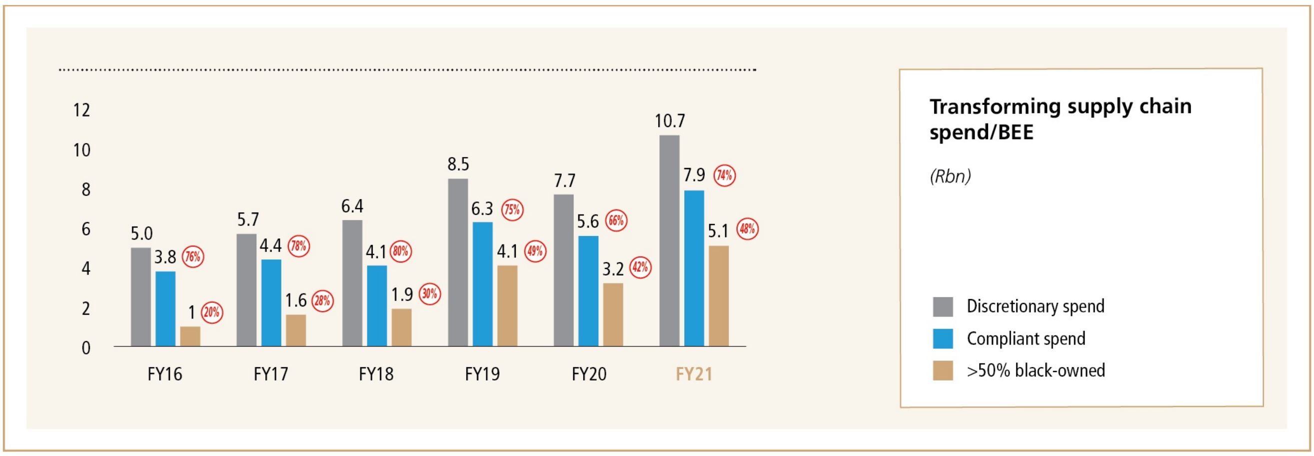
Oversight vests with new tender committees at appropriate levels to promotion transformation in line with board-approved policy and procedures. To ensure that transformation benefits accrue to host communities and previously disadvantaged groups, supplier audits are being conducted.

The enterprise and supplier development framework illustrated below was approved by the board and supports the preferential procurement strategy.



As illustrated, our development framework focuses on two areas:

- **Enterprise development:** potential suppliers mainly drawn from local communities where we operate:
  Incubation centres in key areas, with satellite centres supporting other host communities
  - 63 enterprises being incubated
  - Over 100 enterprises being assisted with business development
  - Over 30 enterprises being supported through funding and other business support initiatives
- **Supplier development:** procurement opportunities for enterprises graduating from incubation and other qualifying small and medium enterprises:
  - Direct procurement opportunities and contracting
  - Partnering with OEMs as sub-contractor or strategic partner across the value chain
  - Creating partnerships with funding institutions to support preferential procurement, buying of shares in non-compliant companies, and creating black industrialist.



While Covid-19 restrictions and challenges last year disrupted delivery against this strategy, we made good progress in the review period. This includes moving our procurement spend from non-compliant suppliers. Where such a move is not feasible, we are partnering with, and educating, our suppliers on the new requirements so that they can align their transformation strategies and achieve higher levels of compliance.

This is being implemented in phases. The first phase, initiated in the third quarter of FY20, targeted 68 suppliers responsible for 73 initiatives to drive increased ownership, or shift spend to compliant companies, or establish partnerships between empowered companies and large suppliers without adequate equity empowerment to allow meaningful transfer of scarce skills. Of the 68 suppliers selected for phase 1 with a total baseline spend of R1.7 billion, 54 are now compliant.

Phase 2 targeted 85 suppliers with a total discretionary spend of R1.96 billion.

The focus is on ensuring new entrants to our supply chain, particularly black women and youth-owned enterprises, shift spend, increase geographical reach and supporting longer-term contracts.

There has been a 55% improvement in compliance since implementing this strategy and framework.

Harmony Incubator programme
The entrepreneur incubation programme, launched in FY20, aims to assist 100% black, women and youth-owned enterprises to transition to suppliers of key mining and manufacturing commodities and services. Enterprises operating in specific areas were encouraged to apply:
- Mining and related value chain
- Fuel and chemicals
- Metal commodities
- Engineering products and services
- Manufacturers of mining-related products.

Host communities
Our preferential procurement strategy has dual thrusts: accelerating the transformation of our business while facilitating meaningful transformation in our communities and the broader economy. We willingly accept our moral and ethical obligation to build capacity and capability to strengthen livelihoods in our host communities. This secures our social licence to operate and develops our social capital – host communities that thrive because of our presence and assistance is our ultimate victory.

In recent years, we have focused on creating opportunities in the supply chain for our host communities to participate. In FY21, this translated into contracts for small and medium black-owned host community vendors with a combined value of R1.97 billion.

Supplier days
In FY21, we continued to introduce our preferential procurement strategy and enterprise and supplier development framework to local businesses. This was also a platform to discuss partnerships, contracting opportunities and, most importantly, how women and youth-owned companies could participate. This was done through supplier day webinars, held with business forums in our host communities. Supplier days expose SMEs to procurement opportunities and tendering processes. Through this initiative, R170 million was spent with new enterprises that are black-owned and controlled (>51%) while R38 million was spent with 41 new SMEs that are 100% black-owned.

Papua New Guinea
The local content and procurement policy has remained stable for several years. Local-content requirements – to the extent that they formally exist in the country – are embedded in the benefit-sharing arrangements negotiated and agreed per project between firms, government authorities (local, regional and national) and local communities.

Our arrangement is to contract local companies in procuring goods wherever possible. We target major contracts that will have the most beneficial impact on local communities and landowner groups in the region of our operation. This approach also supports our social licence to operate.

Procurement expenditure by our Papua New Guinea assets in FY21 totalled R3.9 billion or US$253 million (FY20: R3.9 billion or US$231 million), of which R2.32 billion or US$150 million (FY20: R2.47 billion or US$145 million) was spent in Papua New Guinea. Of this, R493 million or US$32 million (FY20: R697 million or US$41 million) was spent in Morobe province). Harmony extended contracts to local landowner companies for a range of goods and services including earthmoving equipment hire, catering and accommodation, security services, bus transport and labour hire.

Procurement – Papua New Guinea

Rm	**FY21**	FY20	FY19	FY18	FY17
Total procurement spend	**3 890**	3 900	3 590	2 980	2 700
Expenditure in country	**2 316**	2 470	2 200	1 600	1 000
Expenditure in Morobe province	**489**	697	1 100	1 100	725

GOVERNANCE

CORPORATE GOVERNANCE

Board committees:

Audit and risk | Social and ethics | Remuneration | Nomination | Investment | Technical

Strategy:

The board sets and guides the group's strategic direction.

Responsible stewardship	Cash certainty
Operational excellence	Effective capital allocation

Capitals:

The board, supported by its committees, determines the optimal allocation and use of our capital inputs to achieve Harmony's strategy.

Directly	Indirectly
HUMAN CAPITAL	INTELLECTUAL CAPITAL
FINANCIAL CAPITAL	NATURAL CAPITAL
MANUFACTURED CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL

Stakeholders:

The board has ultimate responsibility for stakeholder engagement, and thus for all stakeholders

GRI standards:

Prepared in accordance with: 102-16, 102-17, 102-18, 102-22, 102-23, 102-24, 102-25, 102-26,102-27, 102-28, 102-30, 205-2, 205-3, 206-1, 405-1 and 415-1

Responsible, ethical governance

The board subscribes to the principles of good corporate governance. Accordingly, it supports the definition of corporate governance as being the exercise of ethical and effective leadership to achieve specific governance outcomes, summarised below:

Ethical culture and responsible corporate citizenship	Good performance and value creation	Effective control	Legitimacy
• Ethical leadership • Organisational ethics • Responsible corporate citizenship.	• Strategy and capital allocation • Reporting • Political donations • Executive key performance indicators (KPIs) linked to ESG performance.	• Governing structures and processes • Role of the board • Board committees • Appointment and delegation to management. **Functional areas** • Risk governance • Technology and information governance • Compliance governance • Remuneration governance • Assurance and internal audit.	• Inclusive stakeholder engagement model and related disclosures.
Underpinned by the principles of King IV			

CORPORATE GOVERNANCE – an overview

The Harmony board's philosophy is to adhere to sound corporate governance principles to enable strong, experienced management teams and promote a culture of shared value for all stakeholders.

As the global impact of the pandemic unfolds, the strong foundation of corporate governance principles continues to steer Harmony's board and management. The safety and wellbeing of our employees and communities remains the driving force in our approach to managing the pandemic.

Strategic risk management

The board has oversight of the group's risk governance process and progress in delivering on its strategy to produce safe, profitable ounces and increase margins. This includes a risk-based and proactive safety culture journey, now in its fifth year, and value-accretive acquisitions including the Hidden Valley reinvestment, Moab Khotsong operations and, most recently, Mponeng and Mine Waste Solutions.

For more, refer to Our risks and opportunities.

Sustainable development

Harmony's sustainable development framework and associated policies consider the SDGs and the group's role in advancing our communities through preferential procurement, responsible environmental stewardship, employment equity and women-in-mining strategies, among others.

Refer to Our sustainability strategy, Material issues, Stakeholder engagement, and the Social and ethics committee chairperson's report.

Adding value

The role of the board is key in supporting Harmony's ability to create sustainable value. The interconnected pillars that drive value creation by the board are strategy, stakeholders, sustainability and ethical and responsible corporate citizenship. All four pillars correspond with the principles of King IV. By exercising ethical and effective leadership, oversight of solid risk and performance management practices as well as commitment to good corporate governance, the board drives the efficient use of resources and ensures sustainability. In addition, the diversity of the board supports a stakeholder-inclusive approach to addressing multi-stakeholder interests.

Transformation and diversity of the board

Since 2019, the board, through the nomination committee, embarked on a board representation transitional plan to not only strengthen Harmony's commitment to the four key pillars of King IV for good corporate governance but to further demonstrate its commitment to transformation and diversity in terms of gender, age, expertise, culture and race.

The transformation and diversity of the composition of the board is paramount. As such, the board representation transitional plan includes an annual evaluation of key gaps on the board and plans to close and mitigate against those gaps are implemented. The review of the boards succession plans is an ongoing exercise to ensure that the board is consistently creating value for stakeholders through continuity, sustainability and transparency.

The board at a glance

Our duty to be a responsible corporate citizen is supported by our board of directors and their commitment to ethical leadership.

Overarching principle

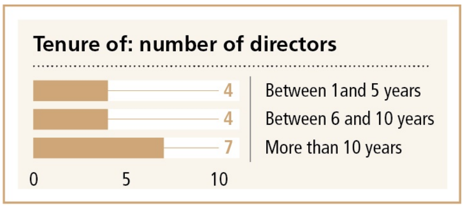
- Responsible corporate citizenship and commitment to ethical leadership.

Board independence, diversity and experience
(as at 30 June 2021)

Composition and tenure

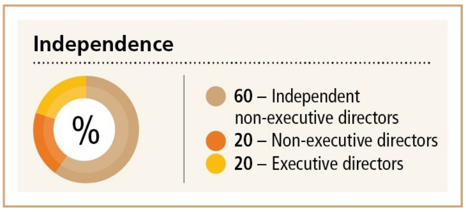
Members	15
Chairman and lead independent director	✓
Average age (years)	61

Tenure (number of directors)



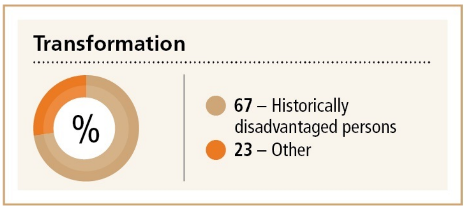
Independence

60% Nine members of the board are independent non-executive directors



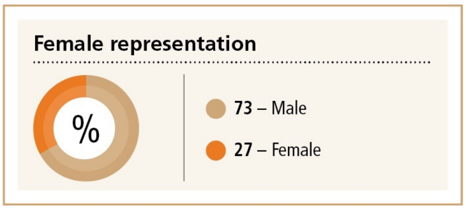
Transformation

67% Ten members are historically disadvantaged persons



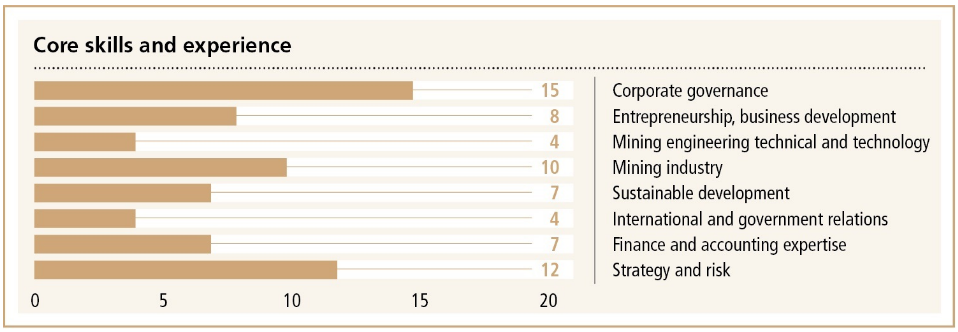
Representation

27% Four members are women



Core skills and experience

Number of directors with skills in the following areas



Governance and compliance policies

- Terms of reference for the board
- Terms of reference for board committees
- Board delegation of authority
- Code of conduct
- Behavioural code
- Corporate governance and compliance policy and framework.
- Internal audit charter
- Disclosure required by section 303A.11 of the NYSE listed company manual
- Public Access to Information Act manual (PAIA)
- Whistleblower policy.

Foundation of corporate governance compliance

- Companies Act, JSE Listings Requirements (primary), New York Stock Exchange requirements, memorandum of incorporation, King IV
- Voluntary compliance with the principles of the United Nations Global Compact, International Council on Mining and Metals, GRI Standards and the international cyanide management code for the manufacture, transport and use of cyanide in the production of gold (cyanide code).

Compliance policy and framework

Harmony subscribes to the iCraft framework of ethical leadership as recommended by King IV.

With its long-standing commitment to good corporate governance, the Harmony board is satisfied that appropriate practices are in place to promote the company's reputation as an ethical, reputable and legitimate organisation and a responsible corporate citizen.

Acknowledging the significance of corporate governance and compliance, the board, through the audit and risk committee, has a formal corporate governance and compliance policy and framework that sets out the principles of good corporate governance for the board as well as employees at all operational levels.

In terms of the JSE Listings Requirements, Harmony is required to disclose its application of the principles of King IV. The board, to the best of its knowledge, believes Harmony has satisfactorily applied the principles of King IV. Harmony's application of the King IV principles is discussed in the King IV compliance report in our ESG Report 2021

Ethical culture and responsible corporate citizenship

Ethical leadership

The board leads by example. Each director is therefore expected to continually exhibit the characteristics of integrity, competence, responsibility, accountability, fairness and transparency in their conduct. Collectively, the board's conduct, activities and decisions are characterised by these attributes, which also form part of the regular assessment of the board and individual directors' performance. The board recognises that ethics is one of the pillars of sustainable business practice.

The board charter elaborates on the standard of conduct expected from members. In addition, the board policy on declaration of interests limits the potential for a conflict of interest and ensures that, in cases where conflict cannot be avoided, it is properly disclosed and proactively managed within the boundaries of the law and principles of good governance.

Organisational ethics

The board sets the group's approach to ethics. Oversight and monitoring of organisational ethics is the mandated responsibility of the social and ethics committee on behalf of the board. Details of arrangements for governing and managing ethics, key focus areas in the reporting period, measures taken to monitor organisational ethics and planned areas of future focus appear in the Social and ethics committee: chairperson's report.

In FY19, the Ethics Institute of South Africa conducted an ethics opportunity and risk assessment at Harmony, reporting its findings to the social and ethics committee. The outcome of the assessment informs our ethics management strategy and determines the scope and contents of related initiatives in future. Key action items identified included:

- Increase awareness of corruption and adopt zero tolerance
- Actions taken against transgressors
- Promote and emphasise the fair treatment of employees despite their status, age, gender or rank
- Communicate a clear process flow chart indicating how whistleblower concerns are addressed in the organisation, and ensure anonymity when using the whistleblowing line
- Implement additional training opportunities in the organisation on ethical topics
- Develop a process to monitor all disciplinary actions to ensure consistency and fair treatment of employees.

In FY21, the Ethics Institute of South Africa reviewed its findings from FY19 and provided further training and workshops to the social and ethics committee and key ethics champions in Harmony to further strengthen the governance of ethics and ethical leadership towards ethical cultures throughout the organisation.

Ethics department and ethics management committee

To embed an ethical culture, Harmony has an ethics department that includes a permanent certified ethics officer who ensures the ethics management plan and programme are executed sufficiently and communicated throughout the organisation. Our ethics management committee monitors our ethical culture and integrity, assisted by the ethics officer and the white-collar crime committee. The following noteworthy processes were introduced and developed further in the review period:

- Enhanced declaration-of-interest management and reporting
- Enhanced gift-logging management and reporting
- Enhanced reporting format to the social and ethics committee
- Integrated electronic ethics management system
- Centralisation of all ethics management activities in the group.

The ethics management committee also assesses declarations of interest in terms of the code of conduct and provides feedback to the executive committee, which then reports to the board's social and ethics committee. As a result, ethics are discussed and examined at every level of management in the company. The Ethics Institute of South Africa is currently assisting management and the social and ethics committee to embed the governance of organisational ethics.

Responsible corporate citizenship

The mining industry introduces a unique duty and opportunity to the group to be a responsible corporate citizen. Although the board sets the tone and direction for the way in which corporate citizenship should be approached and managed, ongoing oversight and monitoring of the group's performance against targets is part of the mandate of the social and ethics committee. Additionally, the social and ethics committee, remuneration committee and audit and risk committee are tasked with specific aspects of ESG oversight roles on behalf of the board to align Harmony's strategy with key ESG considerations.

Extensive detail on the consequences of the group's activities and outputs, which affect its status as a responsible corporate citizen, with relevant measures and targets are provided elsewhere in this report.

Good performance and value creation

Strategy

The board is responsible for approving the group's short, medium and long-term strategy as developed by management. In doing so, it focuses on critical aspects of the strategy including the legitimate and reasonable needs, interests and expectations of material stakeholders as well as the impact of the group's activities and output on the various capitals employed in the business process. Risks and opportunities connected to the triple context (economy, society and the environment) in which the group operates are integral to the board's strategic reviews of the business.

Policies and operational plans supporting the approved strategy are submitted regularly by management for review and formal board approval. The board attends an annual strategy session to confirm and review the company's strategy. In FY21, the board held additional meetings to formally consider and approve Harmony's growth strategy.

Strategy is part of the ongoing conversation in the boardroom. Regular oversight of the implementation of Harmony's strategies and operational plans takes place against agreed performance measures and targets.

Given that the company's reputation as a responsible corporate citizen is an invaluable attribute and asset, the consequences of activities and outputs, in terms of the capitals employed, are continuously assessed by the board through its committees. This will ensure we are able to respond responsibly and limit any negative consequences of our activities, to the extent reasonably possible. In addition, the board continuously monitors the reliance of the group on these capital inputs – our natural capital (including mineral resources and reserves), employees, financial capital, communities and society at large, our mining infrastructure and our intellectual and technological know-how – as well as the solvency, liquidity and going-concern status of Harmony.

Reporting

In protecting and enhancing the legitimacy and reputation of the group, the board ensures comprehensive reporting takes place on different platforms. The FY21 suite of reports appears on the inside front cover.

The board's intention is to meet and exceed legal requirements, as well as the legitimate and reasonable information needs of material stakeholders. The board is satisfied with management's basis for determining the materiality of information to be included in our external reports. The audit and risk committee, assisted by the social and ethics committee, is tasked with reviewing all external reports to verify the integrity of information.

Political donations

Harmony supports the democratic processes in South Africa and Papua New Guinea, and contributes to their political parties. A policy relating to political donations has been adopted by the company. Harmony had donated R10 million towards the 2021 local authority elections of South Africa. The funds were divided proportionally to the support that the political parties had received during the previous national election.

Effective control – governing structures and processes

Role of the board

The board exercises its leadership role by:

- Steering the group and setting its strategic direction
- Approving policy and planning that gives effect to the direction provided
- Overseeing and monitoring implementation and execution by management
- Ensuring accountability for the group's performance by means of reporting and disclosures.

The role and function of the board, including guidelines on its composition and procedures, are detailed in the board charter. This is reviewed regularly to ensure it remains relevant.

There is a protocol in place should any of the board members or committees need to obtain independent, external professional advice at the cost of the company on matters within the scope of their duties. Non-executive directors are also aware of the protocol for requisitioning documentation from, and setting meetings with, management. Board members have direct and unfettered access to the chief audit executive, group company secretary and members of executive management.

Based on its annual work plan, the board is satisfied that it fulfilled its responsibilities in the review period in line with its charter.

See Board and committee attendance.

Board committees

The board has delegated particular roles and responsibilities to standing committees, based on legal requirements, what is appropriate for the group and to achieve the objectives of delegation. The board recognises that duties and responsibilities can be delegated, but accountability cannot be abdicated. The board therefore remains ultimately accountable.

The following committees have been established:
- Audit and risk
- Social and ethics
- Remuneration
- Nomination
- Investment
- Technical.

Each committee has formal terms of reference, reviewed annually (and when necessary) to ensure the content remains appropriate. The terms of reference address, as a minimum, the recommended items in King IV. See Board committees.

Effective control – functional areas

Risk governance

The board appreciates that risk is integral to the way it makes decisions and executes its duties. Risk governance encompasses both risks and opportunities as well as a consideration of the potential positive and negative effects of any risks on achieving Harmony's objectives. The group's risk appetite and tolerance levels, which support its strategic objectives, are considered annually. The board is supported in this area by the audit and risk committee.

Responsibility for implementing and executing effective risk management is delegated by the board to management. The board acknowledges the need to integrate and embed risk management in the business activities and culture of the group. The audit and risk committee is tasked with ensuring independent assurance on the effectiveness of risk management in the group, when deemed necessary and appropriate. See Our risks and opportunities

Technology and information governance

The board, assisted by the audit and risk committee, is responsible for governing technology and information to support the group in setting and achieving its strategic objectives.

A technology and information steering committee has a well-defined charter and is responsible for oversight of technology and information direction, investment and alignment with business strategy and priorities. It is chaired by the financial director and members include the head of information services and group executive committee.

Management adopted the Control Objectives for Information and Related Technologies (COBIT). COBIT provides recommended best practices for governance and control processes of information systems and technology to align IT with business. This high-level framework has been aligned with more detailed IT standards and good practices.

In addition, internal audit provides assurance to management and the audit and risk committee on the effectiveness of the governance of technology and information.

In FY21, Harmony completed the first phase of a centralised human resource management system to improve human capital management efficiencies and continued upgrading the enterprise resource planning (ERP) system. Ernst & Young (EY) provides assurance on both processes.

Compliance governance

Being an ethical and responsible corporate citizen requires zero tolerance for any incidents of legislative non-compliance. In addition, compliance with adopted non-binding rules, codes and standards is essential in achieving strategic business objectives.

The foundation of our corporate governance complies with:
- The Companies Act
- Requirements of the JSE, where we have our primary listing
- Requirements of the New York Stock Exchange, where we have our secondary listing
- King IV and related principles and codes of good corporate governance.

Harmony also complies voluntarily with the principles of:
- United Nations Global Compact
- International Council on Mining and Metals
- GRI
- Cyanide code.

Code of conduct

Our behavioural code and code of conduct commits Harmony, our employees and our contractors to the highest moral standards, free from conflicts of interest. The board reviews the code at least every second year, while its application in Harmony is continually monitored by management. The code of conduct was reviewed and updated in FY21. Our ethics programme is also subject to independent assurance as part of the internal audit coverage plan. The code of conduct addresses critical issues including respect for human rights, anti-corruption, gifts and entertainment and declarations of interests. It encourages employees and other stakeholders to report any suspected irregularities. This can be done anonymously through a 24-hour hotline (managed independently) and other channels. All incidents reported are investigated and monitored by the white-collar crime committee, which comprises managers representing various disciplines in the company and reporting to the management ethics committee.

Whistleblowing policy

Our whistleblowing policy encourages shareholders, employees, service providers, contractors and members of the public to report practices at any of our workplaces that are in conflict with any law, regulation, legal obligation, ethical codes or governance policies. It also provides a mechanism for our stakeholders to report these practices internally, in confidence, independent of line management, and anonymously if they wish. The whistleblowing policy informs whistleblowers of their rights. Harmony is committed to protecting whistleblowers from any reprisals or victimisation.

The identity of any employee or stakeholder who reports non-compliance with the code of conduct and other irregularities is protected. Our anonymous ethics hotline numbers are widely advertised throughout the organisation:

- South Africa: +27 (0) 800 204 256
- Papua New Guinea: +675 (0) 00 478 5280
- Australia: +61 (1) 800 940 949.

Human rights

At Harmony, we conduct our activities in a way that respects human rights as set out in the laws and constitutions of the countries in which we operate. Our approach to respecting human rights includes adhering to corporate policies, complying with applicable laws and regulations, regular dialogue and engagement with our stakeholders and contributing, directly or indirectly, to the general wellbeing of communities within which we operate.

Legislative compliance

The compliance function ensures compliance with laws, codes, rules and standards applicable to the company. Compliance information and reports on the status of legislative compliance are presented at audit and risk committee meetings.

The Protection of Personal Information Act 4 2013 (POPIA) came into effect on 1 July 2021. Harmony has effected the necessary measures to adhere to the requirements of this act in support of good governance. Implementation of POPIA compliance, including promoting POPIA awareness in the organisation is ongoing.

In line with POPIA, Harmony's appointed information officer is registered at the information regulator. This officer is responsible for managing all personal information and ensures compliance with this act. For more, see: www.harmony.co.za/sustainability/governance#policies

Broad-based Black Economic Empowerment Act

The annual compliance report in line with section 13G(2) of this act.

Dealing in Harmony shares

During price-sensitive periods, our employees and directors are prohibited from dealing in Harmony shares. Written notice of these restricted periods is communicated to them by the group company secretary. In terms of regulatory and governance standards, directors and employees are required to disclose any dealings in Harmony shares in line with the JSE Listings Requirements. The clearance procedure for directors and the group company secretary to deal in Harmony shares is regulated by the company's policy on trading in shares and insider trading. This policy is reviewed every second year, and was updated in FY21.

Significant fines

Harmony paid no significant fines in any of its areas of operation. No actions were brought against it for anti-competitive behaviour or anti-trust or monopoly practices in FY21.

Foreign private issuers

New York Stock Exchange foreign private issuers, such as Harmony, must highlight any significant ways in which their corporate governance practices differ from those followed by United States domestic companies subject to the listing standards of the New York Stock Exchange.

Remuneration governance

Attracting and retaining the required skills depends largely on the remuneration levels and practices in any business. It is therefore vital to ensure the group remunerates fairly, responsibly and transparently to support the achievement of strategic objectives and positive outcomes in the short, medium and long term. The board is supported in this area by the remuneration committee.

Extensive detail on group remuneration is provided in the remuneration report.

Provision has been made in the notice of the 2021 annual general meeting for a non-binding advisory vote of shareholders on the remuneration policy and remuneration implementation report. See the Notice of AGM in the report to shareholders 2021.

Assurance and internal audit

The audit and risk committee oversees arrangements for assurance services and functions on behalf of the board to ensure these are effective in achieving the objectives of an enabling control environment and supporting the integrity of information for internal decisions and external reporting.

A combined assurance framework effectively covers the group's significant risks and material matters through a combination of internal functions and external service providers. More information appears in the audit and risk committee: chairperson's report.

Despite the output of the combined assurance framework, board members are expected to apply an enquiring mind, form their own opinion on the integrity of information and reports, and the degree to which an effective control environment has been achieved.

Internal audit plays an important part in the overall assurance approach and effectiveness of the assurance framework. The audit and risk committee oversees the internal audit function on behalf of the board.

External independent quality assessment
In FY19, the internal audit function underwent an independent quality review conducted by the Institute of Internal Auditors South Africa. The function was found to generally conform with international standards for the professional practice of internal auditing. No material findings were noted. The external quality assessment is performed every five years.

Legitimacy
Inclusive stakeholder engagement model
The board sets the direction for the group's approach to stakeholder relationships. An inclusive stakeholder engagement approach considers whether the legitimate needs, interests and expectations of all material stakeholders have been adopted.

Information on material stakeholders and the manner in which relationships with stakeholders are managed, governed and monitored appears in Stakeholder engagement.

Shareholders are encouraged to attend the Harmony annual general meeting, detailed in the notice of the 2021 annual general meeting at www.harmony.co.za

Group organisational structure

The group is led and directed by a unitary board of directors that is guided by ethical leadership practices, supported by board and committee charters that are reviewed regularly. The group executive management team, headed by the chief executive officer, is responsible for leading implementation and execution of the board-approved strategy, policy and operational planning and governed appropriately in line with a formal delegation of authority framework.

<table>
<tr><th colspan="6">Board of directors</th></tr>
<tr><td colspan="6">The board exercises its leadership role over the group by:
• Steering its strategic direction
• Approving policy and planning that gives effect to the strategy
• Overseeing and monitoring implementation and execution by management
• Ensuring accountability for performance through reporting and disclosure.</td></tr>
<tr><th colspan="6">Board committees</th></tr>
<tr><td colspan="6">The board has delegated particular roles and responsibilities to standing committees, but remains ultimately accountable.

The board committees' primary functions include the consideration, oversight and monitoring of strategies, policies, practices, performance and recommendations to the board for final approval related to:</td></tr>
<tr><th>Audit and risk</th><th>Social and ethics</th><th>Remuneration</th><th>Nomination</th><th>Investment</th><th>Technical</th></tr>
<tr><td>• Operating an adequate system of internal control and control processes
• Accurate and appropriate reporting of financial statements
• Risk management and overall risk governance.</td><td>• Occupational health and employee wellbeing, environmental management, corporate social responsibility, human resources, public safety and ethics management
• Compliance with relevant regulations
• Sustainability-related key performance indicators and levels of assurance, including ESG.</td><td>• Fair reward of directors and executive management for their contribution to Harmony's performance
• Harmony's compensation policies and practices; administration of its share incentive schemes
• Group remuneration policy.</td><td>• Formal and transparent procedures on board appointments
• Succession planning for directors and members of executive team
• Board self-assessment process.</td><td>• Potential projects, acquisitions and disposals in line with Harmony's strategy;; ensures due-diligence procedures are followed.</td><td>• Safety, strategy and operational performance
• Review of strategic plans
• Guidance and support to management.</td></tr>
</table>

<table>
<tr><th colspan="2">CHIEF EXECUTIVE OFFICER</th></tr>
<tr><th colspan="2">Executive management: office of the group chief executive officer</th></tr>
<tr><td>Executives reporting to the chief operating officer: South Africa</td><td>Executives reporting to the chief executive officer: South-east Asia</td></tr>
<tr><td colspan="2">Regional operational, divisional and departmental management teams and steering committees</td></tr>
</table>

See page Our leadership section for more information on the board and executive management team.

Board composition, chairman, independence and meeting attendance

Board diversity

Diversity and transformation are key focus areas for the board. Harmony has adopted a promotion of broader diversity policy at board level, specifically focused on promoting the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience.

The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, gender, race, culture, age, experience and independence. In addition, the composition of the board and its leadership structure ensures there is a balance of power in the boardroom and that no one director has unfettered authority of decision making.

Board composition

The board has 15 highly experienced and reputable members: 12 are non-executive directors of whom nine are independent; three are executive directors; four are female and 10 are historically disadvantaged persons.

The role and function of the board, including guidelines on its composition and procedures, are detailed in the board charter. This is reviewed regularly to ensure it remains relevant.

Brief profiles of board members appear in the Our leadership section, with detailed résumés online.

Role of chairman

The chairman of the board, Dr Patrice Motsepe, and deputy chairman, Mr Modise Motloba, are non-executive directors, but not classified as independent. The board is satisfied that the lead independent director, Dr Mavuso Msimang, meets the requirements for an independent director under the Companies Act and King IV, and any other criteria evidencing objectivity and independence established by the board.

The duties of the chairman, deputy chairperson and lead independent director have been included in the board charter and are based on the recommendations of King IV. The roles of the chief executive officer and chairman are separate.

These appointments are reviewed annually and form part of the board's succession plan for the position of chairman and lead independent director.

Guidance provided by King IV on the chairman's membership of board committees has been applied. The board chairman is only a member of the nomination committee, which is chaired by the lead independent director.

Assessing independence of directors with tenure of over nine years

The majority of non-executive directors are classified as independent and their independence has been reviewed by the nomination committee. The board appreciates that independence is primarily a state of mind and all board members, despite their categorisation, are expected to act independently and with unfettered discretion at all times. This expectation is confirmed in the board charter.

An assessment of Dr Simo Lushaba who has served on the board for 19 years, Mr Joaquim Chissano (16 years), Ms Fikile De Buck (15 years), Dr Mavuso Msimang (10 years) and Mr John Wetton (10 years) was undertaken during the year under review.

Following assessment by the nomination committee, the board is satisfied that these individuals do not have any relationships that may impair, or appear to impair, their ability to apply independent judgement. In addition, there are no interests, positions, associations or relationships which, from the perspective of a reasonable and informed third party, are likely to influence the members unduly or cause bias in their decision-making.

The committee thus concluded that the members demonstrated they were independent of mind and judgement, and had objectively fulfilled their roles as independent non-executive directors, despite their tenure on the board. The wealth of experience of these members, in addition to their standing as reputable individuals of integrity and character, makes their ongoing input and contribution an invaluable asset to the board and the group.

In line with the board composition transitional plan, the board (with the assistance of its nomination committee) continued to consider its composition, structure, size and independence, to align with best practice and with the board's diversity policy. Two of our longest serving board members, Ms Fikile De Buck and Dr Simo Lushaba, who retire by rotation this year, although eligible, will not be seeking re-election to the board effective as of the conclusion of the 2021 Annual General Meeting. For further detail refer to Report to shareholders.

Nomination, election and appointment

The nomination committee is tasked with identifying potential candidates for appointment to the board, while actual appointment is a matter for the board as a whole. The collective knowledge, skills and experience required by the board, as well as diversity, are all aspects considered by the board before appropriate candidates are identified for nomination. The nomination committee conducts the necessary independence checks and investigations on potential candidates, as recommended by King IV.

All new board members receive formal letters of appointment. In addition, they participate in an extensive induction programme to enable them to make the maximum contribution in the shortest possible time. Ongoing mentorship is provided to members with no or limited governance experience and they are encouraged to undergo appropriate training. Provision has also been made in the board's annual work plan for regular briefings on legal and corporate governance developments, as well as risks and changes in the external environment of the group.

As required by the provisions of Harmony's Memorandum of Incorporation, a third of the non-executive directors are expected to retire by rotation at each annual general meeting of the company. The names and profiles of these members have been included in the notice of the 2021 annual general meeting in the Report to shareholders 2021. The board is comfortable in recommending their re-appointment to shareholders.

The role and function of the board, including guidelines on its composition and procedures, are detailed in the board charter, which is reviewed regularly to ensure it remains relevant and applicable.

Board performance evaluations

The board fully supports the thinking that an appropriate evaluation of the board and its structures is a strategic value-adding exercise that facilitates continual improvement of its performance and effectiveness. An independent formal self-evaluation process was undertaken in

FY21. This included an assessment of the performance of the board, its chairman and individual members as well as committees, chief executive officer and group company secretary.

Overall, the self-evaluation reconfirmed that the board and its committees were considered:

- Highly effective
- Appropriately positioned to discharge their governance responsibilities
- Well supported by its committees
- Working as a cohesive unit and that the highest ethical standards are applied in deliberations and decision-making, enabling the board to provide effective leadership from an ethical foundation.

The consensus among board members is that the chief executive officer:

- Communicates consistently and effectively with all Harmony's stakeholders
- Created and implemented an effective strategy, supported by management
- Demonstrates ethical and transparent leadership by living the company's culture and reinforcing its values.

Considering the outcome of the evaluation process, the board is satisfied that the process is improving its performance and effectiveness. The following matters were highlighted as areas for improvement:

- Although the board was satisfied with its diversity in terms of knowledge, skills, experience, culture and race, it acknowledged the need to improve representation in terms of gender and tenure
- Long-standing board members should continue to be tested for independence.

Conflicts of interest

Each member of the board is required to submit a general declaration of financial, economic and other relevant interests and to update these declarations as necessary. In addition, the declaration of interests in any matter on the agenda of a board or committee meeting is a standard item at the start of every meeting. In the event of a potential conflict being declared, the board proactively manages this conflict within the boundaries of the law.

Appointment and delegation to management

The board is responsible for appointing the chief executive officer on recommendation by the nomination committee. Harmony's chief executive officer, Mr Peter Steenkamp, is responsible for leading implementation and execution of the board-approved strategy, policy and operational planning, and serves as a link between the board and management.

He is accountable and reports to the board. He is not a member of the remuneration, audit or nomination committees. He does attend meetings of these committees as required to contribute insights and information.

Succession planning for this position forms part of the executive succession plan that is monitored on behalf of the board by the nomination committee. An emergency succession plan is also in place and reviewed annually.

A formal delegation-of-authority framework is in place and reviewed regularly by the board to ensure its appropriateness to the business. The delegation-of-authority addresses the authority to appoint executives who may serve as ex officio executive members of the board and to make other executive appointments.

Group company secretary

The group company secretary, Ms Shela Mohatla, is a full-time employee of Harmony who was appointed on 14 August 2020. She is a chartered secretary by profession. Her résumé appears online

The board has direct access to the group company secretary who provides professional and independent guidance to the board as a whole and to members individually on corporate governance and legal duties. She also supports the board in coordinating the effective and efficient functioning of the board and its committees.

The group company secretary has unrestricted access to the board and, at all times, retains an arm's-length relationship to enhance the independence of the position. She is not a member of the board but, being accountable to the board, reports to the board via the chairman on all statutory duties and related functions.

To facilitate and enhance the independence and effectiveness of the group company secretary, the board ensures the office of the group company secretary is empowered and the position carries the necessary authority. The remuneration committee considers and approves the remuneration of the group company secretary on behalf of the board.

The board annually assesses the performance and independence of the group company secretary and confirms she has the necessary competence, gravitas and objectivity to provide independent guidance and support at the highest level of decision-making in the group. Her performance and independence were assessed in August 2021, and the board is satisfied with her competence, experience and qualifications.

The board is therefore satisfied that arrangements in place for accessing professional corporate governance services are effective.

Discharge of responsibilities

The board is satisfied that the committees properly discharged their responsibilities over the past year.

Furthermore, the board complies, to the best of its knowledge, with the Companies Act and its memorandum of incorporation, monitors such compliance on an ongoing basis and operates in conformity with its memorandum of incorporation.

Board and committee attendance

				Attendance by committee							
Name	Age	Appointed director	Independent	Audit and risk*	Social and ethics*	Technical*	Investment*	Remuneration*	Nomination	Attendance at board meetings	
Non-executive directors											
Dr Patrice Motsepe (chairman)	59	2003**							2/4	4/4	100%
Mr Modise Motloba (deputy chairman)	55	2004			6/6	7/7	8/8		4/4	4/4	100%
Mr Mavuso Msimang (lead independent)	80	2011	✓		5/6				4/4	4/4	100%
Dr Simo Lushaba	55	2002	✓	7/8	5/6		7/8	5/5		4/4	100%
Ms Fikile De Buck	61	2006	✓	8/8	5/6			5/5	4/4	3/4	75 %
Ms Karabo Nondumo	43	2013	✓	8/8		6/7	7/8			4/4	100%
Mr John Wetton	72	2011	✓	8/8	6/6		8/8	5/5		4/4	100%
Mr Vishnu Pillay	64	2013	✓			7/7	8/8	5/5	4/4	4/4	100 %
Mr Joaquim Chissano	82	2005	✓		4/6		5/8			4/4	100%
Mr André Wilkens	72	2007				7/7	8/8	5/5		4/4	100%
Ms Given Sibiya	52	2019	✓	8/8						4/4	100%
Mr Peter Turner	65	2021	✓			4/4[a]	1/1[a]			1/1[a]	100%
Executive directors											
Mr Peter Steenkamp	61	2016								4/4	100%
Ms Boipelo Lekubo	38	2020								4/4	100%
Mr Harry Mashego	57	2010								4/4	100 %

as at 30 June 2021

* *Includes ad-hoc meetings for the year.*
** *Appointed chairman in 2004.*
[a] *Appointed as board member and member of technical committee on 19 February 2021, member of investment committee on 7 May 2021.*

On 30 September 2020, Harmony announced the resignation of Mr Ken Dicks and Mr Max Sisulu as independent non-executive directors and the retirement of Mr Frank Abbott as executive director from 30 September 2020.

On 18 December 2020, Harmony announced the resignation of Ms Grathel Motau as independent non-executive director from 18 December 2020.

BOARD COMMITTEES

The board has delegated particular roles and responsibilities to standing committees based on relevant legal requirements and what is appropriate for the group to achieve the objectives of delegation. The board recognises that duties and responsibilities can be delegated but accountability cannot be abdicated. The board, therefore, remains ultimately accountable.

The following committees have been established:
- Audit and risk
- Social and ethics
- Remuneration
- Nomination
- Investment
- Technical.

A brief description of each committee, its functions and key activities and actions in FY21 appears on the following pages.

The qualifications and experience of each committee member are included under Our leadership section and in the document board and management resumes that is available online.

Terms of reference

Formal terms of reference have been adopted for each board committee and are reviewed annually (and when necessary) to ensure the content remains relevant. The terms of reference address, as a minimum, the recommended items in King IV.

The respective terms of reference appear on https://www.harmony.co.za/responsibility/governance/practices-policies

Committee membership

In considering committee membership, the board, assisted by the nomination committee, is mindful of the need for effective collaboration through cross-membership between committees, where required. The timing of committee meetings is coordinated to facilitate and enhance the effective functioning and contribution of each committee. Duties and responsibilities are documented to clearly define the specific role and positioning of each committee on topics that may be within the mandate of more than one committee. Committee membership has also been addressed to ensure a balanced distribution of power across committees so that no person has the ability to dominate decision-making and no undue reliance is placed on any one person.

The board is satisfied that each committee, as a whole, has the necessary knowledge, skills, experience and capacity to execute its duties effectively and with reasonable care and diligence. Each committee has a minimum of three members. While site visits were again limited due to the impact of the Covid-19 pandemic, virtual committee training took place to enhance director skills and development. Members of executive and senior management are invited to attend committee meetings as deemed appropriate and necessary for the effective functioning of the committee.

In FY21, the majority of members of all board committees remained independent non-executive directors. All board committees were chaired by an independent non-executive director, except for the technical committee, chaired by André Wilkens, and the investment committee, chaired by Modise Motloba, both non-independent and non-executive directors. The board remains confident that their leadership as chairs of the technical and investment committees respectively is in the best interests of the company, based on their extensive knowledge of the specific areas of responsibilities of those committees.

Committee meetings

Any director who is not a member of a specific committee is entitled to attend meetings as an observer, but not entitled to participate without the consent of the committee chairperson. Such directors have no vote in meetings and will not be entitled to fees for attendance, unless specifically agreed by the board and provided for in the board fee structure as approved by shareholders. As part of the board induction process, Mr Peter Turner was invited to attend various committee meetings to further acclimate him to the Harmony board.

The board considers recommendations from its committees in matters requiring its approval, but remains responsible for applying its collective mind to the information, opinions, recommendations, reports and statements presented by the committees.

The meeting attendance of each committee member is included under Board and committee attendance on page 140.

Audit and risk committee

Member	Committee tenure
Fikile De Buck (chairperson)*	15 years
John Wetton	10 years
Karabo Nondumo	8 years
Dr Simo Lushaba	19 years
Given Sibiya	2 years

* *Appointed as chairperson on 10 May 2018.*

Primary functions

- Monitors operation of an adequate system of internal control and control processes
- Monitors preparation of accurate financial reporting and statements in compliance with all applicable legal and corporate governance requirements and accounting standards
- Monitors risk management, ensures significant risks identified are appropriately addressed and supports the board in overall governance of risk.

Key activities and actions in FY21

For detail on actions in FY21, refer to the Audit and risk committee: chairperson's report.

Social and ethics committee

Member	Committee tenure
Dr Simo Lushaba (chairperson)*	3 years
Modise Motloba	16 years
John Wetton	10 years
Mavuso Msimang	10 years
Joaquim Chissano	15 years
Fikile De Buck	15 years
Max Sisulu**	2 years

* *Appointed as chairperson on 10 May 2018.*
** *Resigned as member and director on 30 September 2020.*

Primary functions

- Oversees policy and strategies on occupational health and employee wellbeing, environmental management, corporate social responsibility, human resources, public safety and ethics management
- Monitors implementation of policies and strategies by executives and their management teams for each discipline noted above
- Assesses Harmony's compliance against relevant regulations
- Reviews material issues in each of the above disciplines to evaluate their relevance in the reporting period, and to identify additional material issues that warrant reporting, including sustainability-related key performance indicators and levels of assurance.

Key activities and actions in FY21

- Reviewed and recommended the social and ethics committee report to be included in the integrated annual report
- Reviewed and considered the social, economic, human capital, environmental, health and safety issues affecting the company's business and stakeholders
- Reviewed and considered the effect of the company's operations on the economic, social and environmental wellbeing of communities, as well as significant risks within the ambit of its responsibilities
- Considered its oversight role in terms of ESG and monitored ESG risks and opportunities
- Approved material elements of sustainability reporting and key performance indicators that were externally assured
- Considered and monitored the company's internal and external stakeholder relations
- Considered and approved Harmony's health and safety policy
- Considered and approved its employment equity policy
- Considered and approved the company's preferential procurement policy
- Considered and approved the group environmental policy
- Considered and approved its ethics management strategy and plan
- Considered the governance of ethics and ethical leadership
- Reviewed and recommended the group behavioural code and code of conduct to the board for approval
- Reviewed and recommended the committee's terms of reference to the board for approval
- Considered and reviewed the impact of Covid-19.

See Social and ethics committee: chairperson's report.

Remuneration committee

Member	Committee tenure
Vishnu Pillay (chairperson)*	4 years
Fikile De Buck	11 years
John Wetton	10 years
Dr Simo Lushaba	16 years
André Wilkens	14 years

* *Appointed as chairperson on 11 May 2017.*

Primary functions

- Ensures directors and executive management are fairly rewarded for their contribution to Harmony's performance
- Assists the board in monitoring, reviewing and approving Harmony's compensation policies and practices, and administration of its share incentive schemes
- Operates as an independent overseer of the group remuneration policy and makes recommendations to the board for final approval.

Key activities and actions in FY21

For detail on actions in FY21, refer to the Remuneration committee: chairperson's report.

- Reviewed benefits and remuneration principles for Harmony executive management
- Received and discussed a summary of the suite of Harmony executive management incentive schemes to obtain a holistic view
- Reviewed and recommended the committee's terms of reference to the board for approval
- Reviewed and recommended the company's incentive plan policy to the board for approval
- Reviewed the company's overall retention strategy and policy based on global trends on staff retention
- Considered and recommended the remuneration policy and implementation report to the board for inclusion in the notice of annual general meeting for consideration by shareholders as non-binding advisory resolutions (see Remuneration report)
- Reviewed executive directors and executive management's remuneration benchmarks and recommended their annual salary increases to the board for approval (see Remuneration report)
- Reviewed the annual salary increases of the company secretary and chief audit executive
- Reviewed non-executive director fees with the assistance of an independent service provider
- Considered and reviewed the impact of Covid-19 on the remuneration of employees
- Considered and recommended the company's total incentive plan balanced scorecard for FY22 for board approval.

Nomination committee

Member	Committee tenure
Dr Mavuso Msimang (chairperson)*	9 years
Dr Patrice Motsepe	18 years
Modise Motloba	11 years
Fikile De Buck	11 years
Vishnu Pillay	2 year

* *Appointed as chairperson on 10 May 2018.*

Primary functions

- Ensures procedures governing board appointments are formal and transparent
- Makes recommendations to the board on all new board appointments
- Reviews succession planning for directors and other members of the executive team and oversees the board's self-assessment process.

Key activities and actions in FY21

- Reviewed succession planning for directors and other members of the executive team and oversaw the board's self-assessment process
- Reviewed and recommended for re-election directors who retire by rotation in terms of the company's memorandum of incorporation
- Reviewed and made recommendations on the composition, structure and size of the board and its committees, in line with the board's policy on gender and race diversity
- Considered the positions of the chairman and deputy chairperson of the board and lead independent director and made recommendations to the board
- Reviewed and recommended the independence of non-executive directors (especially independent non-executives serving on the board for longer than nine years)
- Reviewed and recommended immediate and long-term succession plans for the board, chairman of the board, chief executive officer, executive management and the group company secretary
- Considered the programme in place for the professional development of directors and regular briefings on legal and corporate governance developments, risks and changes in the external operating environment of the organisation
- Considered and applied the policy on the promotion of broader diversity at board level, specifically focusing on the promotion attributes of gender, race, culture, age, field of knowledge, skills and experience on the appointment of Peter Turner who's extensive experience will make a significant contribution to the technical expertise required for the safety initiatives, development and growth of the Company.

Investment committee

Member	Committee tenure
Modise Motloba (chairperson)*	3 years
Dr Simo Lushaba	17 years
John Wetton	10 years
Karabo Nondumo	8 years
Ken Dicks**	12 years
Vishnu Pillay	8 years
André Wilkens	14 years
Grathel Motau***	1 year
Joaquim Chissano	2 years
Peter Turner^	<1 year

* *Appointed as chairperson on 10 May 2018.*
** *Resigned as member and director on 30 September 2020.*
*** *Resigned as member and director on 18 December 2020.*
^ *Appointed as member on 7 May 2021.*

Primary functions

- Considers projects, acquisitions and disposals in line with Harmony's strategy and ensures due diligence procedures are followed
- Conducts other investment-related functions designated by the board.

Key activities and actions in FY21

- Considered investments, proposals, projects and proposed acquisitions in line with the board's approved strategy and delegation of authority as well as the committee's terms of reference
- Considered the company's exploration expenditure
- Reviewed and recommended the budget and business plans for FY22
- Reviewed and recommended the committee's terms of reference to the board for approval
- Considered and reviewed the impact of Covid-19
- Post-investment monitoring of recent acquisitions (Mponeng and Mine Waste Solutions).

Technical committee

Member	Committee tenure
André Wilkens (chairperson)*	13 years
Ken Dicks**	12 years
Karabo Nondumo	6 years
Vishnu Pillay	8 years
Modise Motloba	2 years
Peter Turner^	<1 year

* *Appointed as chairperson on 22 January 2008.*
** *Resigned as member and director on 30 September 2020.*
^ *Appointed as member on 19 February 2021.*

Primary functions

- Provides a platform to discuss strategy, performance against targets, operational results, projects and safety
- Informs the board of key developments, progress against objectives and challenges facing operations
- Reviews strategic plans before recommending to the board for approval
- Provides technical guidance and support to management.

Key activities and actions in FY21

- Monitored safety across all operations
- Monitored exploration and ore reserves in South Africa and Papua New Guinea
- Monitored all South African and Papua New Guinean operations
- Considered and approved the company's health and safety policy
- Evaluated and considered Harmony's risks, and measures taken to mitigate those risks
- Reviewed and recommended to the board the company's annual budget and business plans for FY22
- Considered investments, proposals, projects and proposed acquisitions from a technical viewpoint
- Reviewed and recommended the committee's terms of reference to the board for approval
- Considered and reviewed the impact of Covid-19.

REMUNERATION REPORT

" We believe the constructive manner in which engagements were undertaken, and the leadership displayed by all parties, underscores that this agreement is in the best interests of our people and the long-term sustainability of Harmony."

DEAR SHAREHOLDER

I am pleased to submit the remuneration report as part of Harmony's Integrated annual reporting suite for 2021. To ensure superior performance and that our business objectives are responsibly met, it is imperative that employees and directors of the company are fairly and responsibly rewarded and that our remuneration practices and incentives are aligned to the interests of all stakeholders.

The remuneration committee plays an important role in ensuring fair, equitable and responsible remuneration practices. We continue to make significant progress in reflecting company performance and the critical issues of a living wage, diversity and pay equality in our remuneration policies.

In addition to these principled foundations, our remuneration policy supports our business strategy by rewarding:

- The creation of shareholder value in absolute terms and relative to appropriate comparators through organic growth and efficiency as well as the effective integration of acquired operations. The diversification of risk provided by our acquisitions also contributes to the sustainable delivery of shareholder value (total incentive performance measures, minimum shareholding requirement and delivery of deferred shares vesting over five years)
- Financial and operational excellence (total incentive performance measures)
- Sustainability – by focusing on safety outcomes as well as overall ESG excellence as measured by continued inclusion in the FTSE4Good index. The proposed changes to the share plan rule for no-fault terminations will also ensure that executives are encouraged to focus on sustainability and succession as they will retain their exposure to the share price for several years following their service to the company (total incentive performance conditions and proposed amendment to deferred share plan (DSP) rules)
- Mitigating the risk of adverse events that could materially harm the company and its stakeholders (malus and clawback policy).

This has been a challenging year in the context of the Covid-19 pandemic and concomitant constraints and safeguards that have been implemented. Despite these headwinds, the company has delivered sound results and continued its growth strategy.

Safe production – our number one priority in everything we do

The remuneration committee mourns and acknowledges the tragic loss of 11 employees at our South African operations in FY21.

Safe production remains our first priority. We continue to follow an integrated risk management approach, which includes safety training, awareness campaigns, safety days at each operation and equipping our employees with the necessary skills to identify hazards and act safely. Safe production is a responsibility that we take very seriously. Every person has the right to withdraw from an unsafe area and employees are encouraged to report unsafe working conditions. With each accident, a thorough investigation is conducted and lessons learnt are shared throughout the company. Employees are held accountable for not complying with safety regulations. Initiatives to improve safety cannot, however, focus solely on discipline and training. They also include mining practice and the use of monitoring technology. The desired safety outcomes are therefore pivotal and reinforced in our remuneration policy. For more on our safety performance, see **Safety and health**.

Safety carries a weighting of 15% of the total score on the balanced scorecard. There were eight fatal incidents over a three-year average compared to an actual of 11 for the year. This results in only 40% of the lost-time injury frequency rate (LTIFR) final outcome being awarded for FY21, and this is applied at the discretion of the remuneration committee after due consideration.

The industry and national context

Despite the multiple challenges presented by increasing mining depth, rising costs and a volatile Rand gold price, the commodity price boom has enabled mining companies to return to profitability, resume dividend payments and focus on organic growth.

We remain committed to paying a living wage to our employees and believe that we do. For a detailed account of the remuneration packages of Harmony's entry-level employees (category 4-8 employees), please refer to page 153.

The impact of Covid-19

The challenges presented by Covid-19 have remained with us throughout FY21. The board pays tribute to all employees, particularly the teams at our operations, for their continued focus on minimising the risk of infection and for the way they have stepped up to support each other and their communities in this testing time. We are truly grateful to them all. Despite the disruption of Covid-19, the South African operations achieved 100% of their planned production targets during the financial year. Refer to **Harmony's response to Covid-19**.

Harmony's social responsibility

Social equality remains a top priority with the focus on paying living wages to entry-level workers. Managing the wage gap that will address workers' most pressing basic financial concerns calls for innovative thinking at all levels and by all role players.

We are pleased to confirm that Harmony pays all category 4 employees at least three times more than the 2021 living wage of R7 483 per month, based on the 2018 living wage determined by Trading Economics [1], escalated by CPI inflation for low-income earners (4.2% in 2019, 3.9% in 2020 and 5.2% in 2021).

We continually strive to enhance the lives of our employees by improving living conditions, access to social services, healthcare, education and training. See **Caring for our workforce**.

[1] *https://tradingeconomics.com/south-africa/living-wage-individual.*

Fair and responsible pay

Remunerating executives fairly and holding them accountable for the success of the business is in the interests of all stakeholders, including employees, the broader community, and our business partners and suppliers.

We remunerate fairly and responsibly by ensuring that our remuneration is market-related and in line with the performance of the company. We also ensure our minimum remuneration compares favourably with the South African living wage, and that the measurement of the pay gap between the lowest and highest employment levels is monitored, as discussed below.

In FY21, an average increase of 4.5% in guaranteed remuneration packages for non-bargaining-unit employees and 7.8% for bargaining-unit employees was approved. The Palma Income ratio has been selected to enable the committee to track the income dispersion between high and low-income earners more efficiently. The Palma Income ratio is calculated by comparing the average income of the top 10% of earners compared to the average of the lowest 40% earners at Harmony South Africa. Harmony's Palma Income ratio was 5.8 in 2021 compared to 5.3[2] in 2020, 5.5 in 2019 and 5.7 in 2018. According to the Inequality Trends in South Africa report released by Stats SA in 2019, the South African national Palma Income Ratio in 2006 was 34.4, which reduced to 31.6 in 2015.

[2] *Adjusted to remove the short-term impact of the Covid-19 pandemic.*

Growth strategy

Over the past three years, Harmony has added gold ounces per annum by acquiring Moab Khotsong, reinvesting in Hidden Valley, Papua New Guinea, and the FY21 acquisition of Mponeng and related assets. We have demonstrated our ability to increase the life-of-mine we operate in South Africa and Papua New Guinea – sustaining communities around our mining operations, preserving jobs and further unlocking value for shareholders via increased grades and stronger margins through our growth strategy. The successful integration of Mponeng and related assets in the review period is a further significant achievement in this regard. The Unisel closure and transfer of employees to other group operations also enhanced efficiencies without contributing to current unemployment rates in South Africa.

2021 wage negotiations

In July 2021, we began wage negotiations for the next three-year cycle (to June 2024). For the first time, Harmony negotiated directly with unions (outside the traditional collective bargaining forum for our industry). On 16 September 2021, the three-year wage agreement was signed by all representative unions, backdated to 1 July 2021 and effective to 30 June 2024. In addition to basic wage increases, the agreement included a housing allowance for eligible employees and improved employee benefits. We believe the constructive manner in which engagements were undertaken, and the leadership displayed by all parties, underscores that this agreement is in the best interests of our people and the long-term sustainability of Harmony. For more information, see **Caring for our workforce**.

Gender and racial equality

Harmony's policy is to remunerate based on an individual's ability, skills and knowledge. Men and women, irrespective of race or any other arbitrary reason, are paid equally for equivalent roles. The number of women in our workforce remains low and Harmony is systematically addressing this discrepancy, with better progress specifically at senior management level. The potential to increase female representation lies in technical fields, both operational and underground. For details on gender distribution and transformation, refer to **Caring for our workforce**.

King IV principles

The remuneration committee continues to compare local and global remuneration trends with our remuneration strategy. At the 2020 annual general meeting, the non-binding advisory vote on the remuneration policy was supported by 97.4% of the votes exercised on the resolution. Considering that 83.5% of the total issued shares of the company were voted for the resolution, the remuneration committee is satisfied with shareholders' support of this very important aspect of the business.

The committee is also satisfied that the remuneration policy has achieved its stated objectives for the year. For more on the committee and its activities in FY21, see the section on **board committees**.

No member of the committee has a personal interest in the outcome of decisions made in the review period, and four of its five members are independent non-executive directors. The chairman of the board is not a member of the committee.

Change to the remuneration policy for FY22

The provision for no-fault terminations for deferred shares awarded in terms of the total incentive plan has been updated, as detailed in the remuneration policy section.

Use of consultants and their independence

During the year, we employed the services of 21st Century Pay Solutions, RemChannel (Old Mutual) and Bowmans for advice on remuneration matters. The committee is satisfied that their advice was independent and objective.

Statement on effectiveness of policy

We are satisfied that our policy has generally achieved its objectives, although we are not satisfied with our safety performance. We remain confident that the total incentive plan will further enhance our company performance, deliver returns to shareholders and support our growth objectives.

In closing

We value our shareholders' comments and, as always, invite you to engage with the company through the office of the company secretary (companysecretariat@harmony.co.za). I remain grateful to the board, remuneration committee members and executive directors for their support and commitment in FY21.

Vishnu Pillay
Chairperson: remuneration committee

28 October 2021

PART 1: REMUNERATION POLICY

Harmony's reward strategy underpins our business strategy of safely producing profitable ounces, increasing our margins and expanding our reserves and resources through organic growth and acquisitions. Over the past four years, Harmony has added gold ounces per annum by acquiring Moab Khotsong, reinvesting in Hidden Valley, Papua New Guinea, and acquiring Mponeng and related assets (effective October 2020).

To sustain this growth, we rely on experienced, skilled teams who live our values and maintain stakeholder relationships to grow profits safely and support a sustainable company.

Our remuneration policy has been designed with our business strategy in mind – to attract and retain these experienced, skilled teams, and to motivate them to achieve our key business goals. To ensure this happens, we need to be certain that all elements of our remuneration and wider reward offerings are aligned, fair and competitive. In determining remuneration, the remuneration committee considers shareholders' interests as well as the financial health and future of the company.

Gender and race equality

Harmony's remuneration policy is to remunerate based on an individual's ability, skills and knowledge. Men and women, irrespective of their race or any other arbitrary factor, are paid equally for equivalent roles.

Fair and responsible pay

Harmony is committed to the concept of a living wage, which is based on the philosophy of fair and responsible pay. It embodies our initiatives to enhance the lives of our employees by enabling them to improve their living conditions, and to have better access to social services, healthcare, education and training.

For more information, refer to **Caring for our workforce**.

Total incentive plan

The total incentive is determined every year on the following basis:

TOTAL INCENTIVE (R)	=	Guaranteed pay (R)	×	Participation factor (%)	×	Balanced scorecard result (%)

The balanced scorecard result includes a number of key short and long-term company performance measures (to be measured over trailing three and one-year periods). The measures are reviewed and defined annually with appropriate weightings. The scorecard for FY22 is detailed on page 148.

A portion of the total incentive is paid immediately in cash and the balance is settled by means of deferred shares, which will vest at a rate of 20% per annum over the next five years for executive directors and prescribed officers, and 33% per annum over the next three years for management.

In the event of fault termination of employment, including resignation and termination for disciplinary reasons, all unvested deferred shares are forfeited.

Shareholders will be requested to approve a change in the provision for no-fault terminations at the annual general meeting to provide that the awards do not vest early, on a time-prorated basis, on termination of employment but will continue in force to vest on the original vesting dates. This update will ensure that executives who leave the company in good standing, for example due to retirement, will continue to be exposed to the company share price for the remainder of the vesting periods of unvested awards. It will encourage and reward their focus on sustainability and succession during their tenure. The remuneration committee believes this provides continued exposure to the company's performance, which is now preferred by shareholders in terms of the emerging practice of post-termination shareholding, as well as providing a fair outcome for our employees who have provided loyal service to the company for as long as they are able. This approach is also aligned to market practice for deferred bonus awards, in contrast to that applied to performance share awards with forward-looking performance conditions.

Each element of the total incentive plan is described below.

<table>
<tr><th colspan="2">Element</th><th colspan="2">Description</th></tr>
<tr><td colspan="2">Guaranteed pay</td><td colspan="2">Guaranteed pay excludes short-and long-term incentives. To compete effectively for skills in a challenging employment market, we identify the target market to use in benchmarking guaranteed pay. This target market includes organisations or companies that employ similar skills sets to those we require. Comparisons are made predominantly within the South African mining sector to ensure that Harmony remains competitive. The median of the target market is used as the basis of our pay ranges. This same philosophy is applied to our south-east Asia operations.</td></tr>
<tr><td colspan="2" rowspan="3">Participation factor</td><td>Employee</td><td>% guaranteed pay</td></tr>
<tr><td>Chief executive officer</td><td>250%</td></tr>
<tr><td>Financial director, other executive directors and prescribed officers</td><td>230%</td></tr>
<tr><td rowspan="5">Balanced scorecard result</td><td rowspan="4">Cash portion of total incentive (40%)</td><td>A portion of the total incentive is settled in cash immediately when the balanced scorecard results for the financial year have been determined and approved by the board</td><td></td></tr>
<tr><td>Cash portion (balance settled in deferred shares)</td><td>% of incentive</td></tr>
<tr><td>Chief executive officer</td><td>40%</td></tr>
<tr><td>Financial director, other executive directors and prescribed officers</td><td>40%</td></tr>
<tr><td>Deferred share portion of total incentive (60%)</td><td colspan="2">The balance of the total incentive is settled in deferred shares, vesting at a rate of 20% per annum over the next five years for executive directors and prescribed officers, and 33% per annum over the next three years for management.</td></tr>
</table>

FY22 balanced scorecard

	Scorecard component	Group (%)	South Africa operations (%)	South-east Asia operations (%)
Shareholder value	Total shareholder return (absolute)	8.34	6.67	6.67
	Total shareholder return (relative to South African gold-mining comparators)	8.33	6.67	6.67
	Total shareholder return (relative to FTSE Gold Mines Index)	8.33	6.66	6.66
Financial and operational	Production	20.00	35.00	35.00
	Total production cost (South Africa operations)	12.00	20.00	–
	All-in sustaining cost per kilogram (south-east Asia operations)	3.00	–	20.00
	Free cash flow	10.00	–	–
Growth	Development	–	10.00	10.00
	Additions to mineral reserves	10.00	–	–
	Project execution (for future measurement)	–	–	–
Sustainability	Safety performance: Lost-time injury frequency rate (LTIFR)	15.00	15.00	15.00
	Environmental, Social and Governance (ESG)	5.00	–	–
Total		**100**	**100**	**100**

The balanced scorecard will be applied to eligible employees as follows:

- **Group:** Prescribed officers, executives in the office of the CEO and all off-shaft services operational managers (South Africa)
- **South Africa operations:** Operational executive managers and all on-shaft operational managers
- **South-east Asia operations:** Operational executive managers and all operational managers.

For each of these performance measures, 60% of the maximum weighting is scored for target performance and 100% of the maximum weighting is only reflected for meeting the stretch performance objective for that measure.

Details of the FY21 balanced scorecard for the total incentive and actual performance outcomes are disclosed in the remuneration implementation section (part 2).

Scorecard components

Total shareholder return

Shareholder value is measured as total shareholder return (TSR) over a trailing three-year period (measurements are generally taken at the end of August). It comprises two components:

- Absolute performance over the measurement period, compared to the company's cost of equity (COE), taking into account the growth in the company's share price and the value of dividend paid
- Relative performance of the company versus South African gold-mining comparators and FTSE Gold Mines Index over the measurement period:
  - The threshold, target and stretch performance criteria for TSR are set out below:

	Scorecard component	Principle	Threshold 40%	Target 60%	Stretch 100%
Shareholder value	TSR (absolute)	To be measured over a three-year period	COE + 0% per year	COE + 3% per year	COE + 6% per year
	TSR (relative)	To be measured over a three-year period relative to South African gold-mining comparators	On index	Index plus 10%	Index plus 20%
	TSR (relative)	To be measured over a three-year period relative to the FTSE Gold Mines Index	On index	Index plus 10%	Index plus 20%

Financial and operational performance

Financial and operational performance comprises gold production and cost management for the financial year measured against the board-approved business plan.

- Production
  - Total gold production against board-approved business plan for the year
- Total production cost (South Africa)
  - Total cash operating cost and total capital expenditure for the year
- All-in sustaining cost per kilogram (south-east Asia (SEA))
  - To calculate all-in sustaining costs, operating cost is used as a base and all costs related to sustaining production are incorporated. This includes all sustaining capital expenditure, deferred stripping, overhead costs associated with corporate office structures and services that support operations, local economic development cost and net rehabilitation costs. It excludes the non-cash share-based payment charge. To arrive at the all-in sustaining cost per unit, the sum of these cost metrics is divided by the kilograms of gold sold
- Free cash flow
  - Cash flow generated by operations adjusted for exploration capital, dividends and the effect of commodity price and exchange rate changes in excess of 10% (higher or lower).

The threshold, target and stretch performance criteria are set out below:

	Scorecard component	Principle	Threshold 40%	Target 60%	Stretch 100%
Financial and operational	Production	To be measured against board-approved plan	(5)%	Plan	5%
	Total production cost (SA) and all-in sustaining costs (SEA) per kilogram	To be measured against board-approved plan	(5)%	Plan	5%
	Free cash flow	To be measured against board-approved plan	(30)%	Plan	30%

Growth

Growth comprises three areas:

- Development
  - Development is measured against the board-approved business plan of ongoing capital development — the development of reef and waste metres (South Africa) and waste tonnes (south-east Asia) for the financial year.
- Addition to mineral reserves
  - Addition to mineral reserves through acquisitions and major capital projects is calculated for the financial year.
- Project execution.

The threshold, target and stretch performance criteria are set out below:

	Scorecard component	Principle	Threshold 40%	Target 60%	Stretch 100%
Growth	Development	To be measured against board-approved plan as a leading indicator of medium to long-term sustainability	(5)%	Plan	5%
	Addition to mineral reserves	Will measure ore reserve addition on a year-on-year pre-depletion basis excluding asset sales	+1Moz	+1.5Moz	+2Moz
	Project execution	For future measurement			

Sustainability

Sustainability comprises two components:

- Safety performance: LTIFR
  – LTIFR will be measured against the board-approved plan
- ESG
  – ESG will be measured on the basis of continued inclusion in the FTSE4Good Index as verified by FTSE Russell.

The threshold, target and stretch performance criteria are set out below:

	Scorecard component	Principle	Threshold 40%	Target 60%	Stretch 100%
Growth	LTIFR	To be measured against board-approved plan	(5)%	Plan	5%
	ESG	To be measured on the basis of continued inclusion in the FTSE4Good Index as verified by FTSE Russell	Yes		No
			5%		N/a

Minimum shareholding requirement

We have encouraged executive directors and prescribed officers to retain performance shares when they vest and a minimum shareholding requirement (MSR) was again confirmed in the new total incentive plan to achieve this. The requirement provides that:

- 50% of the shares that will vest to an executive director or prescribed officer will, immediately prior to the applicable vesting date, be automatically locked up on the terms and in accordance with the MSR
- The lock-up will apply for as long as the relevant target MSR applicable to the executive director or prescribed officer has not been met
- An executive director or prescribed officer may elect to voluntarily lock-up shares that vest in terms of the 2006 share plan to meet their target MSR
- Once the relevant target MSR has been met, any deferred shares that subsequently vest in and are settled to an executive director or prescribed officer will vest and be settled in accordance with the terms of the deferred share plan
- An executive director or prescribed officer may elect to voluntarily lock-up shares that vest in terms of the 2006 share plan or deferred share plan even if it results in locked-up shares exceeding the target MSR – if the locked-up shares exceed the target MSR, the excess shares will remain in lock-up until the next vesting date (in terms of any relevant Harmony share incentive plans applicable at the time) at which point the excess shares will be released from lock-up and settled in accordance with the terms of the deferred share plan
- An executive director or prescribed officer must communicate their election to voluntarily lock-up their shares that vest in terms of the 2006 share plan or deferred share plan before the relevant vesting date.

The minimum shareholding requirement will continue to apply to an executive director or prescribed officer as long as they remain an executive director or prescribed officer.

If an executive director or prescribed officer ceases to be employed by the group for any reason, their locked-up shares will be released from the lock-up on the date of terminating employment.

Target MSR

The target MSR is the relevant target minimum shareholding value (expressed in South African Rand) that is required to be held by an executive director or prescribed officer from time to time pursuant to this MSR being a minimum of 100% of their respective cost to company.

Measurement of target MSR

Each tranche of locked-up shares will be deemed to have a value for the purposes of determining whether the target MSR has been met, equal to the one-day volume-weighted average price (VWAP) of a share in South African Rand (ZAR) at the date of such lock-up, multiplied by the number of shares to be locked up in such tranche. This value will be increased yearly by the applicable consumer price index (CPI) rate for the year.

Any locked-up shares in terms of the 2006 Harmony share plan MSR will remain locked-up and will be taken into account for purposes of determining whether the target MSR has been met.

Trading restriction

Appropriate entries in the relevant registers will be made to record that all the executive director or prescribed officer's shares, which are subject to the lock-up, will be noted by the relevant central securities depository participant in terms of section 39 of the Financial Markets Act and the appropriate flag placed on the relevant securities account.

Voting and dividends

An executive director or prescribed officer will, in respect of vested shares that are subject to the lock-up:

- Exercise all voting rights in respect of such shares
- Receive all distributions payable in respect of such shares.

Application to foreign prescribed officer

The target MSR of the foreign prescribed officer will be determined on the date on which this MSR is adopted or first applies to the foreign prescribed officer (whichever occurs first). In calculating the target MSR of the foreign prescribed officer, the company will use the cost to company (in ZAR) of the chief operating officer: South Africa operations.

The ZAR value of any shares that are to be locked up (in terms of this MSR) will be determined on the applicable vesting date with reference to the share price on that date.

To determine whether the target MSR has been satisfied, the pre-tax value of the locked-up shares will be taken into account.

Deferred share plan limit

The overall limit for deferred shares, issued under the 2018 deferred share plan, is 5% of the shares in issue at the time the plan was approved, amounting to 25 000 000 shares. The individual limit is 0.6%, amounting to 3 000 000 shares. To date, 1 364 307 shares have been issued.

Harmony ESOP Trust (IT001237/2018(G))

At the special general meeting on 1 February 2018, shareholders approved the issue of 6.7 million authorised but unissued ordinary shares to the new Harmony ESOP Trust, commonly referred to as the Sisonke Trust. The scheme covers all employees in non-managerial categories.

In terms of the allocation criteria in the trust deed, each eligible employee who qualified as an employee beneficiary on the formation of the trust, or within six months afterwards, received 225 ESOP units which are directly attributable to 225 ESOP Trust shares. After that, ESOP units are allocated on a pro rata basis depending on the period such persons join/qualify as eligible employees.

The scheme will end after the three-year lock-in period on 15 January 2022. Dividends distributed in respect of the ESOP Trust shares prior to the expiry of the three-year lock-in period, which are attributable to allocated ESOP units, will immediately vest in the employee beneficiaries' hands. However, the dividends will be held by the ESOP Trust trustees on behalf of the employee beneficiaries and then be distributed (less any relevant taxes, including dividend withholding tax) to such employee beneficiaries either on their termination of employment (if the employee beneficiary ceases to remain in the employ of Harmony prior to the expiry of the ESOP Trust lock-in period) or on the expiry of the ESOP Trust lock-in period.

The ESOP will end during FY22 and the benefits due to participants will be settled based on the dividends received and share price up to the end of the above lock-in period. A new ESOP is planned for implementation and details will be communicated to employees and shareholders in due course.

A cash-settled version of the ESOP will be implemented for employees transferred to Harmony after its acquisition of Mponeng and related assets effective 1 October 2020, and any future permanent employees employed by Harmony, specifically including for purposes of rendering services at, and/or servicing, Mponeng and related assets. The allocation of units will provide the same economic benefits to these employees as those under the current Harmony ESOP Trust, including the equivalent settlement value of the related shares at the end of the lock-in period and associated dividends from the effective award date until the end of the lock-in period. The cash-settled unit will not represent rights to the underlying shares nor permit voting rights.

In total, there are around 6 500 employees and, at a share price of R46.43 (Thursday, 23 September 2021 close), the scheme equates to a total value of R28.4 million (excluding any dividend payments).

Pay mix for prescribed officers

The tables below illustrate the pay mix for prescribed officers, based on achieving minimum, on-target and stretch performance. The composition of total remuneration outcomes for FY21 and FY22 is illustrated below.

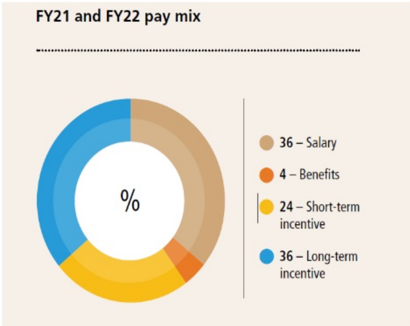
Each component includes:

- **Fixed earning:** Basic pay, service increment, 13th cheque, living-out allowance
- **Variable income:** Average overtime, shift allowance, average bonus, meal allowance, unemployment insurance fund/skills development levy, insurance benefit
- **Company benefits:** Employer provident/pension fund and medical aid.

Chief executive officer

FY21 and FY22 pay mix

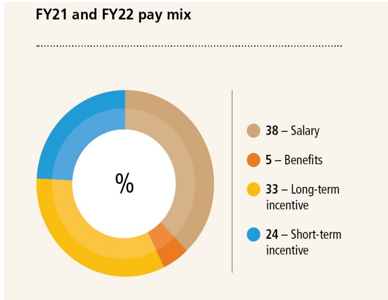
	Minimum (%)	On-target (%)	Stretch (%)
Salary benefits	86	89	89
Retirement savings and contributions	14	11	11
Guaranteed pay	**100**	**100**	**100**
Short-term incentive	10	60	100
Long-term incentive	90	90	150
Total remuneration	**200**	**250**	**350**



Other executives (Financial director, other executive directors and prescribed officers)

FY21 and FY22 pay mix

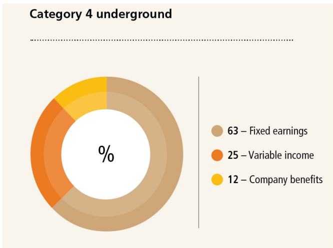
	Minimum (%)	On-target (%)	Stretch (%)
Salary benefits	91	89	89
Retirement savings and contributions	9	11	11
Guaranteed pay	**100**	**100**	**100**
Short-term incentive	14	55	92
Long-term incentive	86	78	130
Total remuneration	**200**	**233**	**322**

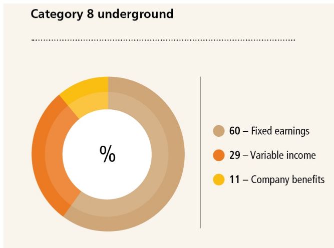


Average monthly wages and benefits

FY20 policy

Total remuneration	Category 4 (%)	Category 8 (%)
Fixed earnings	63	60
Company benefits	12	11
Guaranteed pay	**75**	**71**
Variable pay	25	29
Total remuneration	**100**	**100**





Non-executive director fees

Market comparisons, the fiduciary risks carried by non-executive directors, their workload, time commitments, expertise and preparation expected of each non-executive director role are considered when reviewing our non-executive director fees. Harmony's philosophy on remunerating non-executive directors is to ensure that they are fairly rewarded for their contribution to the company's governance. Non-executive directors' fees are reviewed annually and compared to the market median of companies of comparable size and complexity to ensure they remain fair and competitive.

The benchmarking exercise in September 2019 indicated that fees for certain roles were significantly below the applicable market median and a three-year process of adjustment to market was initiated. This process was paused in 2020 due to the Covid-19 pandemic and an inflationary increase implemented for all roles, but is proposed to resume in 2021 and 2022, subject to shareholder approval. An increase of 5% is proposed in FY22 for non-executive director fees that are already in line with the market. This is consistent with executive increases. Additional increases are proposed for roles that are below market to align them with the market median over a two-year period.

In line with the recommendations of King IV, our non-executive directors are paid a retainer for board meetings and attendance fee for every board meeting attended. Non-executive directors also receive a retainer for serving on a committee. In addition, a per-day ad hoc fee is paid for site visits, special meetings or attending to company business. This fee is reduced commensurately to reflect time actually spent in this regard which is shorter than a full day.

Non-executive directors do not receive share options or other incentive awards correlated with the share price or group performance, as these may impair their ability to provide impartial oversight and advice. The proposed fees for FY22 are set out in the **notice of annual general meeting** in our **Report to shareholders 2021.**

Performance of management

The personal performance of employees will not be taken into account in determining the total incentive plan outcome. Harmony follows a team-based balanced scorecard approach in determining incentive awards. All management employees are assessed every year against set key performance indicators which are used to guide the development and promotion of such employees. For more information on assessing the performance of the CEO, please refer to **Corporate governance**.

Contracts, severance and termination

Executive directors and executive managers have employment contracts with Harmony that include notice periods of up to 90 days. There are no balloon payments on termination, automatic entitlement to bonuses or automatic entitlement to share-based payments other than in terms of the company's approved share incentive plans.

Malus and clawback

Malus is the forfeiture of a variable pay award before it vests or is settled, and clawback refers to a requirement to repay some or all of an award after it has vested or is settled.

The remuneration committee has the discretion to determine that a prescribed officer or executive manager's total share plan award is subject to reduction, forfeiture or clawback (in whole or in part) if:

- There is reasonable evidence of misbehaviour or material error by a prescribed officer or executive manager
- The financial performance of the group, company, employer company or relevant business unit for any financial year, used to determine an award, have subsequently appeared to be materially inaccurate
- The group, company, employer company or relevant business unit suffers a material downturn in its financial performance for which the prescribed officer or executive manager can be seen to have some liability
- The group, company, employer company or relevant business unit suffers a material failure of risk management for which the prescribed officer or executive manager can be seen to have some liability or in any other circumstances if the remuneration committee determines that it is reasonable to subject the awards of one or more prescribed officers or executive managers to reduction or forfeiture.

Procedures to impose any malus or clawback provisions must be initiated within three years of the award. To eliminate doubt, the provisions of this malus and clawback policy do not detract from any other legal rights or measures the company has as recourse for acts of fraud, wrongdoing and/or negligence by its prescribed officers or executive management.

Non-binding advisory votes

Shareholders are requested to cast non-binding advisory votes required by King IV on part 1 and part 2 of this remuneration report. For more information, refer to the **notice of annual general meeting** in our **Report to shareholders 2021**. In the event that either the remuneration policy or the implementation report or both are voted against by 25% or more of the voting rights exercised at the 2021 annual general meeting, the committee will in good faith and with the best reasonable effort engage with its shareholders to ascertain the reasons for dissenting votes and appropriately address legitimate and reasonable objections and concerns raised. This may include amending the remuneration policy or clarifying or adjusting the company's remuneration governance and/or processes.

Shareholder feedback

We maintain open communication channels with our shareholders, listen to feedback and take action where this is deemed to be in the best interests of the company.

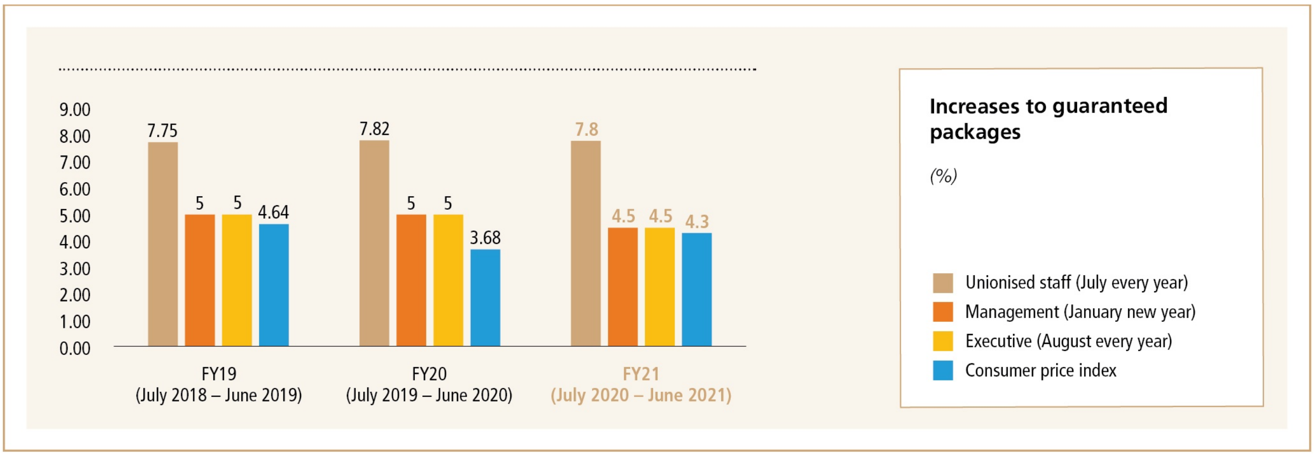
PART 2: REMUNERATION IMPLEMENTATION REPORT ON THE POLICY APPLICABLE IN FY21

This section of the report includes details of the implementation and outcomes of the remuneration policy for FY21. We report on the increase in guaranteed packages, performance outcomes for the total incentive plan and for the 2017 performance shares vesting based on the three-year performance period ending this year.

We have also included disclosure of total single-figure remuneration, the schedule of unvested awards and cash flows for executive directors and prescribed officers in line with the applicable King IV requirements, and with the guidance statement from the Institute of Directors and the South African Reward Association. The remuneration of non-executive directors is disclosed as required by King IV and the Companies Act.

Increases to guaranteed packages during the year

An assessment of executive remuneration was undertaken during the year. Taking into consideration prevailing market conditions, affordability and shareholders' expectations, an average increase of 4.5% to guaranteed remuneration packages of management was made in FY21. The average percentage increases awarded to executives, management and bargaining-unit employees staff in FY19, FY20 and FY21 are illustrated below.



Pay fairness and equality

In FY21, an average increase of 4.5% in guaranteed remuneration packages for management and executives and 7.8% for bargaining-unit employees was approved in the June 2021 wage agreement. Bargaining-unit employees have received above-inflation increases for the past six years. The average total monthly remuneration of our category 4-8 employees is set out below. We continue to focus on fairly remunerating our employees at this level to address the challenges of inequality and poverty.

Grade

	Fixed earnings (R)	Company benefits (R)	Variable income (R)	Total per month (R)
Category 4 underground employee (general worker)	14 755	2 870	5 997	23 622
Category 8 underground employee (team leader)	18 811	3 430	8 862	31 103

Refer to **Caring for our workforce** for more information.

Incentive payments attributable to FY21

Total incentive plan

Actual performance outcomes based on the FY21 balanced scorecard for the period 1 July 2020 to 30 June 2021 is as follows:

FY21 scorecard result for the group

Performance drivers	Description	Target	Actual	% achieved	Qualifies	Weighting	Scorecard line result	Final outcome
Shareholder value	Total shareholder return (TSR)							
	– TSR absolute	56%	142%	141.8%	YES	8.34	100%	8.34%
	– TSR versus JSE Gold Index	10%	(43)%	(42.7)%	NO	8.33	0.0%	0.00%
	– TSR versus FTSE Gold Mines	10%	63%	63.5%	YES	8.33	100.0%	8.33%
Operational and financial	Kilograms total Harmony	48 805	47 755	97.8%	YES	20.0	51.4%	10.28%
	Total production cost (SA)	29 703	30 028	98.9%	YES	12.0	55.6%	6.68%
	AISC (SEA ops) (US$/oz)	1 197	1 217	98.4%	YES	3.0	53.5%	1.61%
	Net free cash flow	4 947	5 990	121.1%	YES	10.0	88.1%	8.81%
Growth	Reserve addition (Moz)		9.286		YES	10.0	100.0%	10.00%
Sustainability	LTIFR total SA ops	6.36	6.46	98.4%	YES	15.0	53.7%	8.06%
	ESG				YES	5.0	100.0%	5.00%
						100.0		67.11%

	FY18	FY19	FY20	Three-year average	FY21	% variation	% of LTIFR awarded
Fatal incidents versus actual	8	11	6	8	11	(38)%	**40.00%**
					Final LTIFR %		**3.22%**
					Final scorecard result		**62.27%**

Discretion to be applied based on the number of fatalities in the financial year

The LTIFR award percentage will be adjusted as follows:

- The actual number of fatalities compared to average fatal incidents over the previous three years:
  - Equal to or better than the average – full LTIFR award
  - Up to 20% above the average – 60% of LTIFR award
  - Between 20% and 40% above the average – 40% of LTIFR award
  - More than 40% above the average – 0% of LTIFR award.

The board, with the assistance of the remuneration committee, has added an additional 5% to the formulaic outcome disclosed above to recognize the salary cuts taken last year and the extraordinary efforts of management to address the uncertainty and challenges of the Covid-19 impact on the business as well as the successful integration of recent acquisitions with minimal disruption.

FY21 total incentive award calculation

TOTAL INCENTIVE (R) = Guaranteed pay (R) × Participation factor (%) × Balanced scorecard result (%)

** Please refer to table on total single-figure remuneration on page 155.*

Executive directors and prescribed officers	Total incentive plan (TIP) FY21 award								
	Cost to company*	Participati on factor	BSC results	TIP value*	% settled in cash	TIP cash value*	% settled in shares	DSP awarded**	Vesting years
PW Steenkamp	10 307	250 %	67.27 %	17 334	40 %	6 933	60 %	222	5
BP Lekubo	6 792	230 %	67.27 %	10 337	40 %	4 134	60 %	132	5
HE Mashego	5 329	230 %	67.27 %	8 245	40 %	3 298	60 %	105	5
B Nel	5 797	230 %	63.59 %	8 479	40 %	3 391	60 %	108	5
VP Tobias	5 797	230 %	67.27 %	8 970	40 %	3 588	60 %	115	5
J van Heerden	7 869	230 %	53.33 %	9 652	40 %	3 860	60 %	123	5
MP van der Walt	5 016	230 %	67.27 %	7 698	40 %	3 079	60 %	98	5

** Figures in R'000*
*** Figures in '000*

Share appreciation rights allocated in November 2014

The 2014 allocation vested in November 2017 and was exercisable in equal thirds on the subsequent anniversaries of the vesting. The 2014 allocation lapsed on 15 November 2020. The value or reward that accrues is based on the positive appreciation of the share price over time.

Performance shares awarded in November 2017

The vesting percentage of performance shares was based on the total shareholder return of the company, comprising two components: absolute and relative performance over the full three-year period.

The performance conditions were measured from 15 November 2017 to 31 October 2020 using a 20-day VWAP at the start and end of the three-year period. The 20-day VWAP at 15 November 2017 was R23.97. The 20-day VWAP at 31 October 2020 was R90.28.

Remuneration of executive directors and prescribed officers

Total single-figure remuneration

Executive director and prescribed officer remuneration, in terms of total single-figure remuneration, as required by King IV and in line with the guideline note issued by the Institute of Directors South Africa and the South African Reward Association, is detailed below.

Remuneration paid for the year ended 30 June 2021

	Salary and benefits	Retirement savings and contributio ns	Total incentive cash portion accrued	Total incentive deferred share portion accrued	Total single figure of remunerati on	Less: amount accrued not settled in FY21	Plus: amount of previous accruals settled in FY21	Total cash remuneration
Executive directors								
PW Steenkamp	8 739 581	1 470 968	6 933 693	10 400 540	27 544 782	(17 334 233)	6 192 246	16 402 795
F Abbott[1]	3 753 261	168 105	—	—	3 921 366	—	3 370 779	7 292 145
BP Lekubo	6 598 189	361 457	4 134 667	6 202 000	17 296 313	(10 336 666)	3 754 244	10 713 891
HE Mashego	4 857 097	630 619	3 298 342	4 947 513	13 733 571	(8 245 856)	2 747 848	8 235 563
Prescribed officers								
B Nel	4 944 590	800 188	3 391 895	5 087 842	14 224 515	(8 479 737)	2 774 704	8 519 482
VP Tobias	5 259 592	677 403	3 588 186	5 382 279	14 907 460	(8 970 466)	3 204 488	9 141 482
MP van der Walt	4 310 067	520 888	3 078 807	4 618 211	12 527 973	(7 697 018)	2 508 905	7 339 860
J van Heerden[2]	7 869 000	287 000	3 860 000	5 791 222	17 807 222	(9 651 222)	3 854 000	12 010 000

[1] *Retired on 30 September 2020.*
[2] *Salary is paid in AU$ and influenced by movement in the exchange rate.*

Non-executive directors' fees

On the recommendation of the remuneration committee, the board proposed an average increase in fees of 4.5% for non-executive directors, which was approved at the annual general meeting in November 2020. Non-executive director fees paid in FY21 are set out below:

Director (R000)	Note	2021[1]	2020[1]
Dr Patrice Motsepe		**1 440**	1 377
Joachim Chissano		**636**	611
Fikile De Buck		**1 382**	1 479
Ken Dicks[2]		**198**	670
Dr Simo Lushaba		**1 160**	1 205
Grathel Motau[3]		**280**	572
Modise Motloba		**1 550**	1 592
Dr Mavuso Msimang		**968**	822
Karabo Nondumo		**923**	852
Vishnu Pillay		**1 130**	1 023
Given Sibiya		**676**	669
Max Sisulu[2]		**107**	382
Peter Turner[4]		**329**	—
John Wetton		**1 084**	1 033
André Wilkens		**986**	933
Total		**12 849**	13 220

Notes
1 *Directors' remuneration excludes value-added tax.*
2 *Resigned on 30 September 2020.*
3 *Resigned on 18 December 2020.*
4 *Appointed on 19 February 2021.*

The fees proposed for FY22 are included in the **notice of the annual general meeting** in our **Report to shareholders 2021**.

Engaging with shareholders

We received positive feedback from shareholders on our remuneration policy and remuneration report, with supporting votes of 97.43% and 98.18% respectively. Despite this support, we continue to engage with our shareholders and proxy voting agencies to enhance our governance and disclosure.

AUDIT AND RISK COMMITTEE: CHAIRPERSON'S REPORT

"The world we live in will keep on changing and it is the highest standards of governance that will continue to steer Harmony as an organisation, as it adapts to these changes"

DEAR SHAREHOLDER

I am pleased to represent the audit and risk committee report for the financial year ended 30 June 2021 (FY21).

This report considers those material matters on which the audit and risk committee (the committee) deliberated during the year. These matters extend beyond just statutory compliance and relate to the committee's role in supporting value creation and delivery on Harmony's strategic objectives.

Introduction

The audit and risk committee is an independent, statutory committee whose members are appointed annually by Harmony's shareholders in compliance with section 94 of the South African Companies Act of 2008, as amended (the Act), and the principles of good governance. In addition to this Act, the committee's duties are guided by the JSE Listings Requirements, the King IV Code on Corporate Governance^{TM}* 2016 (King IV) and its terms of reference. In addition, the board of directors delegates oversight of specific functions to the committee.

Terms of reference

The formal board approved committee terms of reference (available on our corporate website, **www.harmony.co.za**), are reviewed and updated annually (or more frequently if required) by both the committee and the board. The committee is satisfied that it has conducted its affairs and discharged its responsibilities in accordance with its terms of reference.

Composition and function

Members: F De Buck (Chairperson); K Nondumo; Dr S Lushaba; J Wetton; G Sibiya

The committee's diverse perspectives, independence, knowledge and experience enhance our governance structures. As at the date of this report, the committee has five members, all of whom are independent non-executive directors. For further detail on their qualifications, expertise and experience, refer to our website at https://www.harmony.co.za/who-we-are/board.

For further detail on their qualifications, expertise and experience, refer to our website at **https://www.harmony.co.za/who-we-are/board.**

The group chief executive officer and financial director – together with members of the executive team and senior managers representing areas relevant to the discussions at the audit committee, as well as the external auditors, the chief internal audit executive and assurance providers attend meetings either by standing invitation or as and when required.

Refer to **2021 notice of the annual general meeting** in our **Report to Shareholders** for member appointments.

Responsibilities

The committee discharged all of those functions delegated to it in terms of the Act, terms of reference and the JSE Listings Requirements:

- To ensure the integrity of financial statements and related reporting, that they comply with IFRS, the SAICA Financial Reporting Guides and other relevant regulatory bodies stated above and fairly represent the financial position of the group, the company and our operations
- To monitor internal controls, the internal audit function, combined assurance and matters pertaining to the external auditors
- To oversee corporate governance, particularly in relation to legislative and regulatory compliance
- To oversee the management of risk, as well as information technology (IT) governance and cyber security.

The committee believes that it complied with its legal, regulatory and other responsibilities during the past financial year. No major concerns were raised in FY21. For more on the committee and its activities during the year, see **Board committees**.

Reporting

The committee reviewed the following 2021 reports and their related processes:

- Integrated annual report and its related FY21 suite of reports
- Mineral Resource and Mineral Reserve statement
- Annual financial statements and accounting practices
- Annual report filed on Form 20-F with the United States Securities and Exchange Commission.

The committee submits that these reports represent a balanced view of the group's performance for FY21 and recommended them to the board for approval.

Duties discharged in FY21

- Reviewed the company's quarterly and annual financial results
- Ensured it has access to all the financial information of Harmony to allow the company to effectively prepare and report on its financial statements
- Monitored the internal control environment in Harmony and found it to be effective
- Discussed the appropriateness of accounting principles, critical accounting policies, management's judgements, estimates and impairments, all of which were found to be appropriate
- Ensured the appropriate financial reporting procedures, which include consideration of all entities included in the consolidated group IFRS financial statements, have been established and that these procedures are operating
- Considered the JSE's latest report on the proactive monitoring of financial statements
- Considered the appointment of the external auditor, PricewaterhouseCoopers Inc., as the registered independent auditor for the ensuing year
- Considered the suitability, and satisfied itself, of the external audit partner firm following assessment of the information provided by that firm, in terms of paragraph 3.84(g)(iii) and paragraph 22.15(h) of the JSE Listings Requirements, to determine the suitability of its appointment as the external audit firm and of the designated individual partner
- Ensured that the appointment of the external audit firm is presented and included as a resolution at the annual general meeting
- Satisfied itself that the external audit firm, PricewaterhouseCoopers Inc., was suitable and independent from the company
- Reviewed and approved external audit plans, terms of engagement and fees, as well as the nature and extent of non-audit services rendered by the external auditors
- Evaluated the independence and effectiveness of the internal audit function
- Reviewed and approved internal audit budget and risk-based plans
- Considered and approved the company's internal audit charter
- Evaluated and coordinated the internal audit, external audit and sustainability assurance processes
- Received and considered reports from the external and internal auditors
- Considered the appropriateness, expertise and experience of the financial director, Boipelo Lekubo, and the finance function – both were found to be adequate and appropriate
- Evaluated and considered Harmony's risks, and measures taken to mitigate those risks. In addition, the committee had a workshop for a detailed discussion on the company's enterprise risk management. The entire board was invited to this session.
- Considered whether IT risks are adequately addressed and whether appropriate controls are in place to address these risks. The committee oversees and monitors the governance of IT on behalf of the board, a task it views as a critical aspect of risk management. Additionally, the committee considered the company's IT strategy as well as the company's cyber security policy for further review later in the year
- Considered and confirmed the company as a going concern
- Reviewed and recommended the company's dividend policy for board approval
- Considered and approved the company's non-audit services policy
- Reviewed and recommended changes to the committee's terms of reference to the board for approval
- Reviewed the corporate governance and compliance policy and framework for board approval
- Reviewed the adequacy of the Group's insurance coverage
- Reviewed legal matters that could have a significant impact on the company's business.

Key focus areas in FY21

Interim and annual financial statements

The annual financial statements have been prepared in accordance with IFRS, SAICA Financial Reporting Guides, the requirements of the South African Companies Act 71 of 2008, the Listings Requirements of the JSE Limited and the recommendations of King IV.

In terms of paragraph 3.84(k) of the JSE Listings Requirements, the committee reviewed and assessed the process implemented by management to enable the chief executive officer (CEO) and the financial director (FD) to pronounce on the annual financial statements and the system of internal control over financial reporting. The results from the process were communicated to the committee. The committee considered deficiencies as well as the appropriateness of management's response including remediation, reliance on compensating controls and additional review procedures. The committee, on behalf of the board, has noted the final confirmation of the CEO and FD. The **CEO and the FD confirmation** appears in the **Financial Report**.

Proactive monitoring

The committee oversaw the JSE proactive monitoring review, as Harmony was chosen for review in FY21. No material issues were raised and the JSE issued a closing letter wherein all responses provided by management on concerns raised were found to be satisfactory with recommendations made for future disclosures.

External auditor – appointment, independence and tenure

Having considered the external auditor's previous appointments and the extent of other work undertaken for the group, the committee is satisfied that PwC is independent of the group, as per section 94(8) of the Act. The committee also satisfied itself as to the suitability of PwC and the designated audit partner.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the committee. Total fees paid to the external auditor for the year were R56.2 million, of which R55.3 million was for audit-related services, R0.9 million for non-audit services and Rnil for tax services.

PwC has been Harmony's external auditor for 71 years. At the annual general meeting held on 20 November 2020, PwC was reappointed as the independent external auditor and undertook to hold office until the end of the 2021 annual general meeting on 7 December 2021.

As audit firm rotation will be mandatory from the financial year beginning on or after 1 April 2023, this will apply to the company from FY24. To ensure continuity during the company's growth phase and because audit firm rotation is not yet compulsory, the audit and risk committee is of the opinion that PwC should remain as the company's external auditor for the ensuing year.

The committee recommended to the board that PwC be re-appointed as the group's independent external auditor, to hold office until the conclusion of the 2022 annual general meeting. The directors will propose the re-appointment of PwC at the annual general meeting to be held on 7 December 2021. Details can be found in the notice of the annual general meeting.

Following the mandatory audit partner rotation required every five years for the partner responsible for the group audit, Ms L Mngadi was appointed as the lead audit partner. She was responsible for the review performed on the results of the six months ended 31 December 2020 but has since resigned from PwC. Mr S Masondo took over as the individual registered lead audit partner responsible for the audit for the financial year ended 30 June 2021. The core audit team remained unchanged. The committee assessed PwC's succession plan and found the process and plan satisfactory.

As part of Harmony's commitment to transformation, PwC continued to partner on its audit with Ngubane & Co, a level 1 broad-based black economic empowerment company. To facilitate the transfer of skills in the audit of mining companies and registrants on the Securities and Exchange Commission in the United States, Ngubane & Co assisted PwC on the audit of our South African operations. PwC had overall responsibility for the audit and signed off the financial statements.

Internal controls and internal audit

Having reviewed the design, implementation and effectiveness of the group's system of internal financial controls, the committee is satisfied that these are effective and form a reliable basis for the preparation of the financial statements. No findings came to the attention of the committee to indicate any material breakdown in internal controls during the past financial year.

In terms of internal audit, the committee is responsible for:

- Ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority within the group to enable it to perform its duties
- Overseeing cooperation between internal audit and the external auditors, and serving as a link between the board of directors and these functions.

In line with King IV and its recommendations, the committee has confirmed the effectiveness of the group chief audit executive, Ms Besky Maluleka-Ngunjiri, and is satisfied that she has the appropriate expertise and experience to meet the responsibilities of this position. The group chief audit executive reports quarterly, or as necessary, to the committee on internal audit and has direct access to the committee, primarily through its chairperson.

The committee is satisfied that internal audit follows an approved risk-based internal audit plan and regularly reviews the group's risk profile. Internal audit submits an overall statement on the effectiveness of the group's governance, risk management and control processes.

Combined assurance

The combined assurance framework was refined during the course of the year.

The committee is satisfied that the group has optimised the assurance coverage obtained from management, and internal and external assurance providers. The committee is also satisfied that the various external assurances that are obtained and related systems and procedures are effective in achieving the following objectives:

- Enabling an effective internal control environment
- Supporting the integrity of information used for internal decision-making by management, the board and its committees
- Supporting the integrity of external reports
- Minimising assurance fatigue.

Governance of risk

The audit and risk committee fulfils a dual function – as an audit committee and as a risk committee. Internal audit conducts regular and full assessments of the risk management function and framework, on which it reports to the committee. The committee is satisfied with the effectiveness of its oversight of risk governance in the group.

A detailed report on risk and its management, as recommended in King IV, is contained in **Our risks and opportunities** section. A report on risk is also shared with the board on a quarterly basis.

While the committee oversees the management of risks and opportunities on behalf of the board, it also has responsibility for particular risks, namely: increasing costs and declining margins, the increasing cost of regulatory compliance and its potential to compromise our licence to operate, and the technology upgrades.

In the past year, the committee oversaw the development of a new enterprise risk management and resilience policy, risk management guidelines and a new risk management framework to ensure continued focus on the company's material risks. A risk workshop was also held with a majority of the board which included training on risks, assessing risk appetite and tolerance and the ten strategic risks of the company. The board further approved the group's risk appetite and tolerance framework.

Appropriateness and experience of Financial Director and effectiveness of the finance function

The committee confirms that it is satisfied that Ms Boipelo Lekubo, the current Financial Director, possesses the appropriate expertise and experience to meet the responsibilities of this position.

Oversight of derivative programme

The committee also monitors and reviews the group's derivative and hedging strategy. The derivative programmes currently in place were introduced in FY16. In terms of these programmes, 20% of gold production may be hedged while transactions for up to 25% of foreign exchange earnings may be entered into. For more on how these derivative programmes have performed, see the **Financial director's report** in our **Integrated annual report 2021**.

Technology and information governance

We recognise the increasing importance that technology has as both a source of future opportunities and as a means by which we conduct our business and improve organisational efficiencies. This committee monitors the governance of information and communication technology on a quarterly basis.

The committee has delegated responsibility to management for digitising the company, implementing the policy on enterprise-wide technology and information management, and for embedding this policy into the day-to-day, medium- and long-term decision-making activities and culture of the organisation. All of this is integral to ensuring operational excellence and delivery on our first strategic pillar.

Given the multiple critical information system changes currently being implemented simultaneously across the organisation, this was a major focus area for the committee during the year. Progress was closely monitored with management providing detailed quarterly updates on this, as well as on challenges encountered and the steps taken to address such challenges.

In particular during the past year, as part of the process to digitise the company, the committee oversaw management's implementation of two significant upgrade projects aimed at improving our operating and business efficiencies. The company completed the first phase of the centralised human resource management system (HRMS) to improve human capital management (HCM) efficiencies and continued with the upgrade of the enterprise resource planning (ERP) system. Ernst & Young (EY) provides assurance on the upgrade of the ERP system and implementation of the HRMS. No material issues or risks have been identified.

Dividend policy and dividends declaration

The board declared an interim ordinary dividend of 110 SA cents for the year ended 30 June 2021.In total, R677 million was paid on 19 April 2021. The board declared a final ordinary dividend of 27 SA cents for the year ended 30 June 2021, payable on 18 October 2021. In addition, dividend payments were made in 2021 to the non-controlling interest holders in Tswelopele Beneficiation Operation Proprietary Limited of R7 million..

Harmony declared an annual preference share dividend to the Harmony Gold Community Trust (the Trust). The board declared a preference dividend of R9 million and it was paid to the Trust on 10 August 2021.

In considering the payment of dividends, the board, with the assistance of the audit and risk committee, took into account the current financial status of the company and the payment of a proposed dividend subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008.

The company's dividend policy is to pay a return of 20% on net free cash generated to shareholders, at the discretion of the board of directors.

Going concern

The audit and risk committee has reviewed a documented assessment, including key assumptions prepared by management, of the going concern status of the group. The board's statement on the going concern status of the group, as supported by the committee, appears in the **Directors' report** in our **Report to shareholders 2021.**

Integrated annual report

The committee has overseen the integrated reporting process, reviewed and recommended the 2021 reporting suite for approval by the board.

Events post year end

On 24 August 2021, a final dividend of 27 SA cents was declared, paid on 18 October 2021.

On 16 September 2021, the group concluded a three-year wage agreement with the unions for its South African operations.

In closing

In my final report as chairperson of the audit and risk committee and a member of the Harmony board, I wish to thank Dr Patrice Motsepe for his strong leadership and guidance since I joined the Harmony board in 2006.

Being a member of the Harmony board and the chairperson of the audit and risk committee has been most enriching, both professionally and personally. I am grateful for the opportunity I was given to so serve.

The world we live in will keep on changing and it is the highest standards of governance that will continue to steer Harmony as an organisation, as it adapts to these changes. To my fellow audit and risk committee members, board members and management, thank you for your continuous support, particularly during these unprecedented times; may you continue to create value for Harmony's stakeholders.

Fikile De Buck
Chairperson: audit and risk committee

28 October 2021

SOCIAL AND ETHICS COMMITTEE: CHAIRPERSON'S REPORT

"By integrating the six capitals into our business strategy, we are building trust with stakeholders as we create shared value."

DEAR SHAREHOLDER

Integrating the six capitals into our organisational strategy gives Harmony a compelling path to build trust with our employees and stakeholders as we grow and produce sustained outcomes.

At Harmony, good corporate citizenship and tangible acts of moral responsibility have become the way we do business. We have demonstrated our intent to a harmonious coexistence with host communities and to working collaboratively with our suppliers, communities and partners to ensure the development of healthy, inclusive communities.

Our commitment to our social contract was truly tested in the past year as Covid-19 continued to challenge the lives and livelihoods of our people. Harmony rose to the occasion and demonstrated resilience and commitment to our people, social partners and host communities. We have worked together to deliver shared value to Harmony and its shareholders, to the economies of countries where we operate, and to the people whose lives depend on our organisation. In partnership with government, we have also delivered a robust vaccination programme to our employees. I am very proud of Harmony and what it achieved this year. See **Our response to Covid-19** for further details.

We understand that implementing sound corporate governance practices to mine ethically cannot be compromised or negotiated – our licence to operate rests on legitimate and ethical leadership. Equally, the principles of sustainable development are fundamental in ensuring sustainability and profitability for our stakeholders. Accordingly, we have applied the principles of King IV with greater emphasis on ethical governance and conduct, and responsible corporate citizenship to support the sustainable growth of the company.

This committee has a specific mandate set out by the Companies Act. It is also responsible for overseeing governance and our performance in terms of our sustainable development activities. These include ESG considerations; ethics management; stakeholder engagement; employee relations, including empowerment, transformation, employee health and wellness; environmental management and stewardship; socio-economic development and upliftment; and public health and safety. The committee also considered the inevitable trade-offs between capitals to ensure Harmony continues to create shared value.

The committee complied with its regulatory, legal and other responsibilities mandated by the board. For further details on the committee, its members and activities in the review period, refer to **Corporate governance.**

Ethics management

The Ethics Institute of South Africa is currently assisting management and the committee to embed and further improve the governance of organisational ethics. While the governance of ethics is mandated to this committee, the board sets the group's approach to ethics and is equally responsible and committed to the highest standards of ethical conduct throughout Harmony - see Organisational ethics in **Corporate governance**.

The impact of illegal mining on our economy and stakeholders remains a challenge in South Africa. Further partnerships and collaborations are required to develop innovative solutions to this issue. The committee continued to monitor and assess key improvement areas to address this challenge in Harmony and the industry at large. See **Land rehabilitation and management**.

Value creation

As part of ongoing initiatives to create and share value, this committee continues to assess, review and approve the ethics policy, stakeholder engagement policy, environmental policy, employment equity and the preferential procurement policy and strategy. Although some gaps are still being addressed, we are particularly pleased with the company's progress against short-, medium- and long-term targets.

In the review period, the committee focused on ESG issues and its oversight role. Understanding that our business may have an impact on ecosystems, we ensure that our environmental management programmes are robust and effective.

Pivotal to our environmental strategy is our climate-change and decarbonisation strategy. Since 2016, we have concentrated on using less energy, and being more efficient in how we use that energy. Through numerous initiatives, we effected a saving of 1.3 terawatt hours, translating to a 1.2-million tonne CO_2 reduction and R1 billion in electricity cost savings. We are focused on finalising our decarbonisation strategy and will release our science-based targets and net-zero emissions target in coming months.

The committee also carefully considered the company's preferential procurement strategy and enterprise supplier development in South Africa and Papua New Guinea to assess our contribution and impact in local communities. Harmony has made steady progress with its preferential procurement strategy to integrate black-owned businesses into its supply chain. We must ensure that these transformation initiatives include our communities, and Harmony has been resolute about advancing opportunities to entrepreneurs in host communities. We are grateful to our supply-chain partners who work with us to promote inclusive participation by black-owned, black women-owned and youth-owned companies. Harmony has already achieved its targets for FY25 by spending over 80% of its discretionary expenditure with companies that have more than 25% black ownership, which includes over 50% with companies that have more than 50% black ownership.

Harmony has complied with the mining charter year on year and on its SLP (social and labour plans) delivery. With the recent acquisition and integration of Mponeng mine and Mine Waste Solutions, Harmony was unable to fully deliver against SLP targets. These delays were communicated to and revised completion dates agreed with the regulator.

In addition, the committee deliberated on the improvement in the company's stakeholder engagement approach to proactively reach all levels of government and host communities in South Africa and Papua New Guinea. This stakeholder-inclusive approach focuses on reactive and proactive engagements, which positions Harmony well with its stakeholders and increases our social and reputational capital.

The successful three-year wage agreement signed in September 2021 with all five organised-labour representatives is testament to our inclusive approach. For our stakeholders, an agreement of this nature secures a stable labour force with limited business interruptions.

With this agreement in place, we can continue to focus on the wellness and safety of our employees during the pandemic and beyond. The safety and health of our workforce remains a key focal point because they are the cornerstone of Harmony's sustainability. Safety is an important consideration in terms of ESG and during board discussions. The technical committee has specific oversight of employee safety, while this committee focuses on employee health and public safety.

For more on our approach and initiatives on employee safety, see the **Chief executive officer's report** and **Safety and health.**

The board, through the remuneration committee, ensures the implementation of Harmony's remuneration policies as approved by shareholders. We remunerate fairly and responsibly by ensuring that our remuneration is market-related and in line with the performance of the company. Our safety and ESG outcomes are therefore carefully considered and reinforced in our remuneration policy. For more detail on our remuneration policy, refer to the **Remuneration report**.

In FY20, we published our first report in line with recommendations of the TCFD in our suite of annual reports. The purpose of this report was to improve our risk management processes and articulate the likely financial impact of climate change on the company's balance sheet and income statement. This report was well received and we have published a similar report this year. For ten years, prior to FY20, we had submitted reports to the CDP Climate Change and CDP Water (formerly the Carbon Disclosure Project). We believe that this enhanced disclosure provides better understanding and context of the implications, financial and otherwise, for Harmony of climate change. It also facilitates the company's evolution to a low-carbon economy. See **Environmental management and stewardship**.

World Gold Council – responsible gold mining principles

The World Gold Council's responsible gold mining principles acknowledge the unique roles of gold and gold mining in many countries and communities. In South Africa especially, the gold mining industry has a unique role. These principles address key ESG issues – ten in all – and provide a single, consolidated framework of what constitutes responsible gold mining. This provides trust for consumers, investors and the downstream supply chain that the gold we produce has been responsibly mined and processed.

Harmony champions responsible mining and we believe this framework will reinforce good practices at our operations. We are therefore formally implementing the framework.

United Nations Sustainable Development Goals

As in the previous year, Harmony interrogated the individual SDGs and our contribution to achieving these goals by 2030. In the ESG report – see **Our sustainability strategy** – we explain the goals that are central to our core business and strategy (tier 1), and those where we can contribute through our socio-economic development activities (tier 2). For more information, see **Caring for our workforce, Empowering communities, Environmental management and stewardship** and **Safety and health**.

In closing

As this is my last report as chairman of the social and ethics committee, I wish to thank my fellow committee members and management for their support and contribution to ensuring Harmony's progress towards a sustainable future. Over the years, a concerted effort has been placed on creating value for our stakeholders, particularly our employees and the communities within which we operate.

The essence of creating value cannot be viewed in isolation as there are opportunities for Harmony to further improve to ensure that we never lose our commitment to comply with the best safety, health, environmental, social, ethical and governance standards. The board fully supports this committee in this commitment.

Dr Simo Lushaba
Chairperson: social and ethics committee

28 October 2021

MINING CHARTER III – COMPLIANCE SCORECARD

We discuss our performance against the mining charter throughout this report. The charter is focused on transformation of the South African mining industry as a whole by promoting equal access to and ownership, expanding business opportunities for historically disadvantaged persons (HDPs), redressing the imbalances of historical injustices and enhancing the social and economic welfare of employees and mine communities.

The mining charter is not a static document – it has been debated and revised a number of times, and is now in its third iteration (effective 2018 and known as Mining Charter III). Although the High Court has ruled on specific elements of this charter (refer CEO's report in integrated annual report), Harmony will continue to work towards full compliance because we believe this supports our social licence to operate.

The table summarises our performance against targets for each pillar for the calendar year to 31 December 2020 (the regulatory reporting period).

Mining Charter III scorecard for 2020 (January-December)

	Measure	Target	Progress	Score
1 REPORTING				
Has the company reported its level of compliance with the mining charter for the calendar year?	Report annually	Yes	Yes	✓
2 OWNERSHIP				
Minimum target for effective ownership by historically disadvantaged South Africans	Meaningful economic participation; full shareholder rights	26%	>30%	✓
3 EMPLOYMENT EQUITY				
Diversification of workplace to reflect the country's demographics and attain competitiveness	Representation of historically disadvantaged persons	Board: 50%	73%	✓
		Executive committee: 50%	50%	✓
		Senior management: 60%	56%	✗
		Middle management: 60%	54%	✗
		Junior management: 70%	66%	✗
		Core and critical skills: 60%	71%	✓
	Representation of women	Board: 20%	33%	✓
		Executive committee: 20%	25%	✓
		Senior management: 25%	27%	✓
		Middle management: 25%	26%	✓
		Junior management: 30%	19%	✗
	Employees with disabilities	1.5%	0.3%	✗
4 HUMAN RESOURCE DEVELOPMENT				
Development of the requisite skills, particularly in exploration, mining, processing, technology efficiency, beneficiation and environmental conservation	Human resource development expenditure as percentage of total annual leviable amount (excluding mandatory skills development levy)	Invest 5% of leviable amount as defined in human resource development element in proportion to applicable demographics (employees and non-employees)	5%	✓
5 MINE COMMUNITY DEVELOPMENT*				
Meaningful contribution towards mine community development in keeping with the principles of the social licence to operate	Implementation of approved commitments in the social and labour plan	100%	94%	✗

* *Mine community development is reported according to Harmony's financial year, as agreed with DMRE. This report covers mine community development for the period July 2020 to June 2021.*

	Measure	Target	Progress	Score
6 PROCUREMENT AND ENTERPRISE DEVELOPMENT				
Total procurement budget spend on goods and services	**Mining goods** A minimum of 70% of total mining goods procurement spend must be spent on South Africa-manufactured goods sourced from BEE-compliant manufacturing companies. Excludes spend on utilities (electricity and water), fuels, lubricants and land rates	21% of total mining goods budget must be spent on South African-manufactured goods produced by 50% + 1 vote HDP-owned and controlled companies	49%	✓
		5% of total mining goods budget must be spent on South Africa-manufactured goods produced by 50% + 1 women and/youth-owned and controlled companies	6%	✓
		44% of total mining goods budget must be spent on South Africa-manufactured goods produced by at least level 4 BEE 25% + 1 compliant companies	27%	×
	Services A minimum of 80% of total spend on services must be sourced from South Africa-based companies	65% of total services budget must be spent on South African companies that are 50% + 1 vote HDP-owned and controlled companies	48%	×
		15% of total services budget must be spent on South African companies that are 50% + 1 vote women-owned and controlled companies	9%	×
		5% of total services budget must be spent on South African companies that are 50% + 1 vote youth-owned and controlled	1%	×
		10% of total services budget must be spent on South African companies that are at least at level 4 BEE + 25% + 1 compliant companies	15%	✓
	Research and development	A minimum of 70% of total research and development budget to be spent on South Africa-based entities	100%	✓
	Sample analysis	Use South Africa-based facilities or companies for analysis of 100% of all mineral samples across mining value chain	100%	✓
7 HOUSING AND LIVING CONDITIONS				
	Improve standard of housing and living conditions of mine employees	Implement all commitments in the housing and living conditions standard	100%	✓

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Harmony Gold Mining Company Limited

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Harmony Gold Mining Company Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying group balance sheets of Harmony Gold Mining Company Limited and its subsidiaries (the "Company") as of 30 June 2021 and 30 June 2020, and the related group income statements, statements of comprehensive income, statements of changes in shareholders' equity, and cash flow statements for each of the three years in the period ended 30 June 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of 30 June 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 30 June 2021 and 30 June 2020, and the results of its operations and its cash flows for each of the three years in the period ended 30 June 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of 30 June 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle
As described in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15B. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded Mponeng operations and related assets from its assessment of internal control over financial reporting as of 30 June 2021 because it was acquired by the Company in a purchase business combination during the year ended 30 June 2021. We have also excluded Mponeng operations and related assets from our audit of internal control over financial reporting. Mponeng operations and related assets consist of the Mponeng, Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities, certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities (the VR Remaining assets) and wholly-owned subsidiaries (First Uranium (Pty) Limited, Covalent Water Company (Pty) Limited, AngloGold Security Services (Pty) Limited and Masakhisane Investments (Pty) Limited) whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent approximately 14% of consolidated total assets and approximately 19% of consolidated total revenue, respectively, of the related consolidated financial statement amounts as of and for the year ended 30 June 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment of goodwill and mining assets

As described in Notes 2.5, 6, 15 and 16 to the consolidated financial statements, goodwill has a carrying value of R333 million and mining assets, which include mine development costs and mine plant facilities, has a carrying value of R26 487 million at 30 June 2021. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Management conducts an impairment test for other non-financial assets whenever events or changes in circumstances indicate that the carrying amount for cash generating units ("CGU") exceeds its recoverable amount. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. An impairment charge of R1 124 million was recorded for the year ended 30 June 2021. The recoverable amount of CGUs is determined utilising real discounted future cash flows (post-tax) or resource multiples in the case of undeveloped properties and certain resource bases. Key assumptions for the calculations of the CGUs recoverable amounts are the commodity prices, resource values, marketable discount rates, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the views of several institutions on future commodity prices and based on this, derives the future commodity prices and resource values. Due to the short-term volatility in the US$ commodity price and rand against the US$, management differentiated between short-, medium- and long-term assumptions used in the models. The life-of-mine plans are based on proved and probable reserves as included in the Reserve Declaration, which are determined by management in terms of the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

The principal considerations for our determination that performing procedures relating to the impairment of goodwill and mining assets is a critical audit matter are (i) the significant judgment applied by management in determining the recoverable amount for each CGU; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management's future cash flows and significant assumptions, including commodity prices, resource values, marketable discount rates, exchange rates and the annual life-of-mine plans; and (iii) the audit effort involved the use of professionals with specialised skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's impairment calculations, including controls over management's process for developing their estimate of the recoverable amount for each CGU and controls over significant assumptions in the calculation. These procedures also included, among others, testing management's process for developing the recoverable amount for each CGU, evaluating the appropriateness of the discounted cash flows models and resource values per CGU, testing the completeness, accuracy and relevance of the underlying data used in the discounted cash flows and resource values, and evaluating the significant assumptions used by management. These significant assumptions included commodity prices, resource values, marketable discount rates, exchange rates, and annual life-of-mine plans. Evaluating management's significant assumptions related to life-of-mine plans and resource values involved (i) evaluating the reasonableness of the cash flow forecasts used in the life-of-mine plans and resource values by comparing the cash flow forecasts to current and historical operational results, the reserves and resources declaration, and final approved budgets, (ii) evaluating the reasonableness of the allocation of the resource values by comparing the resources incorporated into the current year plan to what is included as part of the Mineral Resources and Reserves declaration, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience, and (iii) evaluating the reasonableness of management's commodity price, marketable discount rates, exchange rates and the attributable resource value assumption against external market and third party data. Professionals with specialised skill and knowledge were used to assist in the evaluation of management's impairment calculations and certain significant assumptions including commodity prices, resource values, marketable discount rates and exchange rates.

Acquisitions of the Mponeng operations and related assets

As described in note 14 to the consolidated financial statements, the Company completed the acquisition of Mponeng operations and related assets. Consideration for the transaction amounted to a net cash consideration of R3 363 million and contingent consideration valued at R544 million on acquisition date. The final fair value of identifiable net assets acquired amounted to R4 213 million which resulted in a gain on bargain purchase of R303 million being recorded. Included in the final fair value of identifiable net assets acquired are property, plant & equipment amounting to R6 024 million, the streaming arrangement liability assumed of R1 417 million and the provision for environmental rehabilitation assumed of
R1 856 million. Management applied significant judgment in concluding the final fair value exercise. This involved the use of significant estimates and assumptions in determining the fair value of property, plant and equipment which was determined using expected discounted cash flows based on the life-of-mine plans of the acquired operations, the streaming contract liability and the provision for environmental rehabilitation with respect to gold prices, discount rates, exchange and inflation rates, the life-of-mine plans and the estimated rehabilitation costs.
The principal considerations for our determination that performing procedures relating to the acquisition of the Mponeng operations and related assets is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to the determined fair values of property, plant and equipment acquired, the provision for environmental rehabilitation- and streaming contract liability assumed due to the significant judgment by management when developing the estimates; (ii) the significant audit effort involved in evaluating the significant assumptions related to the gold prices, discount rates, exchange and inflation rates, the life-of-mine plans and the estimated rehabilitation costs; and (iii) the audit effort involved the use of professionals with specialised skill and knowledge.
Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the fair value exercise, which included, among others, controls over

management's valuation of property, plant and equipment, the provision for environmental rehabilitation and streaming contract liability and controls over the development of significant assumptions related to gold prices, discount rates, exchange and inflation rates, the life-of-mine plans and the estimated rehabilitation costs. These procedures also included, among others (i) reading the purchase agreements and (ii) performing procedures to evaluate the reasonableness of the identifiable net assets acquired using the work of management's specialists. As a basis for using their work, management's specialists' qualifications and objectivity were understood as well as their methods and assumptions applied in the fair value exercise. The procedures performed included testing of the data used by management's specialists and evaluating their findings and testing management's and management's specialists process for estimating the fair values of property, plant and equipment, the provision for environmental rehabilitation and the streaming contract liability. This included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management and their specialists, and evaluating the reasonableness of significant assumptions related to gold prices, discount rates, inflation and exchange rates, the life-of-mine plans and the estimated rehabilitation costs. The gold price, discount rate and inflation and exchange rate assumptions were evaluated for reasonableness by benchmarking these to external market-related information independently obtained. Evaluating the reasonableness of the life-of-mine plans involved considering the past performance of the acquired businesses, as well as other third party information, where available. Evaluating the reasonableness of the estimated rehabilitation costs involved comparing the estimated rehabilitation closure cost rates used by management to ongoing rehabilitation activities undertaken by the Company, current and historical rates used by management's specialists and other external industry-related information. Professionals with specialised skill and knowledge were used to assist in the evaluation of the Company's valuation methods and management's fair value model calculations, and certain of management's significant assumptions including gold prices, discount rates, exchange and inflation rates and the estimated rehabilitation costs.

/s/ PricewaterhouseCoopers Inc.
Johannesburg, Republic of South Africa
29 October 2021

We have served as the Company's auditor since 1950, which includes periods before the Company became subject to SEC reporting requirements.

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

		SA Rand		
Figures in million	Notes	**2021**	2020	2019
Revenue	5	**41 733**	29 245	26 912
Cost of sales	6	**(35 489)**	(25 908)	(28 869)
Production costs		**(29 774)**	(22 048)	(20 324)
Amortisation and depreciation		**(3 875)**	(3 508)	(4 054)
Impairment of assets		**(1 124)**	—	(3 898)
Other items		**(716)**	(352)	(593)
Gross profit/(loss)		**6 244**	3 337	(1 957)
Corporate, administration and other expenditure	7	**(1 068)**	(611)	(731)
Exploration expenditure		**(177)**	(205)	(148)
Gains/(losses) on derivatives	19	**1 022**	(1 678)	484
Foreign exchange translation gain/(loss)	8	**670**	(892)	(86)
Other operating expenses	9	**(241)**	(309)	(100)
Operating profit/(loss)		**6 450**	(358)	(2 538)
Gain on bargain purchase	14	**303**	—	—
Acquisition-related costs	14	**(124)**	(45)	—
Share of profits from associate	21	**83**	94	59
Investment income	10	**331**	375	308
Finance costs	11	**(661)**	(661)	(575)
Profit/(loss) before taxation		**6 382**	(595)	(2 746)
Taxation	12	**(1 258)**	(255)	139
Net profit/(loss) for the year		**5 124**	(850)	(2 607)
Attributable to:				
Non-controlling interest		**37**	28	—
Owners of the parent		**5 087**	(878)	(2 607)
Earnings/(loss) per ordinary share (cents)				
Total earnings/(loss)	13	**842**	(164)	(498)
Diluted earnings/(loss) per ordinary share (cents)				
Total earnings/(loss)	13	**825**	(166)	(500)

The accompanying notes are an integral part of these consolidated financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

		SA Rand		
Figures in million	Notes	**2021**	2020	2019
Net profit/(loss) for the year		**5 124**	(850)	(2 607)
Other comprehensive income for the year, net of income tax		**3 251**	(1 958)	(684)
Items that may be reclassified subsequently to profit or loss	25	**3 233**	(1 998)	(677)
Foreign exchange translation gain/(loss)		**(1 234)**	1 199	(50)
Remeasurement of gold hedging contracts		**4 467**	(3 197)	(627)
Items that will not be reclassified to profit or loss	25	**18**	40	(7)
Total comprehensive income for the year		**8 375**	(2 808)	(3 291)
Attributable to:				
Non-controlling interest		**58**	12	—
Owners of the parent		**8 317**	(2 820)	(3 291)

The accompanying notes are an integral part of these consolidated financial statements.

GROUP BALANCE SHEET

AS AT 30 JUNE 2021

		SA Rand	
Figures in million	Notes	**At 30 June 2021**	At 30 June 2020
ASSETS			
Non-current assets			
Property, plant and equipment	15	**33 597**	29 186
Intangible assets	16	**365**	536
Restricted cash and investments	17	**5 232**	3 642
Investments in associates	21	**126**	146
Deferred tax assets	12	**272**	531
Other non-current assets	18	**332**	435
Derivative financial assets	19	**328**	50
Total non-current assets		**40 252**	34 526
Current assets			
Inventories	23	**2 542**	2 421
Restricted cash and investments	17	**67**	62
Trade and other receivables	20	**1 652**	1 308
Derivative financial assets	19	**1 471**	18
Cash and cash equivalents		**2 819**	6 357
Total current assets		**8 551**	10 166
Total assets		**48 803**	44 692
EQUITY AND LIABILITIES			
Share capital and reserves			
Attributable to equity holders of the parent company		**31 160**	23 371
Share capital and premium	24	**32 934**	32 937
Other reserves	25	**6 399**	3 017
Accumulated loss		**(8 173)**	(12 583)
Non-controlling interest		**54**	4
Total equity		**31 214**	23 375
Non-current liabilities			
Deferred tax liabilities	12	**2 178**	996
Provision for environmental rehabilitation	26	**4 662**	3 408
Other provisions	27	**926**	910
Borrowings	32	**2 974**	7 463
Contingent consideration liability	29	**417**	—
Other non-current liabilities	30	**178**	101
Derivative financial liabilities	19	**6**	879
Streaming contract liability	31	**695**	—
Total non-current liabilities		**12 036**	13 757
Current liabilities			
Other provisions	27	**175**	175
Borrowings	32	**387**	255
Trade and other payables	33	**4 389**	3 006
Derivative financial liabilities	19	**206**	4 124
Streaming contract liability	31	**396**	—
Total current liabilities		**5 553**	7 560
Total equity and liabilities		**48 803**	44 692

The accompanying notes are an integral part of these consolidated financial statements.

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Number of ordinary shares issued	Share capital and premium	Accumulated loss	Other reserves	Non-controlling interest	Total
Notes	24	24		25		
Figures in million (SA Rand)						
Balance – 30 June 2018	500 251 751	29 340	(9 103)	5 145	—	25 382
Impact of adopting IFRS 9	—	—	—	82	—	82
Re-presented opening balance – 1 July 2018	500 251 751	29 340	(9 103)	5 227	—	25 464
Issue of shares						
– Shares issued and fully paid	11 032 623	211	—	—	—	211
– Exercise of employee share options	21 856 821	—	—	—	—	—
– Harmony ESOP Trust	6 700 000	—	—	—	—	—
Share-based payments	—	—	—	230	—	230
Net loss for the year	—	—	(2 607)	—	—	(2 607)
Other comprehensive income for the year	—	—	—	(684)	—	(684)
Balance – 30 June 2019	539 841 195	29 551	(11 710)	4 773	—	22 614
Issue of shares						
– Shares issued and fully paid	60 278 260	3 386	—	—	—	3 386
– Exercise of employee share options	3 023 251	—	—	—	—	—
Share-based payments	—	—	—	186	—	186
Recognition of non-controlling interest	—	—	5	—	(5)	—
Net loss for the year	—	—	(878)	—	28	(850)
Other comprehensive income for the year	—	—	—	(1 942)	(16)	(1 958)
Dividends paid	—	—	—	—	(3)	(3)
Balance – 30 June 2020	603 142 706	32 937	(12 583)	3 017	4	23 375
Issue of shares						
– Exercise of employee share options	**12 909 491**	**—**	**—**	**—**	**—**	**—**
Share issue costs	**—**	**(3)**	**—**	**—**	**—**	**(3)**
Share-based payments	**—**	**—**	**—**	**156**	**—**	**156**
Partial purchase of non-controlling interest	**—**	**—**	**—**	**(4)**	**(1)**	**(5)**
Net profit for the year	**—**	**—**	**5 087**	**—**	**37**	**5 124**
Other comprehensive income for the year	**—**	**—**	**—**	**3 230**	**21**	**3 251**
Dividends paid	**—**	**—**	**(677)**	**—**	**(7)**	**(684)**
Balance – 30 June 2021	**616 052 197**	**32 934**	**(8 173)**	**6 399**	**54**	**31 214**

The accompanying notes are an integral part of these consolidated financial statements.

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

		SA Rand		
Figures in million	Notes	**2021**	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES				
Cash generated by operations	34	**9 741**	5 031	5 052
Dividends received		**85**	—	—
Interest received		**171**	86	69
Interest paid		**(234)**	(370)	(387)
Income and mining taxes paid		**(584)**	(24)	(55)
Cash generated by operating activities		**9 179**	4 723	4 679
CASH FLOW FROM INVESTING ACTIVITIES				
Increase in restricted cash and investments	17	**(48)**	(21)	(15)
Amounts refunded from restricted cash and investments	17	**34**	5	187
Redemption of preference shares from associates	21	**36**	59	32
Acquisition of Mponeng operations and related assets	14	**(3 363)**	—	—
ARM BBEE Trust loan repayment	18	**264**	—	—
ARM BBEE Trust loan advanced	18	**(264)**	—	—
Capital distributions from investments	18	**8**	7	30
Proceeds from disposal of property, plant and equipment		**11**	2	5
Additions to property, plant and equipment		**(5 142)**	(3 610)	(5 036)
Cash utilised by investing activities		**(8 464)**	(3 558)	(4 797)
CASH FLOW FROM FINANCING ACTIVITIES				
Borrowings raised	32	**—**	6 541	1 522
Borrowings repaid	32	**(3 491)**	(5 661)	(1 353)
Proceeds from the issue of shares	14	**—**	3 466	211
Partial repurchase of non-controlling interest		**(5)**	—	—
Dividend paid	13	**(684)**	(3)	—
Lease payments	28	**(119)**	(38)	—
Cash generated/(utilised) from financing activities		**(4 299)**	4 305	380
Foreign currency translation adjustments		**46**	(106)	25
Net increase/(decrease) in cash and cash equivalents		**(3 538)**	5 364	287
Cash and cash equivalents - beginning of year		**6 357**	993	706
Cash and cash equivalents - end of year		**2 819**	6 357	993

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 GENERAL INFORMATION

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa and Papua New Guinea (PNG). Uranium and silver are produced as by-products.

The company is a public company, incorporated and domiciled in South Africa. The address of its registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The consolidated financial statements were authorised for issue by the board of directors on 29 October 2021.

2 ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied in all years presented except for the changes as described under"Recent accounting developments" below.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) Interpretations (collectively IFRS).

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. On 1 July 2019, IFRS 16, ***Leases***, was adopted on a modified retrospective approach.

The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared to the nearest million and rounding may cause differences.

Recent accounting developments

New standards, amendments to standards and interpretations to existing standards adopted by the group

During the financial year, the following new standards, amendments to standards and interpretations to existing standards were adopted by the group. No other standards and amendments to standards that became effective during the 2021 year were relevant to the consolidated financial statements.

Conceptual Framework for Financial Reporting

The IASB revised the Conceptual Framework for Financial Reporting (Conceptual Framework) to include further guidance on measurement, improve definitions of an asset and a liability, provide guidance on reporting financial performance and clarify the roles of stewardship, prudence and measurement uncertainty in financial reporting. The revised Conceptual Framework applies to annual periods beginning on or after 1 January 2020. The amendments did not have a material impact on the group.

IFRS 3 *Business Combinations* (Amendment)

The amendments make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs;
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments apply for annual periods beginning on or after 1 January 2020. Refer to note 14 for the acquisition assessed using these amendments. The amendments did not have a material impact on the group.

IFRS 7 *Financial Instrument: Disclosures and IFRS 9 Financial Instruments* (Amendment)

The IASB issued an amendment to IFRS 9, IAS 39 and IFRS 7 insofar as they are affected by the Interest Rate Benchmark Reform and uncertainty during the reform period. The amendment addresses only the following hedge accounting requirements that are based on a forward-looking analysis:

- The highly probable requirement;
- Prospective assessments; and
- Separately identifiable risk components.

The amendments also require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. Other than these specific amendments, the hedge accounting requirements would be unchanged. The amendments apply for annual periods beginning on or after 1 January 2020. The amendments did not have a material impact on the group.

IAS 1 *Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (Amendment)

The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of materiality whenever it is used in IFRS Standards. The amendments apply for annual periods beginning on or after 1 January 2020. The amendments did not have a material impact on the group.

2 ACCOUNTING POLICIES continued

Recent accounting developments continued

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

IFRS 7 *Financial Instrument: Disclosures and IFRS 9 Financial Instruments* (Amendment)

The IASB has published 'Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) with amendments that address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues). The IASB has made amendments to the requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- Changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- Hedge accounting; and
- Disclosures

The amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. After consideration of all areas impacted, Harmony concluded that the amendments are not expected to have a material impact on the group.

IFRS 9 *Financial Instruments* (Amendment)

The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

IAS 1 *Presentation of Financial Statements* (Amendment)

The IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 1 *Presentation of Financial Statements* (Amendment)

The IASB amended paragraphs 117 - 122 of IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. The amendments are effective from annual reporting periods beginning on or after 1 January 2023. Harmony is still assessing the impact of this amendment on the group.

IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* (Amendment)

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 12 *Income taxes* (Amendment)

The IASB issued *Deferred tax related to Assets and Liabilities arising from a Single Transaction* (Amendment to IAS 12) to narrow the scope of IAS 12 recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The amendments are not expected to have a material impact on the group.

IAS 16 *Property, Plant and Equipment* (Amendment)

The IASB issued *Property, Plant and Equipment—Proceeds before Intended Use*, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. This amendment is effective for annual periods beginning on or after 1 January 2022. Harmony is currently assessing the impact that this would have on the group.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Amendment)

The IASB issued *Onerous Contracts–Cost of Fulfilling a Contract*, which specifies which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. This amendment is effective for annual periods beginning on or after 1 January 2022. The amendment is not expected to have a material impact on the group.

Measurement basis

The financial statements have been prepared under the historical cost convention except for certain financial assets and financial liabilities which are measured at fair value through profit or loss or other comprehensive income - refer to note 39.

Group accounting policies

Accounting policies are included in the relevant notes to the consolidated financial statements and have been highlighted between red lines in the notes to the consolidated financial statements. The accounting policies that follow are applied throughout the financial statements.

2 ACCOUNTING POLICIES continued

Group accounting policies continued

2.1 Consolidation

The group recognises that control is the single basis for consolidation for all types of entities in accordance with IFRS 10 – *Consolidated Financial Statements*. The consolidated financial information includes the financial statements of the company, its subsidiaries, interest in associates and joint arrangements and structured entities. Where the group has no control over an entity, that entity is not consolidated.

Control

The group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the investee. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity

(i) Subsidiaries

Subsidiaries are entities over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group up until when that control ceases. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of an acquiree is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement below operating profit or loss.

(ii) Associates

Associates are entities in which the group has significant influence, but not control, over operational and financial policies. This may be when there is a shareholding of between 20% and 50% of the voting rights or when significant influence can be otherwise demonstrated, for example where the group has the right of representation on the board of directors, or other governing body, of the entity.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post acquisition movement in reserves is recognised in other reserves. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying value of an associate is reviewed on a regular basis and, if impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

(iii) Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control and are contractually bound. The joint arrangement can either be a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have the right to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators. A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

For interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

Where an additional interest in a joint operation is acquired, the principles of IFRS 3 are applied to account for the transaction.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint operation that is attributable to the other joint operators. The group does not recognise its share of profits or losses from the joint operation that results from the purchase of assets by the group from the joint operation until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The group recognises its interest in a joint venture as an investment and accounts for it using the equity accounting method.

2 ACCOUNTING POLICIES continued

Group accounting policies continued

2.1 Consolidation continued

(iv) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The accounting treatment for a structured entity will fall into one of the aforementioned categories (i to iii) depending on whether the group has control over that structured entity.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand, which is the group's presentation currency.

References to "A$" refers to Australian currency, "R" to South African currency, "$" or "US$" to United States currency and "K" or "kina" to Papua New Guinean currency.

(ii) Transactions and balances

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. This includes the gains and losses on the translation of the US$-denominated facilities

(iii) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates;
- Income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction);
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognised in profit or loss in the period of the disposal or change in control. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The difference between the fair value of the derivative at initial recognition and expected forward transaction price is deferred and recognised as a day one gain or loss. The day one gain or loss is amortised over the derivative contract period and recognised in profit or loss in gains/losses on derivatives.

The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months; it is classified as a current asset or liability when the remaining maturity is less than 12 months.

(i) Cash flow hedge

The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast transactions (cash flow hedges). At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within gains/losses on derivatives.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the forecast sale that is hedged takes place and affects profit or loss. The gain or loss relating to the effective portion of the Rand and US$ gold forward sales contracts is recognised in profit or loss within revenue.

2 ACCOUNTING POLICIES continued

Group accounting policies continued

2.3 Derivatives and hedging activities continued

(i) Cash flow hedge continued

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction that was hedged is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Derivatives not designated for hedge accounting purposes

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value as well as gains and losses on expiry, disposal or termination of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in gains/losses on derivatives.

2.4 Exploration expenditure

The group has elected to expense all exploration and evaluation expenditures until it is concluded that the project is technically feasible and commercially viable, and that future economic benefits are therefore probable. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body as set out below.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until the technical and commercial viability of the project has been demonstrated usually through the completion of a final feasibility study. However, in certain instances, the technical and commercial viability of the deposit may be demonstrated at an earlier stage, for example where an extended feasibility study is conducted and the underlying feasibility study in respect of specific components of the mineral deposit has advanced to such a stage that significant commercially viable reserves has been established, and the other criteria for the recognition of an asset have been met. At this point the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalised as mine development cost to the extent that future economic benefits are expected. A 'feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that the project is technically feasible and commercially viable.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed, allows the directors to conclude that the project is technically feasible and commercially viable.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment or when there is an indication of impairment.

Assets that are subject to amortisation are reviewed annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating unit or CGU). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected commodity prices (considering current and historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine (LoM) plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. Refer to note 15 for detail.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials.

2 ACCOUNTING POLICIES continued

Group accounting policies continued

2.5 Impairment of non-financial assets continued

In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. Except for other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Impairment losses on goodwill are recognised immediately in the income statement and are not reversed. The impairment testing is performed annually on 30 June or when events or changes in circumstances indicate that it may be impaired.

Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at 30 June. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognised in prior years.

2.6 Operating profit

The group defines operating profit as the profit earned from the normal core mining operations. In reporting operating profit in the income statement, transactions for capital transactions involving subsidiaries, joint arrangements and associates are excluded from operating profit as these are not considered to be part of the mining operations of the Harmony group. Any gains or losses on capital transactions are presented below the operating profit line.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Refer to the specific notes below for further information on the key accounting estimates and assumptions applied.

- Estimate of taxation – note 12;
- Recognition of deferred tax asset – note 12;
- Valuation of cash generating units acquired - note 14;
- Fair value of identifiable net assets acquired - note 14;
- Streaming contract liability - note 14 and 31;
- Estimate of deferred tax rates on acquisition date - note 14;
- Gold mineral reserves and resources – note 15;
- Production start date – note 15;
- Stripping activities – note 15;
- Impairment of assets – note 15;
- Depreciation of property plant and equipment – note 15;
- Exploration and evaluation assets – note 15;
- Impairment of goodwill – note 16;
- Valuation of interest in associate – note 21;
- Provision for stock obsolescence - note 23;
- Estimate of exposure and liabilities with regard to rehabilitation costs – note 26;
- Estimate of provision for silicosis settlement – note 27;
- Estimate of employee benefit liabilities – note 27;
- Leases - note 28;
- Valuation of contingent consideration liability - note 29;
- Fair value of share-based payments – note 36;
- Assessment of contingencies – note 38; and
- Valuation of derivative financial instruments – note 39.

4 COVID-19 IMPACT

South Africa

The national lockdown that began on 27 March 2020 to curb the spread of the Coronavirus (Covid-19) and allow the country time in which to prepare for the demands the pandemic would have on its health care system is still in place. Harmony continues with the risk assessment-based Covid-19 prevention strategy which was rolled out across all of its operations before the lockdown was announced. This approach has allowed management to identify, evaluate and rank the hazards associated with any exposures to Covid-19 and potential infections. It has allowed the company to reduce or eliminate the probability of an employee contracting Covid-19 and to limit the severity should an employee be infected.

Harmony's Covid-19 Standard Operating Procedure (SOP) has been adopted and rolled out, ensuring a safe return to work and work environment for each of its employees. The SOP was informed by guidelines provided by the Department of Mineral Resources and Energy, the National Council for Infectious Diseases and the World Health Organisation.

All requisite staffing, facilities and equipment are in place to ensure continuous rigorous screening of employees at work, as well as isolate or quarantine employees infected by or exposed to Covid-19, with subsequent testing and treatment. Management adapt the approach continuously as more information becomes available and new best practices evolve.

Papua New Guinea

Harmony's Hidden Valley mine in Papua New Guinea has continued to operate during the Covid-19 State of Emergency declared in the country. However restrictions on international travel and the implementation of strict Covid-19 control protocols required longer employee rosters, including rostered days off on site to manage fatigue, which has negatively impacted productivity. Work is being done to mitigate this impact. The delivery of essential supplies to the mine has continued, with strict isolation control measures in place. All non-essential staff have been temporarily removed from site and certain activities and expenditures have been curtailed to focus on safe, profitable operations during the pandemic. Protocols were adopted to allow the safe movement of personnel to and from site.

Vaccines

The roll-out of vaccine programmes globally since November 2020, despite the subsequent discovery of several mutations, or variants, is seen as a positive move to prevent severe disease and hospitalisation. Harmony has four accredited mass vaccination sites in South Africa and three in Papua New Guinea, with plans to accredit six more sites in South Africa. Harmony expects to at least partially vaccinate 80% of its employees that are willing to be vaccinated by October 2021 and can then assist with the vaccination of employees' families and the communities in which we operate.

Financial risk management

The effects of Covid-19 and other macro developments have increased financial risks such as exchange rate, interest rate and commodity price volatility, while also impacting on liquidity and credit risk. Management has put various measures in place to mitigate and/or manage the risks and continues monitoring the situation closely. Refer to note 39 for additional detail.

Market impact

Exchange rates

Due to the impact of the Covid-19 pandemic, during the 2020 financial year the Rand weakened significantly against the US dollar and the Australian dollar, closing at R17.32/US$1 and R11.96/A$1 on 30 June 2020. During the 2021 year, the Rand strengthened against the two currencies, closing at R14.27/US$1 and R10.72/A$1 on 30 June 2021. In addition, the Papua New Guinea Kina weakened against the Australian dollar from PGK2.38/A$1 at 30 June 2020 to PGK2.63/A$1 at 30 June 2021. These movements in the currencies expose the group's operations to foreign currency gains and losses on foreign-denominated receivables and liabilities, including derivatives, and also impact the group's translation of its International operating results and net assets into its Rand presentation currency, which resulted in a foreign exchange translation gain of R1.2 billion for the 2020 year, while a foreign translation loss of R1.2 billion was recognised for the 2021 year. In addition, a net foreign exchange translation gain of R670 million (R892 million net loss in FY20) was recognised in profit or loss for the 2021 year, primarily on the US$ borrowings.

Commodity prices

Gold prices have rallied to all-time highs during the 2020 and 2021 years following the global economic fallout of Covid-19 and ongoing geopolitical uncertainty supporting its safe haven status with investors. The price of gold in US$ terms closed at US$1 770/oz on 30 June 2021, relatively unchanged from the price of US$1 781/oz on 30 June 2020. However, spot gold prices have traded in a range of between US$1 681/oz and US$2 063/oz (FY20: US$1 384/oz and US$1 781/oz) during the year, which was driven by factors such as the announcement of the successful developments of vaccines as well as the various waves of the Covid-19 infections being experienced globally.

Interest rates

The United States of America (US) as well as South African market interest rates remain stable at the recent low levels and are expected to remain low for some time to come, as economies all over the world are still impacted by the economic impact of the Covid-19 pandemic. Since the US Federal Reserve dropped the Fed Funds rate to a maximum of 0.25% in March 2020, there have been no changes to the rate. Similarly in South Africa, the South African Reserve Bank (SARB) has kept the repo rate at a low of 3.50% since reducing it to that level on 23 July 2020. In 2020 the SARB lowered the repo rate by 2.75% from 6.50% to 3.75%. Management's expectation is for interest rates to remain low as inflation is well within the target band.

4 COVID-19 IMPACT continued

Impact on production

During the initial phase of the South African national lockdown, the underground operations were placed on care and maintenance and employees returned to their homes across the country and in other SADC countries. On 1 May 2020, the underground operations were granted concessions to start producing at a maximum capacity of 50% and as of 1 June 2020, operational restrictions were lifted further to allow the mining industry to operate at 100% of its labour capacity. By 1 September 2020, Harmony had completed the recall of all operational employees.

Management continuously monitors the crew availability and adapts the production models accordingly. The December break was shortened to allow for a catch-up on development which had been delayed during Level 4 & 5 of the national lockdown. It also allowed for extra production days.

Due to the protocols put in place to deal with an employee who has potentially been exposed to the virus, the disruption to production has been minimal. The reduction of the quarantine time from 14 to 10 days has also seen a quicker return after a potential exposure. The use of the rapid antigen test during the January 2021 return-to-work process significantly improved the process as employees could be cleared for work within an hour of testing. Those with a positive test were immediately isolated for further case management.

Impact on critical estimates and judgements

The group considered the impact of the Covid-19 pandemic on each of its significant accounting estimates and judgements as at 30 June 2021, some which relate to the key assumptions for the calculation of the mining assets' recoverable amounts. The increase in the US$ gold price impacted the short- and medium-term views in the forecasts management received from various institutions in order to determine the assumptions for impairment testing. Refer to note 15 for further details on the assumptions used in the impairment test.

With the fair value exercise that is required for the acquisition of Mponeng operations and related assets, management made certain assumptions and estimates required in the process as at 1 October 2020. These assumptions were affected by the market volatility at the time. Refer to note 14 for further detail.

5 REVENUE

Accounting policy

Revenue from metal sales include the sale of gold, silver and uranium. Revenue from metal sales is recognised when the group satisfies its performance obligations under its contract with the customer, by transferring such metals to the customer's control. Transfer of control is generally determined to be when the risk and title to the metals passes to the customer. Revenue is measured based on the consideration specified in the contract with the customer and is driven by the quoted market prices of the metals.

The effective portion of gains or losses on the derivatives designated as cash flow hedging items (forecast sales transactions) are recognised in revenue when the forecast sales transactions occur. See the accounting policy for derivatives and hedging activities in note 2.

	SA Rand		
Figures in million	**2021**	2020	2019
Revenue from contracts with customers	**43 632**	30 642	26 459
Gold	**42 597**	29 704	25 693
Silver[1]	**857**	839	589
Uranium[1]	**178**	99	177
Consideration from streaming contract[2]	**397**	—	—
Hedging gain/(loss)[3]	**(2 296)**	(1 397)	453
Total revenue[4]	**41 733**	29 245	26 912

[1] Silver is derived from the Hidden Valley mine in Papua New Guinea. Uranium is derived from the Moab Khotsong operation.
[2] Relates to the recognition of non-cash consideration recognised as part of revenue for the streaming arrangement. Refer to note 31 for further information.
[3] Relates to the realised effective portion of the hedge-accounted gold derivatives. Refer to note 19 for further information.
[4] A geographical analysis of revenue is provided in the segment report.

The points of transfer of control are as follows:

• Gold: South Africa (excluding streaming contract)	Gold is delivered and a certificate of sale is issued.
• Gold and silver: Hidden Valley	Metal is collected from Hidden Valley and a confirmation of collection is sent to and accepted by the customer.
• Uranium	Confirmation of transfer is issued.
• Streaming contract	Gold is delivered and credited into the Franco-Nevada designated gold account.

5 REVENUE continued

The increase in gold revenue during the 2021 financial year is mainly due to the acquisition of the Mponeng operations and related assets and a higher gold price. The acquired operations contributed R7.5 billion in revenue during the period. In addition, the average gold price received increased by 16% to R851 045/kg from R735 569/kg in the year ended 30 June 2020. Silver produced decreased by 31% to 67 295 kg from 97 332 kg in the prior year, however the average silver price increased by 49% to R12 602/kg from R8 485/kg in 2020. Uranium produced increased by 10% to 150 778 kg from 137 298 kg in the prior year and the average uranium price increased by 15% to R1 010/kg from R875/kg in 2020.

The increase in gold and silver revenue for 2020 was mainly due to the higher commodity prices. The increase in gold revenue was offset by the decrease in production of 15% from 44 734 kg in the 2019 to 37 863 kg in the 2020 financial year. Silver produced increased by 11% to 97 332 kg in 2020 from 87 325 kg in the 2019 financial year. The decrease in uranium revenue during 2020 was due to lower sales volumes as a result of the South African nationwide lockdown that took place due to Covid-19.

Below are the average commodity prices received for the financial years:

	2021	2020	2019
Gold[1]			
– US$ per ounce (US$/oz)	**1 719**	1 461	1 287
– Rand per kilogram (R/kg)	**851 045**	735 569	586 653
Silver			
– US$ per ounce (US$/oz)	**25.45**	16.85	15.00
– Rand per kilogram (R/kg)	**12 602**	8 485	6 837
Uranium			
– US$ per pound (US$/lb)	**29.76**	25.34	26.23
– Rand per kilogram (R/kg)	**1 010**	875	820

[1] *The gold price includes the realised effective portion of the hedge-accounted gold derivatives.*

6 COST OF SALES

		SA Rand	
Figures in million	**2021**	2020	2019
Production costs (a)	**29 774**	22 048	20 324
Amortisation and depreciation of mining assets (b)	**3 777**	3 409	3 961
Amortisation and depreciation of assets other than mining assets (b)	**98**	99	93
Rehabilitation expenditure (c)	**135**	47	33
Care and maintenance costs of restructured shafts	**144**	146	134
Employment termination and restructuring costs (d)	**332**	40	242
Share-based payments (e)	**114**	130	155
Impairment of assets (f)	**1 124**	—	3 898
Other	**(9)**	(11)	29
Total cost of sales	**35 489**	25 908	28 869

(a) Production costs include mine production, transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles, ongoing environmental rehabilitation costs and transfers for stripping activities. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed.

Production costs increased by R7 726 million (35% year on year) during the year ended 30 June 2021. These costs increased mainly as a result of the acquisition of the Mponeng operations and related assets, which contributed R5 230 million to the increase. The remaining increase is mainly attributable to higher utilities and labour costs as a result of annual increases. Also contributing is the royalty expense which increased due to increased profitability as a result of the higher gold prices, which also impacted on the rates at which royalties are calculated.

Production costs increased during the 2020 year mainly in line with expectations, with the South African national lockdown from the end of March 2020 due to Covid-19 impacting on production volumes while the cost base remained mostly unchanged. Contributing to the increase for the 2020 year is a decrease of R557 million in the capitalised stripping credit related to the Hidden Valley operation.

6 COST OF SALES continued

(a) Production costs continued

Production costs, analysed by nature, consist of the following:

	SA Rand		
Figures in million	**2021**	2020	2019
Labour costs, including contractors	**17 585**	13 004	12 715
Consumables	**7 218**	5 441	5 532
Water and electricity	**5 138**	3 664	3 398
Insurance	**208**	154	126
Transportation	**177**	377	354
Change in inventory	**69**	(70)	(166)
Capitalisation of mine development costs	**(2 117)**	(1 485)	(1 880)
Stripping activities	**(1 047)**	(675)	(1 197)
Royalty expense	**637**	327	193
Other	**1 906**	1 311	1 249
Total production costs	**29 774**	22 048	20 324

(b) The increase for the 2021 year is as a result of the operations running for the entire year with no lockdown while the charge for 2020 was impacted by lower production due to the closure of underground operations as a result of the Covid-19 pandemic. The inclusion of the Mponeng operations and related assets in the asset base also contributes to the increase year on year.

In addition to the Covid-19 impact during the 2020 financial year, the depreciation expense was also affected by the completion of the mining of Stage 5 at Hidden Valley during the December 2019 quarter, which also contributed to the decrease. The impairments recognised on certain operations in South Africa during the 2019 year significantly impacted on the base which depreciation is calculated on and the lower carrying values contributed to the lower total compared to the comparative period.

Amortisation and depreciation of assets other than mining assets includes the amortisation of intangible assets.

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 26. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as costs related to the rehabilitation process. For 2021, R15 million (2020: R47 million) (2019: R86 million) was spent on rehabilitation in South Africa. Refer to note 26. The acquisition of the Mponeng operations and related assets resulted in Harmony taking on the rehabilitation liability for these operations resulting in a R80 million increase in the rehabilitation provision expense for the year ended June 2021 as compared to June 2020.

(d) The increase in 2021 is due to a new programme for voluntary and medical severance packages offered to employees, partially related to the closure of Unisel. The employment termination and restructuring expenditure for 2020 and 2019 relates to the voluntary severance programme in place to reduce labour costs.

(e) Refer to note 36 for details on the share-based payment schemes implemented by the group.

(f) Management performed an assessment for impairment triggers as well as indications of reversal of previously recorded impairment losses at 30 June 2021. Due to the group net asset value (before any impairments being recognised or the finalisation of the fair value exercise on the acquisition of the Mponeng operations and related assets) exceeding the market capitalisation of Harmony as at 30 June 2021, the recoverable amounts for all cash-generating units (CGUs) were calculated. The recoverable amounts for these assets were determined on a fair value less cost to sell basis using assumptions per note 15 in the discounted cash flow models and attributable resource values. These are fair value measurements classified as level 3. Based on the impairment tests performed, impairments were recorded on certain operations for the 2021 year.

Where CGUs had previously been impaired, management considered whether the impairment loss (or the contributors to the previously recognised impairment loss) no longer exists or might have decreased. Management considered general and specific factors for each CGU and concluded that although overall the gold price had improved from the time that the impairment losses had been recognised, the specific circumstances that led to the original impairments had not reversed. Furthermore, the service potential of the asset has not increased. Due to the continued volatility seen in the gold prices as well as the exchange rates, coupled with the fact that the factors resulting in the previously recognised impairment losses had not reversed, as well as the market capitalisation issue noted above, management resolved it to be appropriate for no reversal of previously recognised impairment losses to be recorded for the year ended 30 June 2021. There also was no reversal of impairment for the 2020 or 2019 financial years.

Refer to note 15 for further information.

6 COST OF SALES continued

(f) Impairment of assets continued

The impairment of assets consists of the following:

	SA Rand		
Figures in million	**2021**	2020	2019
Tshepong Operations	**759**	—	2 254
Bambanani	**187**	—	6
Target 3	**178**	—	318
Kusasalethu	**—**	—	690
Target 1	**—**	—	312
Joel	**—**	—	198
Other mining assets	**—**	—	120
Total impairment of assets	**1 124**	—	3 898

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2021 are as follows:

	SA Rand Recoverable amount		
Figures in million	Life-of-mine plan	Resource base	Total
Tshepong Operations			
The updated life-of-mine plan included a reduction in planned gold resulting from lower grade. There was also a change in the mining profile in the revised life-of-mine plan, which impacted on the timing of cash flows, which were then later than in comparison to the prior year plan. These changes affected the discounted cash flows used to determine the recoverable amount of the operation.	4 847	936	5 783
Bambanani			
The impairment of goodwill on Bambanani was mainly as a result of a reduction in grade over the remainder of the operation's life. The reduction in grade is due to unexpected changes in the orebody and a lower mine call factor.	341	—	341
Target 3			
Previous plans to explore the sale of the operation have been abandoned and further development is not a viable option at this stage. Therefore management has determined a recoverable amount of Rnil.	None	—	—

During the financial year ended 30 June 2020 no impairments were recognised.

6 COST OF SALES continued

(f) Impairment of assets continued

The recoverable amounts of the CGUs where impairments were recognised as at 30 June 2019 are as follows:

	SA Rand		
	Recoverable amount		
Figures in million	Life-of-mine plan	Resource base	Total
Tshepong Operations			
The impairment was due to the increased costs to exploit the resource base as well as a lower expected recovered grade. The decrease in the recovery grade is as a result of the change in the dilution factors applied to the outside life of mine resources.	3 811	2 055	5 866
Kusasalethu			
The decrease in grade and increased estimated costs in the resource base resulted in a lower recoverable amount. The decrease in the recovery grade is as a result of the change in the dilution factors applied to the outside life of mine resources.	1 297	—	1 297
Target 1			
The recoverable amount decreased as a result of increased costs and decrease in grade in the resource base together with the estimated impact of carbon tax. The increase in discount rate due to increased risk factors also negatively impacted on the recoverable amount.	467	609	1 076
Target 3			
The operation remained under care and maintenance. A change in valuation method from discounted cash flow model to resource multiple approach reduced the recoverable amount.	None	182	182
Joel			
The increased capital costs in the resource base together with carbon tax negatively impacted the net present value of expected cash flows.	765	87	852
Other mining assets			
The updated life-of-mine plans for the CGUs in Freegold and Avgold resulted in the impairment of other mining assets owned by the companies.	335	None	335
Bambanani			
The impairment of goodwill reduced the carrying amount of intangible assets. As goodwill is not depreciated, it resulted in an impairment as the life of the operation shortens.	763	None	763

7 CORPORATE, ADMINISTRATION AND OTHER EXPENDITURE

	SA Rand		
Figures in million	**2021**	2020	2019
Professional and legal fees	**52**	45	54
Compliance and assurance costs	**51**	39	46
Corporate business development (a)	**221**	19	19
Corporate office expenditure (b)	**707**	486	611
Other corporate and administration expenses	**37**	22	1
Total corporate, administration and other expenditure	**1 068**	611	731

(a) The increase in corporate business development is largely attributable to the integration costs of R205 million (2020: R4 million) related to the acquisition of Mponeng operations and related assets. Refer to note 14 for further detail.

(b) The increase in corporate office expenditure in 2021 is mainly due to the increase in remuneration costs and employee incentive payments from a reduced base in the 2020 financial year following the group-wide pay cuts in response to the Covid-19 pandemic.

8 FOREIGN EXCHANGE TRANSLATION GAIN/(LOSS)

	SA Rand		
Figures in million	**2021**	2020	2019
Borrowings (a)	**894**	(970)	(99)
Other items (b)	**(224)**	78	13
Total foreign exchange translation gain/(loss)	**670**	(892)	(86)

(a) The gain in 2021 is predominantly caused by favourable translations on US dollar loan balances. The favourable translations on US dollar loans are attributable to the Rand strengthening against the US dollar evidenced by an improved average and closing exchange rate of R15.40/US$1 (2020: R15.66/US$1) (2019: R14.18/US$1) and R14.27/US$1 (2020: R17.32/US$1) (2019: R14.13/US$1) respectively.

(b) This relates mainly to the translation of metal trade receivables and cash from a foreign currency to the functional currencies of the operating entities.

9 OTHER OPERATING EXPENSES

	SA Rand		
Figures in million	**2021**	2020	2019
Social investment expenditure	**126**	143	155
Loss on scrapping of property, plant and equipment (a)	**161**	62	21
Silicosis settlement provision/(reversal of provision) (b)	**80**	36	(62)
Loss allowance	**47**	63	7
Remeasurement of contingent consideration (c)	**(127)**	—	—
Other (income)/expense – net	**(46)**	5	(21)
Total other operating expenses	**241**	309	100

(a) These losses arise from the derecognition of property, plant and equipment that is no longer in use. No future economic benefits are expected from the use or disposal of these assets. Refer to note 15 for further detail on the accounting policy as well as the amounts per asset category.

(b) Refer to note 27 for details on the movement in the silicosis settlement provision.

(c) Refer to note 29 for details on the remeasurement of the contingent consideration.

10 INVESTMENT INCOME

Accounting policy

Interest income is recognised on the effective interest method, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group. Dividend income is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

Cash flows from interest and dividends received are classified under operating activities in the cash flow statement.

	SA Rand		
Figures in million	**2021**	2020	2019
Interest income from financial assets at amortised cost	**265**	257	244
Dividend income[1]	**23**	—	—
Net gain on financial instruments[2]	**43**	118	64
Total investment income	**331**	375	308

[1] *Comprises of R18 million received from Rand Mutual Assurance and R5 million received from equity investments held by environmental trusts (refer to note 17).*

[2] *Primarily relates to the environmental trust funds and the Social Trust Fund (refer to note 17) and also includes the fair value movement of the ARM BBEE Trust loan (refer to note 18). The gains for the 2021 year were offset by a day 1 expense of R87 million on the refinancing of the ARM BBEE Trust loan in June 2021.*

11 FINANCE COSTS

Accounting policy

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed. The foreign exchange translation loss is included in the borrowing cost calculation to the extent that it is considered to be a part of interest. In a year where a foreign exchange gain is recognised on the borrowings' translation, the potential impact thereof on the rate as well as the borrowing costs is disregarded.

	SA Rand		
Figures in million	**2021**	2020	2019
Financial liabilities			
Borrowings	**228**	424	402
Other creditors and liabilities	**14**	9	2
Total finance costs from financial liabilities	**242**	433	404
Non-financial liabilities			
Time value of money for other provisions	**74**	88	96
Streaming arrangements	**71**	—	—
Time value of money and inflation component of rehabilitation costs	**296**	194	208
Total finance costs from non-financial liabilities	**441**	282	304
Total finance costs before interest capitalised	**683**	715	708
Interest capitalised (a)	**(22)**	(54)	(133)
Total finance costs	**661**	661	575

(a) The capitalisation rate used to determine capitalised borrowing costs is:

	2021	2020	2019
Capitalisation rate (%)	**3.8**	9.4	10.4

The decrease in the capitalisation rate for 2021 is due to the exclusion of the foreign exchange gain for the year. This impacted on the interest capitalised. The decrease in the borrowing costs capitalised in 2020 compared to 2019 is due to Joel's decline project reaching commercial levels of production as well as the cessation of capitalising borrowing costs for Wafi-Golpu. For Joel, the capitalisation of borrowing costs ceased and depreciation commenced as of 1 January 2020.

12 TAXATION

Accounting policy

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised on temporary differences existing at each reporting date between the tax base of all assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognised in other comprehensive income or directly in equity in which case the tax is also recognised in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, unutilised tax losses, unutilised capital allowances carried forward and unrealised gains and losses on the gold forward sale contracts. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

12 TAXATION continued

Critical accounting estimates and judgements

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 15, which may differ from one year to the next and normally result in the deferred tax rate changing from one year to the next.

Management has to exercise judgement with regard to deferred tax assets. Where it is not probable that future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

The taxation (expense)/credit for the year is as follows:

	SA Rand		
Figures in million	**2021**	2020	2019
SA taxation			
Mining tax (a)	**(464)**	(56)	(19)
– current year	**(467)**	(61)	(14)
– prior year	**3**	5	(5)
Non-mining tax (b)	**(80)**	(2)	(124)
– current year	**(81)**	(2)	(121)
– prior year	**1**	—	(3)
Deferred tax (c)	**(714)**	(197)	282
– current year	**(714)**	(197)	282
Total taxation (expense)/credit	**(1 258)**	(255)	139

(a) Mining tax on gold mining taxable income in South Africa is determined according to a formula, based on the taxable income from mining operations. 5% of total revenue is exempt from taxation while the remainder is taxable at a higher rate (up to a maximum of 34%) than non-mining income (28%) as a result of applying the gold mining formula. Mining and non-mining income of Australian entities and PNG operation are taxed at a standard rate of 30%.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilised against mining income generated from the relevant ring-fenced mine.

The movement in foreign exchange translation from losses in the prior year to gains in the current year as well as higher mining taxable income due to the increase of revenue resulted in the increase in the current tax expense during the 2021 year. This was also impacted by certain companies within the group using their unredeemed capital allowances as well as assessed losses.

(b) Non-mining taxable income of mining companies and the taxable income for non-mining companies are taxed at the statutory corporate rate of 28%.The expense for the 2021 and 2019 relates to non-mining tax arising from derivative gains (realised and unrealised) recognised on the foreign currency derivatives as well as the realised gains on the commodity forward sale contracts. During 2020, the losses on the derivative contracts resulted in non-mining tax losses. See discussion on deferred tax below. Refer to note 19 for details on the group's derivative gains and losses recorded.

12 TAXATION continued

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

Following the completion of the annual life-of-mine plans, management revised the weighted average deferred tax rates for all the South African operations. The higher gold price assumption used resulted in an increase in the estimated profitability and consequently higher rates than in the prior year for certain subsidiaries. Refer to note 15 for the assumptions used. These changes, together with changes in the temporary differences, had the following impacts:

- The change in rates on temporary differences at the individual company level, other than hedge accounted derivatives, resulted in an increase in the deferred tax expense and liability to the amount of R55 million.
- Unwinding of temporary differences related to unredeemed capital expenditure balance resulted in an increase of R301 million in the deferred tax expense.
- Unwinding of temporary differences related to the assessed loss balance resulted in an increase of R144 million in the deferred tax expense.
- The Rand strengthened during the year which had the effect of reducing the loss on the Rand gold contracts that matured during the 2021 financial year as well as positively impacting those that were outstanding at 30 June 2021. Refer to notes 19 and 39 for detail. The temporary differences related to the Rand gold derivatives changed from deductible temporary differences (i.e. resulting in a deferred tax asset) to taxable temporary differences (resulting in a deferred tax liability). Management assessed the rates at which the temporary differences are expected to reverse and revised the rate from the weighted average deferred tax rate to the non-mining tax rate of 28%. This accounts for R184 million of the deferred tax expense charged directly to other comprehensive income.
- As at 30 June 2020 a deferred tax asset was recognised in Harmony Gold Mining Company Limited (Harmony Company) and Randfontein Estates Limited (Randfontein Estates). Subsequently, the net deferred tax asset balance has decreased due to the utilisation of assessed losses, unredeemed capital expenditure and a decrease in the net derivative liability. Harmony Company's deferred tax asset balance reduced to R175 million while Randfontein Estates' deferred tax asset became a deferred tax liability. Furthermore, the newly acquired Chemwes (Pty) Limited (Chemwes Company) is in a net deferred tax asset position.

  A deferred tax asset continues to be recognised for Harmony Company at 30 June 2021 as it is considered probable that sufficient future taxable profits will be available against which the remaining deductible temporary differences existing at the reporting date can be utilised. Management also believes there will be sufficient future taxable income from the operations owned by Chemwes Company and therefore the entire balance of R97 million was recognised at 30 June 2021.

12 TAXATION continued

Income and mining tax rates

The tax rate remained unchanged for the 2019, 2020 and 2021 years.

Major items causing the group's income tax provision to differ from the South African mining statutory tax rate of 34% were:

	SA Rand		
Figures in million	**2021**	2020	2019
Tax (expense)/credit on net profit/loss at the mining statutory tax rate	**(2 170)**	202	934
Non-allowable deductions and non-taxable items	**(153)**	(221)	(241)
Share-based payments	**(49)**	(62)	(70)
Gain on bargain purchase	**102**	—	—
Acquisition and integration costs	**(75)**	—	—
Impairment of assets	**(64)**	—	(2)
Exploration expenditure	**—**	(55)	(36)
Finance costs	**(50)**	(76)	(68)
Other	**(17)**	(28)	(65)
Movement in temporary differences related to property, plant and equipment	**378**	(355)	(1 388)
Movements in temporary differences related to other assets and liabilities	**(465)**	(452)	98
Difference between effective mining tax rate and statutory mining rate on mining income	**145**	10	(175)
Difference between non-mining tax rate and statutory mining rate on non-mining income	**17**	—	19
Effect on temporary differences due to changes in effective tax rates[1]	**(55)**	(469)	83
Prior year adjustment	**(4)**	5	(8)
Capital allowances[2]	**860**	766	684
Deferred tax asset not recognised[3]	**189**	34	133
Deferred tax asset previously not recognised now recorded[4]	**—**	225	—
Income and mining taxation (expense)/credit	**(1 258)**	(255)	139
Effective income and mining tax rate (%)	**20**	(43)	5

[1] *This mainly relates to movements in the deferred tax rate related to Harmony (29.8% to 27.4%) (2020: 25.7% to 29.8%) (2019: 10.5% to 25.7%), Freegold (11.4% to 12.1%) (2020: 8.1% to 11.4%) (2019: 8.7% to 8.1%), Randfontein Estates Limited (Randfontein) (10.1% to 5.1%) (2020: 4.5% to 10.1%) (2019: 1.8% to 4.5%) and Moab (17.3% to 17.6%) (2020: 4.7% to 17.3%) (2019: 9.1% to 4.7%).*

[2] *This relates to the additional capital allowance that may be deducted from taxable income from mining operations in South Africa. A significant portion relates to Avgold Limited (Avgold) which has a 0% effective tax rate.*

[3] *This relates to tax losses and deductible temporary differences for which future taxable profits are uncertain and are not considered probable.*

[4] *In 2020, the assessment on whether there would be future profits for Harmony Company as well as taxable temporary differences which the deductible temporary differences can be reversed against was performed. Management concluded that there would be and therefore the deferred tax asset not recognised in the 2019 year was recognised at 30 June 2020.*

Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

	SA Rand	
Figures in million	**2021**	2020
Deferred tax assets	**(1 202)**	(1 803)
Deferred tax asset to be recovered after more than 12 months	**(522)**	(1 091)
Deferred tax asset to be recovered within 12 months	**(680)**	(712)
Deferred tax liabilities	**3 108**	2 268
Deferred tax liability to be recovered after more than 12 months	**2 713**	2 034
Deferred tax liability to be recovered within 12 months	**395**	234
Net deferred tax liability	**1 906**	465

12 TAXATION continued

Deferred tax continued

Deferred tax liabilities and assets on the balance sheet as of 30 June 2021 and 30 June 2020 relate to the following:

	SA Rand	
Figures in million	**2021**	2020
Gross deferred tax liabilities	**3 108**	2 268
Amortisation and depreciation	**2 807**	2 211
Derivative financial instruments	**276**	—
Other	**25**	57
Gross deferred tax assets	**(1 202)**	(1 803)
Unredeemed capital expenditure[1]	**(3 540)**	(4 923)
Provisions, including non-current provisions	**(1 157)**	(1 156)
Contingent consideration liability	**(47)**	—
Streaming contract liability	**(140)**	—
Derivative financial instruments	**—**	(505)
Tax losses[2]	**(1 151)**	(1 718)
Deferred tax asset not recognised[3]	**4 833**	6 499
Net deferred tax liability	**1 906**	465

[1] Unredeemed capital expenditure mainly consists of Hidden Valley R3 157 million (2020: R4 555 million).
[2] The majority of the amount relates to Hidden Valley's tax losses of R1 089 million (2020: R1 327 million).
[3] The majority of the deferred tax asset not recognised of R4 833 million relates to Harmony's PNG operations (2020: R6 499 million).

Movement in the net deferred tax liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**465**	687
Expense per income statement	**714**	197
Acquisition of Mponeng operations and related assets	**(55)**	—
Tax directly charged to other comprehensive income	**782**	(419)
Balance at end of year	**1 906**	465
Deferred tax asset per balance sheet	**(272)**	(531)
Deferred tax liability per balance sheet	**2 178**	996

	SA Rand	
Figures in million	**2021**	2020
As at 30 June, the group had the following potential future tax deductions:		
Unredeemed capital expenditure available for utilisation against future mining taxable income[1]	**41 184**	43 395
Tax losses carried forward utilisable against mining taxable income[2]	**5 746**	7 356
Capital Gains Tax (CGT) losses available to be utilised against future CGT gains[4]	**570**	570
As at 30 June, the group has not recognised the following deferred tax asset amounts relating to the above:	**13 820**	14 618
The unrecognised temporary differences are:		
Unredeemed capital expenditure[3]	**37 667**	40 330
Tax losses[2]	**4 832**	5 156
CGT losses[4]	**570**	570

[1] Includes Avgold R24 161 million (2020: R21 483 million), Randfontein R1 268 million (2020: R2 261 million), Moab Khotsong R185 million (2020: R625 million) and Hidden Valley R13 506 million (2020: R18 847 million). These have an unlimited carry-forward period.
[2] Relates mainly to Hidden Valley and the PNG exploration operations. These have an unlimited carry-forward period.
[3] Relates to Avgold and Hidden Valley.
[4] The CGT losses relate to the gross CGT losses available to be utilised against future CGT gains.

Dividend tax (DT)

The withholding tax on dividends remained unchanged at 20%.

13 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

	2021	2020	2019
Ordinary shares in issue ('000)	**616 052**	603 143	539 841
Adjustment for weighted number of ordinary shares in issue ('000)	**(5 582)**	(61 306)	(12 974)
Weighted number of ordinary shares in issue ('000)	**610 470**	541 837	526 867
Treasury shares ('000)	**(6 184)**	(6 501)	(3 058)
Basic weighted average number of ordinary shares in issue ('000)	**604 286**	535 336	523 809

	SA Rand		
	2021	2020	2019
Total net profit/(loss) attributable to shareholders (million)	**5 087**	(878)	(2 607)
Total basic earnings/(loss) per share (cents)	**842**	(164)	(498)

Diluted earnings/(loss) per share

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2021	2020	2019
Weighted average number of ordinary shares in issue ('000)	**604 286**	535 336	523 809
Potential ordinary shares[1] ('000)	**12 099**	11 858	9 537
Weighted average number of ordinary shares for diluted earnings per share[1] ('000)	**616 385**	547 194	533 346

	SA Rand		
	2021	2020	2019
Total diluted earnings/(loss) per share (cents)[2]	**825**	(166)	(500)

[1] *Due to the net loss attributable to shareholders in 2020 and 2019, the inclusion of the share options as potential ordinary shares had an anti-dilutive effect on the loss. The issue price and the exercise price of share options issued to employees include the fair value of any service to be supplied to the entity in the future under the share option or other share-based payment arrangement.*

[2] *The dilution in 2020 and 2019 is as a result of the potential reduction in earnings attributable to equity holders of the parent company as a result of the exercise of the Tswelopele Beneficiation Operation (TBO) option. TBO contributed a profit and therefore the reduction in earnings attributable to Harmony would increase the loss and loss per share. Following the vesting of the option in December 2019, there has been no further impact.*

Dividends

Accounting policy

Dividends declared are recognised in the period in which they are approved by the board of directors. Dividends are payable in South African Rand.

Cash flows from dividends paid are classified under financing activities in the cash flow statement.

- The board declared an interim ordinary dividend of 110 SA cents for the year ended 30 June 2021. R677 million was paid on 19 April 2021. No dividends were paid on ordinary shares by Harmony during the 2020 and 2019 financial years. In addition, dividend payments were made in 2021 and 2020 to the non-controlling interest holders in Tswelopele Beneficiation Operation of R7 million and R3 million, respectively.
- The board declared a final ordinary dividend of 27 SA cents for the year ended 30 June 2021, payable on 18 October 2021.
- Harmony declares an annual preference share dividend to the Harmony Gold Community Trust (the Trust). The board declared a preference dividend of R9 million and was paid to the Trust on 10 August 2021 (2020: R9 million on 6 August 2020).

	SA Rand		
	2021	2020	2019
Dividend declared (millions)	**677**	—	—
Dividend per share (cents)	**110**	—	—

14 ACQUISITIONS AND BUSINESS COMBINATIONS

Acquisition of Anglogold Ashanti's remaining South African operations

On 12 February 2020, Harmony announced that it had reached an agreement with AGA to purchase the Mponeng operations and related assets. Harmony's primary goal with the acquisition is to improve the group's overall recovered grade and increase cash flow margins. The transaction includes the following assets and liabilities:

- The Mponeng, Tau Tona and Savuka mines and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and their associated assets and liabilities;
- Certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities (the VR Remaining assets);
- 100% of the share capital of First Uranium (Pty) Limited which owns Mine Waste Solutions (Pty) Limited and Chemwes (Pty) Limited as well as associated tailings assets and liabilities (the FUSA Group); and
- 100% of the share capital of Covalent Water Company (Pty) Limited (CWC), AGA Security Services (Pty) Limited and Masakhisane Investments (Pty) Limited.

The last condition precedent for the acquisition was fulfilled during September 2020, resulting in an acquisition date of 1 October 2020.

Cash generating units identified

Based on management's assessment the transaction meets the definition of a business combination as defined by IFRS 3. The following cash generating units (CGUs) were identified in the acquisition:

- the Mponeng business, consisting of the Mponeng, Tau Tona and Savuka mines, forming a single complex, and their associated assets and liabilities, including CWC;
- the West Wits closure business, consisting of the Savuka plant and associated rock-dump and tailings storage facility reclamation sites, mine rehabilitation and closure activities located in the West Wits region and the associated assets and liabilities;
- Mine Waste Solutions;
- the Vaal River closure business, consisting of certain rock-dump reclamation, mine rehabilitation and closure activities located in the Vaal River region and their associated assets and liabilities.

Consideration transferred

Consideration for the transaction amounted to a cash payment of R3.4 billion (US$200 million), paid on 30 September 2020, and contingent consideration subject to the following criteria:

- US$260 per ounce payable on all underground production from the Mponeng, Savuka and Tau Tona mines in excess of 250 000 ounces per year for six years commencing 1 January 2021; and
- US$20 per ounce payable on underground production from the Mponeng, Savuka and Tau Tona mines sourced from levels developed in the future below the current infrastructure.

As at 1 October 2020, the contingent consideration was valued at R544 million by using the discounted cash flows valuation method, discounted at a post-tax real rate of 10.6%. The fair value calculated for the contingent consideration is level 3 in the fair value hierarchy due to the use of unobservable inputs. The contingent consideration attributable to the below infrastructure ounces of gold was valued at Rnil at 1 October 2020. Refer to note 29 for subsequent measurement disclosure.

The amount disclosed in the cash flow statement for cash paid for the acquisition of the Mponeng operation and related assets is determined as follows:

	SA Rand
Figures in million	Total
Cash consideration paid	3 366
Cash acquired	(3)
Net cash paid on 30 September 2020	**3 363**

Acquisition and integration costs

The total of R124 million for acquisition costs for the year ended 30 June 2021 relates to various costs directly attributable to the acquisition process. These costs include attorney and advisory fees. There have also been costs incurred for the integration of the acquired assets into Harmony's existing structures and systems. These costs include project management and consultancy fees and software licensing costs required to interface with the Harmony systems. These costs amounted to R205 million (2020: R4 million) for the year ended 30 June 2021 and have been included in Corporate, administration and other expenditure.

Identifiable assets acquired and liabilities assumed

Critical accounting estimates and judgements

Key assumptions for the valuation of the respective CGUs are the gold prices, marketable discount rates, exchange rates and life-of-mine plans. Due to the volatility associated with the potential upside driven by the higher gold prices in the short to medium term, management opted to adopt conservative gold price assumptions in order to accommodate for this, which is still in line with a market participant's view. Management has considered the impact of the Covid-19 pandemic on the valuations performed and made adjustments to the production and cost estimates for the respective CGUs.

14 ACQUISITIONS AND BUSINESS COMBINATIONS continued

Acquisition of Anglogold Ashanti's remaining South African operations continued

Identifiable assets acquired and liabilities assumed continued

Critical accounting estimates and judgements continued

The fair value of the identifiable net assets acquired was determined on the expected discounted cash flows based on the life-of-mine plans of the Mponeng business (Mponeng), West Wits closure business (WW), Mine Waste Solutions (MWS) and the Vaal River closure business (VR). The post-tax real discount rates used ranged from 8.5% to 11.6%, real exchange rates ranged between R14.41/US$1 and R16.75/US$1 while real gold prices ranged between US$1 308/oz and US$1 784/oz over the valuation period. The valuation was performed as at 1 October 2020.

As part of determining the fair value of the provision for environmental rehabilitation the pre-tax risk-free rates used for discounting ranged between 5.1% and 11.5% while inflation of 5.0% was used for cost escalation.

The fair value of the unfavourable contract liability which forms part of the streaming arrangement with Franco-Nevada was measured at the difference between a market analyst consensus of gold prices and the fixed cash consideration to be received for gold delivered. A post-tax real rate of 11.6% was used to discount the liability over the expected period of delivery to settle the contract.

The deferred tax rates used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at acquisition date. The calculated deferred tax rates as at 1 October 2020 were 15.0% for Mponeng and WW, 20.8% for VR and 18.4% for MWS.

Fair value determination of acquired operations

For the period ended 31 December 2020, the fair value exercise was prepared on a provisional basis in accordance with IFRS 3. During the measurement period, being the 12 months permitted in terms of IFRS 3 for the completion of the fair value exercise, Harmony received new information relating to the expected production profiles of Mponeng and MWS, operating costs of the acquired operations, closure costs for environmental rehabilitation, trade and other receivables and trade and other payables that existed at acquisition date. There were changes to the life-of-mine plans which impacted the discounted cash flows used in the valuations of the CGUs.The change in the production profile of Mponeng impacted the valuation of the contingent consideration liability as at 1 October 2020. Other than changes to the expected production profiles, operating and rehabilitation closure costs, no other key valuation assumptions were revised.

Management considers the revised purchase price allocation to be final and the accounting for the acquisition to be concluded as at 30 June 2021. The final amounts for the identifiable assets acquired and liabilities assumed have been included below.

The fair values as at the acquisition date are as follows:

	SA Rand		
	2021		
Figures in million	Provisional fair value	Measurement period adjustment	Final fair value
Non-current assets			
Property, plant and equipment	**6 547**	(523)	6 024
Restricted cash and investments	**1 268**	—	1 268
Deferred tax assets	**103**	119	222
Current assets			
Inventories	**454**	—	454
Trade and other receivables[1]	**59**	(12)	47
Cash and cash equivalents	**3**	—	3
Non-current liabilities			
Deferred tax liabilities	**(251)**	84	(167)
Provision for environmental rehabilitation	**(1 442)**	(414)	(1 856)
Other non-current liabilities	**(41)**	—	(41)
Streaming contract liability	**(938)**	—	(938)
Current liabilities			
Trade and other payables	**(535)**	211	(324)
Streaming contract liability	**(479)**	—	(479)
Fair value of net identifiable assets acquired at 1 October 2020	**4 748**	**(535)**	**4 213**

[1] *The gross contractual amounts receivable is equal to the fair value of the receivables at acquisition date*

14 ACQUISITIONS AND BUSINESS COMBINATIONS continued

Acquisition of Anglogold Ashanti's remaining South African operations continued

Fair value determination of acquired operations continued

Groundwater pollution liability

During an assessment of the environmental liabilities associated with the acquisition, a risk related to the potential decant and pollution of groundwater from the tailings storage facilities was identified. Harmony has done an initial assessment and plans on using physo-remediation to assist in mitigating the risk.

A contingent liability acquired in a business combination is recognised in the acquisition accounting if it is a present obligation and its fair value can be measured reliably. Based on Harmony's assessment, a liability of R230 million has been raised as part of the provision for environmental rehabilitation assumed in the business combination.

Performance of acquired operations

For the nine months ended 30 June 2021, the operations acquired contributed revenue of R7 920 million and profit of R1 641 million. Should the acquisition have occurred on 1 July 2020, the group's pro forma consolidated revenue would have been R44 718 million and pro forma consolidated profit would have been R6 087 million.

Adjustments made to pro forma information

For the nine months, October 2020 to June 2021, the revenue and production cost figures as per the segmental operating results were used, with adjustments made to determine the profit/(loss) after tax of the acquired operations. These adjustments were:

- Non-cash consideration recognised from the streaming arrangement;
- Depreciation expensed;
- Costs incurred directly attributable to the acquisition;
- Investment income recognised from restricted investments;
- Finance costs recognised for provisions for environmental rehabilitation;
- Change in estimate of provision for environmental rehabilitation recognised in the income statement; and
- Finance costs recognised for significant financing components of the streaming arrangement.

For the three months of July to September 2020 (Q1), the segment operational results of AGA was used. Adjustments made to pro forma information to determine profit/(loss) were as follows:

- Depreciation expensed for Q1 was estimated to be the same as Q2, based on the fair values determined as at 1 October 2020. AGA did not recognise depreciation for Q1 in line with IFRS 5, *Non-Current Assets Held For Sale*.
- Non-cash consideration from the streaming arrangement, finance costs for provisions for environmental rehabilitation and the streaming arrangement for Q1 were based on the fair values determined as at 1 October 2020, using Harmony's accounting policies.

Gain on bargain purchase

Gain on bargain purchase has been recognised as follows:

	SA Rand		
	2021		
Figures in million	Provisional fair value	Measurement period adjustment	Final fair value
Consideration paid			
– Cash consideration	**3 366**	—	**3 366**
– Contingent consideration	**229**	**315**	**544**
Fair value of net identifiable assets acquired	**(4 748)**	**535**	**(4 213)**
Gain on bargain purchase	**(1 153)**	**850**	**(303)**

The gain on bargain purchase realised can be attributed to the higher gold prices and R/$ exchange rate assumptions that were used in the business valuations performed as at 1 October 2020 when compared to the assumptions used when the transaction was negotiated. The gold price and exchange rate assumptions were impacted by the market uncertainty surrounding the Covid-19 pandemic, which has had a significant impact on the short- and medium-term assumptions that were included in the valuations.

Gain on bargain purchase has been included as a separate line item in the income statement.

15 PROPERTY, PLANT AND EQUIPMENT

	SA Rand	
Figures in million	**2021**	2020
Mining assets	**26 487**	22 174
Mining assets under construction	**2 732**	2 714
Undeveloped properties	**3 988**	4 024
Other non-mining assets	**390**	274
Total property, plant and equipment	**33 597**	29 186

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets

Accounting policy

Mining assets including mine development costs and mine plant facilities are initially recorded at cost, whereafter they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred. Mineral and surface use rights represent mineral and surface use rights for parcels of land both owned and not owned by the group.

Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right, either as an individual asset purchase or as part of a business combination, is the fair value at acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

Depreciation

Depreciation of mining assets is computed principally by the units-of-production method over life-of-mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further inferred resources will be converted into measured and indicated resources and if they are economically recoverable, they can also be classified as proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account.

In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Additional confidence in the existence, commercial viability and economical recovery of such resources may be based on historical experience and available geological information, such as geological information obtained from other operations that are contiguous to the group's operations, as well as where the group mines continuations of these other operations' orebodies and reefs. This is in addition to the drilling results obtained by the group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a reasonable degree of accuracy.

In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, which may also include certain, but not all, of the inferred resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation. The future development costs are those costs that need to be incurred to access these inferred resources, for example the costs to complete a decline or level, which may include infrastructure and equipping costs. These amounts have been extracted from the cash flow projections for the life-of-mine plans.

Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows.

Impairment

Testing for impairment is done in terms of the group policy as discussed in note 2.5.

Scrapping of assets

Where significant adverse changes have taken place relating to the useful life of an asset, that asset is tested for impairment in terms of the group policy as discussed in note 2.5. Whether or not an impairment is recognised, it is then necessary to review the useful lives and residual values of the assets within the CGU – this is reviewed at least annually. Where necessary, the useful lives and residual values of the individual assets are revised.

Where the useful life of an asset is nil as a result of no future economic benefit expected from the use or disposal of that asset, it is necessary to derecognise the asset. The loss arising from the derecognition is included in profit or loss in the period in which the asset was derecognised.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets continued

Accounting policy continued

Stripping activities

The removal of overburden and other mine waste materials is often necessary during the initial development of an opencast mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining assets under construction, until the point at which the mine is considered to be capable of commercial production.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2, ***Inventories***.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within stripping and development capital expenditure. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the life-of-mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. The cost of this waste removal is capitalised in full.

All amounts capitalised in respect of waste removal are depreciated using the units-of-production method based on proved and probable ore reserves of the component of the orebody to which they relate.

The effects of changes to the life-of-mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

Critical accounting estimates and judgements – Gold Mineral Reserves and Resources

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

- Asset carrying values may be affected due to changes in estimated cash flows;
- Scrapping of assets to be recorded in the income statement following the derecognition of assets as no future economic benefit expected;
- Depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method;
- Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves; and
- Useful life and residual values may be affected by the change in mineral reserves.

At the end of each financial year, the estimate of proved and probable gold mineral reserves and resources is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

Critical accounting estimates and judgements – production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- The level of capital expenditure compared to the total project cost estimates;
- The ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- The ability to sustain the ongoing production of gold.

Critical accounting estimates and judgements – stripping activities

The determination of the volume of waste extracted and the expected volume for the identified component of the orebody is dependent on an individual mine's design and life-of-mine plan and therefore changes to the design or life-of-mine plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the life-of-mine plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets continued

Critical accounting estimates and judgements – impairment of assets

The recoverable amount of mining assets is generally determined utilising real discounted future cash flows (post tax). Management also considers such factors as the quality of the individual orebody, market risk, asset specific risks and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the commodity prices, resource values, marketable discount rates, costs to sell, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the long-term views of several reputable institutions on commodity prices and based on this, derives the commodity prices and resource values.

The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans and the following gold price, silver price and exchange rates assumptions:

	2021	2020	2019
US$ gold price per ounce			
– Year 1	**1 805**	1 610	1 325
– Year 2	**1 673**	1 558	1 310
– Year 3	**1 582**	1 469	1 290
– Long term (Year 4 onwards)	**1 500**	1 350	1 290
US$ silver price per ounce			
– Year 1	**25.72**	17.00	15.75
– Year 2	**23.22**	17.00	15.75
– Year 3	**21.70**	17.00	17.00
– Long term (Year 4 onwards)	**20.70**	17.00	17.00
Exchange rate (R/US$)			
– Year 1	**14.54**	16.72	14.43
– Year 2	**14.36**	15.47	14.25
– Year 3	**14.44**	15.29	14.11
– Long term (Year 4 onwards)	**14.51**	14.51	14.11
Exchange rate (PGK/US$)	**3.50**	3.45	3.34
Rand gold price (R/kg)			
– Year 1	**843 000**	865 000	615 000
– Year 2	**772 000**	775 000	600 000
– Year 3	**735 000**	722 000	585 000
– Long term (Year 4 onwards)	**700 000**	630 000	585 000

The following is the attributable gold resource value assumption:

	South Africa			**Hidden Valley**		
US dollar per ounce	**2021**	2020	2019	**2021**	2020	2019
Underground resources						
Measured	**16.50**	25.00	25.00	**n/a**	n/a	n/a
Indicated	**9.00**	8.00	8.00	**n/a**	n/a	n/a
Inferred	**3.60**	2.80	2.80	**n/a**	n/a	n/a
Surface resources						
Measured	**30.00**	n/a	n/a	**n/a**	n/a	n/a
Indicated	**17.50**	n/a	n/a	**9.00**	8.00	8.00
Inferred	**8.00**	n/a	n/a	**n/a**	n/a	n/a

The recoverable amount of mining assets is determined utilising real discounted future cash flows or resource multiples in the case of undeveloped properties and certain resource bases. The underground resource value has been applied to Target North and Doornkop's Kimberly Reef and the surface resource values have been applied to the Mispah Tailings resource, Vaal River and West Wits surface sources.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets continued

Critical accounting estimates and judgements – impairment of assets continued

One of the most significant assumptions that influence the group's operations' life-of-mine plans, and therefore the impairment assessment, is the expected gold price. Due to the short-term volatility in the US$ commodity price and Rand against the US$, management decided it would be appropriate to continue to differentiate between short-, medium- and long-term assumptions used in the models. The long-term price was determined as part of the annual budgeting process and is used in the life-of-mine plans and is also the cut-off price for calculating reserves included in the declaration of reserves and resources in terms of SAMREC. The resource multiple values have been updated from the prior year, due to the recent transaction between AGA and Harmony for the purchase of the Mponeng operations and related assets. The resource multiple has been further updated to differentiate between underground operations and surface source operations due to this new information and applied to the relevant resource bases. Please refer to note 14 for further information on the acquisition. The silver price has been extended during the current financial year to include short-, medium- and long-term rates. The long-term rate used is based on the rate used as part of the strategic planning process.

Due to the volatilities experienced in the markets and the uncertainty in forecasting future cash flows due to the impact of the Covid-19 pandemic, management has used various probability scenarios in determining the recoverable amounts for the CGUs at 30 June 2021 and 2020.

The factors below were considered in management's judgements. The most significant change year on year was the introduction of the vaccination programme and its impact on infection rates. The factors were:

- Infection rates and the timing of the expected peaks in the provinces and/or countries that Harmony's operations are situated in;
- Expected disruptions to production together with the mitigation strategies management has in place;
- Expectation of the completion date of the vaccination programme at Harmony and a governmental level; and
- Potential duration of the impact of the virus (prior and post vaccination) and the related restrictions in operations.

Management included estimates of the staffing costs for screening and monitoring employees at work as well as those that are in quarantine. Further costs have been included in the life-of-mine plans for the cost of the vaccination programme and the scenarios used by management include further potential costs if vaccinations are required in the future at various intervals.

In preparing the various scenarios, management considered and varied:

- The potential impact on production and therefore on the revenue cash flows, based on historical trends that have been extrapolated to account for varying disruption levels;
- The duration of potential disruptions to production, ranging from 12 months to 24 months;
- The infection rates and associated costs as well as vaccination costs. This included impacts on production as well as considerations of the potential requirement to re-vaccinate in coming years.

The calculated cash flows were then weighted based on management's expectation of each of the scenarios occurring. The resulting amounts were discounted using the specific discount rate for each operation in order to determine the recoverable amount.

The post-tax real discount rate for Hidden Valley was 10.30% (2020: 9.02%) (2019: 10.13%) and the post-tax real discount rates for the South African operations ranged between 9.30% and 12.00% (2020: 9.62% and 11.53%) (2019: 8.90% and 11.10%), depending on the asset, were used to determine the recoverable amounts. Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Cash flows from potential projects, life-of-mine extensions and residual ounces can also be included in the impairment assessment where deemed appropriate. An additional risk premium is added to the post-tax real discount rates in these instances.

Refer to note 6 for details of impairment testing performed and impairments recorded.

Should management’s estimate of the future not reflect actual events, further impairments may be identified.

Factors affecting the estimates include:

- Changes to proved and probable ore reserves;
- Economical recovery of resources;
- The grade of the ore reserves may vary significantly from time to time;
- Review of strategy;
- Unforeseen operational issues at the mines;
- Differences between actual commodity prices and commodity price assumptions;
- Changes in the discount rate and foreign exchange rates;
- Changes in capital, operating mining, processing and reclamation costs;
- Mines' ability to convert resources into reserves;
- Potential production stoppages for indefinite periods;
- The impact of the Covid-19 pandemic on the global economy, commodity prices and exchange rates, as well as the impact in the countries the group operates in, resulting in production curtailment; and
- Carbon tax.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets continued

Sensitivity analysis – impairment of assets

One of the most significant assumptions that influence the life-of-mine plans and therefore impairment assessments is the expected commodity prices. Management determined a reasonably possible long-term change of 10% in gold prices based on the standard deviation of both Harmony's long-term gold price assumption over the past five financial years and market analysts' forecasted long-term gold price assumptions. A 10% increase/decrease (pre-impairment and -scrapping recognition) in the gold price and resource values used, with the resultant adjustment to mining royalties in 2021 (with all other variables held constant and not taking any actions, such as stopping capital projects, into account) would have resulted in the following post-tax impairment being recorded (including the impairments recorded in the current period) as at 30 June 2021:

	SA Rand	
Figures in million	**2021**	2020
-10% decrease		
Tshepong Operations	**5 325**	3 352
Mponeng	**2 249**	—
Moab Khotsong[1]	**1 916**	15
Doornkop	**1 914**	—
Target 1	**1 267**	804
Kusasalethu	**821**	441
Bambanani[1]	**413**	94
Kalgold	**390**	—
Joel	**359**	716
Target 3	**178**	—
Other assets	**101**	20
Mine Waste Solutions	**96**	—
West Wits	**35**	—
Unisel	**—**	6
+10% increase		
Target 3	**178**	—

[1] *The carrying amounts of these CGUs include goodwill and any impairment losses are allocated first to goodwill and then to the identifiable assets.*

At all other operations, a 10% increase in the gold price would have resulted in no impairments being recorded.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets continued

The movement in the mining assets is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning of year	**59 736**	53 629
Fully depreciated assets no longer in use derecognised	**(989)**	—
Additions (a)	**4 518**	3 180
Acquisitions (b)	**5 887**	—
Disposals	**—**	(85)
Scrapping of assets (c)	**(1 221)**	(268)
Adjustment to rehabilitation asset (d)	**(774)**	(48)
Transfers and other movements (e)	**545**	1 348
Translation	**(2 722)**	1 980
Balance at end of year	**64 980**	59 736
Accumulated depreciation and impairments		
Balance at beginning of year	**37 562**	33 080
Fully depreciated assets no longer in use derecognised	**(989)**	—
Impairment of assets (f)	**937**	—
Disposals	**—**	(70)
Scrapping of assets (c)	**(1 060)**	(206)
Depreciation	**3 936**	3 563
Translation	**(1 893)**	1 195
Balance at end of year	**38 493**	37 562
Net carrying value	**26 487**	22 174

(a) Included in additions for 2021 is an amount of R159 million (2020: R97 million) for capitalised depreciation associated with stripping activities at the Hidden Valley operations.

(b) Refer to note 14 for details on the fair value of assets acquired.

(c) Refer to note 9 for the total loss on scrapping recognised.

(d) Refer to note 26 for details on the adjustment to the rehabilitation asset.

(e) Transfer of assets mainly relates to assets under construction transferred to mining assets. During the 2021 year an amount of R541 million (2020: R438 million) was transferred to mining assets at Hidden Valley. This related to ongoing mining development costs.The remaining amount relates to Joel's Level 137 decline project that was assessed as having reached commercial levels of production on 1 January 2020 and transferred to mining assets. The capitalisation of borrowing costs ceased and depreciation commenced as of 1 January 2020.

(f) Impairment of assets mainly relates to the impairment of Tshepong Operations and Target 3.

Stripping activities

Included in the balance for mining assets is an amount of R176 million (2020: R84 million) relating to Kalgold and R871 million (2020: R598 million) relating to Hidden Valley. Depreciation of R16 million (2020: R17 million) and R934 million (2020: R668 million) was recorded for Kalgold and Hidden Valley respectively.

15 PROPERTY, PLANT AND EQUIPMENT continued

Mining assets under construction

Accounting policy

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the orebody and remove overburden to initially expose the orebody.

At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mine's cost.

Exploration properties acquired are recognised in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets.

Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

Capitalisation of pre-production costs ceases when commercial levels of production are reached. Commercial levels of production are discussed under "production start date" above.

Critical accounting estimates and judgements – exploration and evaluation assets

The recoverability of exploration and evaluation expenditure is assessed at the end of each reporting period. Significant judgement is required as to whether an area of activity is to be carried forward on the balance sheet, or written off through the identification of areas of activity which have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves, where there is no continuing significant activity plan in relation to the area.

The movement in the mining assets under construction is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning of year	**2 714**	2 964
Additions	**924**	687
Depreciation capitalised[1]	**4**	4
Finance costs capitalised[2]	**22**	54
Transfers and other movements	**(541)**	(1 334)
Translation	**(391)**	339
Balance at end of year	**2 732**	2 714

[1] *Relates to Tshepong Operations.*
[2] *Refer to note 11 for further detail on the capitalisation rate applied.*

Wafi-Golpu development

Capitalisation of certain project expenses on Wafi-Golpu was halted from 1 July 2019 following delays in the permitting of the project (refer to note 22). All ongoing expenses since were for holding purposes and did not result in future economic benefit. These have been included in exploration expenditure in the income statement and amounted to R51 million (2020: R123 million) for the year.

15 PROPERTY, PLANT AND EQUIPMENT continued

Undeveloped properties

Accounting policy

Undeveloped properties are initially recognised at cost, which is generally based on the fair value of resources obtained through acquisitions. The carrying values of these properties are tested annually for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

The movement in the undeveloped properties is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning of year	**5 499**	5 437
Translation	**(38)**	62
Balance at end of year	**5 461**	5 499
Accumulated depreciation and impairments		
Balance at beginning of year	**1 475**	1 472
Translation	**(2)**	3
Balance at end of year	**1 473**	1 475
Net carrying value	**3 988**	4 024

Other non-mining assets

Accounting policy

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses. Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

- Vehicles at 20% per year.
- Computer equipment at 33.3% per year.
- Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The movement in the non-mining assets is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning of year	**703**	658
Fully depreciated assets no longer in use derecognised	**(49)**	—
Acquisitions	**135**	—
Additions	**34**	39
Translation	**(2)**	6
Balance at end of year	**821**	703

	SA Rand	
Figures in million	**2021**	2020
Accumulated depreciation and impairments		
Balance at beginning of year	**429**	387
Fully depreciated assets no longer in use derecognised	**(49)**	—
Depreciation	**52**	38
Translation	**(1)**	4
Balance at end of year	**431**	429
Net carrying value	**390**	274

16 INTANGIBLE ASSETS

Accounting policy

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

Goodwill

Goodwill is an intangible asset with an indefinite useful life which is not amortised but tested for impairment on an annual basis, or when there is an indication of impairment. The excess of consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisition of subsidiaries, joint operations and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash generating units to which goodwill has been allocated changes due to a re-organisation, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Technology-based assets

Acquired computer software licences that require further internal development are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These technology-based assets are classified as intangible assets with a finite useful life. These assets are amortised on a straight-line basis over their estimated useful lives, which are reviewed annually, as follows:

- Computer software at 20% per year.

Critical accounting estimates and judgements – impairment of goodwill

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a mine or cash generating unit will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use estimates as per note 15.

	SA Rand	
Figures in million	**2021**	2020
Goodwill	**333**	520
Technology-based assets	**32**	16
Total intangible assets	**365**	536

Goodwill

The movement in goodwill is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning and end of year	**2 675**	2 675
Accumulated amortisation and impairments		
Balance at beginning of year	**2 155**	2 155
Impairment[1]	**187**	—
Balance at end of year	**2 342**	2 155
Net carrying value	**333**	520
The net carrying value of goodwill has been allocated to the following cash generating units:		
Bambanani	**31**	218
Moab Khotsong	**302**	302
Net carrying value	**333**	520

[1] *In 2021 R187 million impairment on goodwill was recorded for Bambanani as the carrying value exceeded the recoverable amount. In 2020 no impairment on goodwill was recorded as the recoverable amounts exceeded the carrying values of the related cash generating units. Refer to note 6 for further details on the impairment assessment.*

16 INTANGIBLE ASSETS continued

Technology-based assets

The movement in technology-based assets is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cost		
Balance at beginning of year	**47**	39
Additions	**21**	8
Balance at end of year	**68**	47

	SA Rand	
Figures in million	**2021**	2020
Accumulated amortisation and impairments		
Balance at beginning of year	**31**	26
Amortisation charge	**5**	5
Balance at end of year	**36**	31
Net carrying value	**32**	16

Accounting policy – financial assets (applicable to notes 17, 18, 19 and 20)

Financial assets are initially recognised when the group becomes a party to their contractual arrangements. On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); or
- Fair value through profit or loss (FVTPL).

A financial asset is classified as measured at amortised cost if it is held within the business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group measures a financial asset initially at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed. The subsequent measurement of financial assets is discussed below.

Financial asset category	Description
Debt instruments at amortised cost	Financial assets at amortised cost consist of restricted cash, restricted investments, loans, trade receivables and cash and cash equivalents. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented in other operating expenses in the income statement.
Debt instruments at fair value through profit or loss	Equity-linked investments which are held to meet rehabilitation liabilities are classified as FVTPL. Debt instruments where the contractual cash flows fail to meet the solely payments of principal and interest (SPPI) criteria are also classified as FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within investment income in the period in which it arises. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in profit or loss.
Equity instruments designated at fair value through OCI	The group's equity investments are designated as FVTOCI. The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognised when the group’s right to receive payments is established either in profit or loss as other income or as a deduction against the asset if the dividend clearly represents a recovery of part of the cost of the investment. Residual values in OCI are reclassified to retained earnings on derecognition of the related FVTOCI instruments.

Impairment losses on financial assets at amortised cost are assessed using the forward-looking expected credit loss (ECL) approach. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). At each reporting date, the group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is ‘‘credit-impaired’’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Trade receivable loss allowances are measured at an amount equal to lifetime ECLs. Loss allowances are deducted from the gross carrying amount of the assets.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

17 RESTRICTED CASH AND INVESTMENTS

	SA Rand	
Figures in million	**2021**	2020
Restricted cash	**216**	169
Restricted investments	**5 083**	3 535
Total restricted cash and investments	**5 299**	3 704
Current portion of restricted cash and investments	**67**	62
Non-current portion of restricted cash and investments	**5 232**	3 642

Restricted cash

	SA Rand	
Figures in million	**2021**	2020
Non-current (a)	**149**	107
Current (b)	**67**	62
Total restricted cash	**216**	169

(a) The amount primarily relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources and Energy (DMRE) in South Africa for environmental and rehabilitation obligations. Refer to note 26. The funds are invested in short-term money market funds and call accounts.

(b) Cash of R23 million (2020: R22 million) relates to monies released from the environmental trusts as approved by the DMRE which may only be used for further rehabilitation. Cash of R29 million (2020: R32 million) relates to monies set aside for affected communities in the group's PNG operations. Cash of R15 million (2020: R8 million) relates to monies held by Harmony Gold Community Trust.

Restricted investments

	SA Rand	
Figures in million	**2021**	2020
Investments held by environmental trust funds	**5 064**	3 513
Investments held by the Social Trust Fund	**19**	22
Total restricted investments (non-current)	**5 083**	3 535

Environmental trust funds

Accounting policy

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trusts. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications. The equity-linked notes and investment in unit trusts are classified and measured at fair value through profit or loss while the equity investments are classified and measured at fair value through other comprehensive income. Interest-bearing short-term investments as well as investment in government bonds are classified and measured as debt instruments at amortised cost.

The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trusts are invested in various instruments which include the following: listed equity securities, unit trusts, government bonds, interest-bearing short-term and medium-term cash investments and medium term equity-linked notes. The equity-linked notes are issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Top 40 index of the JSE. These investments provide for the estimated cost of rehabilitation at the end of the life of the group's mines. Income earned on the investments is retained in the funds and reinvested.

17 RESTRICTED CASH AND INVESTMENTS continued

Restricted investments continued

Environmental trust funds continued

The environmental trust funds consist of:

	SA Rand	
Figures in million	**2021**	2020
Fixed deposits	**3 091**	2 632
Cash and cash equivalents	**124**	66
Equity-linked deposits	**1 325**	815
Government bonds	**225**	—
Equity investments	**252**	—
Collective investment scheme (unit trusts)	**47**	—
Total environmental trust funds	**5 064**	3 513

The increase in the balance relates primarily to the acquisition of the Mponeng operations and related assets.

Reconciliation of the movement in the investments held by environmental trust funds:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**3 513**	3 273
Acquisition (a)	**1 268**	—
Interest income	**174**	163
Fair value gain	**138**	77
Dividend received	**5**	—
Equity-linked deposits acquired/(matured)	**400**	(490)
(Maturity)/acquisition of fixed deposits	**(428)**	456
Net transfer of cash and cash equivalents	**28**	34
Withdrawal of funds for rehabilitation work performed	**(34)**	—
Balance at end of year	**5 064**	3 513

(a) Refer to note 14 for further detail on the acquisition of Mponeng operations and related assets. These funds were invested in money market, unit trusts, listed equity securities and government bonds.

The Social Trust Fund

The Social Trust Fund is an irrevocable trust under the group's control. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The Social Trust Fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

18 OTHER NON-CURRENT ASSETS

	SA Rand	
Figures in million	**2021**	2020
Debt instruments	**193**	311
Loans to associates (a)	**116**	116
Loan to ARM BBEE Trust (b)	**177**	306
Other loans	**16**	5
Loss allowance (a)	**(116)**	(116)
Equity instruments	**74**	77
Rand Mutual Assurance (c)	**65**	69
Other investments	**9**	8
Inventories	**65**	47
Non-current portion of gold in lock-up (d)	**65**	47
Total other non-current assets	**332**	435

18 OTHER NON-CURRENT ASSETS continued

(a) A loan of R116 million (2020: R116 million) owed by Pamodzi Gold Limited (Pamodzi) who were placed into liquidation during 2009 was provided for in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(b) During 2016, Harmony advanced R200 million to the ARM Broad-Based Economic Empowerment Trust (the ARM BBEE Trust), a shareholder of African Rainbow Minerals Limited (ARM). The trust is controlled and consolidated by ARM, who holds 12.12% of Harmony's shares at 30 June 2021. Harmony is a trustee of the ARM BBEE Trust. The loan was subordinated and unsecured. The interest on the loan was market related (3 months JIBAR plus 4.25%) and was receivable on the maturity of the loan on 31 December 2022. In the 2021 financial year, the loan to the ARM BBEE Trust was refinanced to allow a sufficient and sustainable repayment structure. Following the restructuring, Harmony advanced R264 million to the ARM BBEE Trust to which the Trust used the amount for the repayment of the outstanding balance under the previous loan agreement. The loan under the revised loan agreement is interest-free and is receivable on the maturity of the loan on 30 June 2035. The loan is unsubordinated and unsecured.

Neither of the loans meet the requirements for amortised cost measurement as it fails the solely payments of principal and interest test and were therefore classified as fair value through profit and loss (refer to the fair value determination section in note 39 for detail). The group determined that the contractual terms include exposure to risk and volatility that is inconsistent with a basic lending arrangement. In making this assessment the group considered contingent events that would change the amount and timing of cash flows and potential limits on the group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements).

At 30 June 2021 the loan has been remeasured to its fair value using a discounted cash flow model. The refinancing of the loan resulted in a day 1 expense of R87 million.

The movement in the ARM BBEE Trust loan is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**306**	271
Fair value gain[1]	**10**	37
Repayment of interest	**(52)**	(2)
Settlement of original loan	**(264)**	—
Refinanced loan advanced	**264**	—
Day 1 expense[1]	**(87)**	—
Balance at end of year	**177**	306

[1] *Included in net gain on financial instruments (refer to note 10)*

(c) The movement in the investment in Rand Mutual Assurance (RMA) is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**69**	52
Capital dividend received	**(8)**	(7)
Fair value gain	**4**	24
Balance at end of year	**65**	69

On 5 August 2020, the Group received dividends relating to the second and final tranche of the contingent consideration for the sale of shares in one of RMA's subsidiaries. The dividend is seen as a recovery of capital as it reduced Harmony's effective share in the investment. The fair value gains are a result of the favourable financial position of the total investment. Please refer to note 39 on the fair value valuation technique. Refer to note 10 for details of additional dividends received.

(d) Refer to note 23 for further details on inventories.

19 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
At 30 June 2021						
Derivative financial assets	**1 358**	**48**	**10**	**383**	**—**	**1 799**
Non-current	279	40	9	—	—	328
Current	1 079	8	1	383	—	1 471
Derivative financial liabilities	**(41)**	**(73)**	**(98)**	**—**	**—**	**(212)**
Non-current	—	—	(6)	—	—	(6)
Current	(41)	(73)	(92)	—	—	(206)
Net derivative financial instruments	**1 317**	**(25)**	**(88)**	**383**	**—**	**1 587**
Unamortised day one net loss included above	(18)	(5)	—	—	—	(23)
Unrealised gains/(losses) included in other reserves, net of tax	1 069	(18)	—	—	—	1 051
Movements for the year ended 30 June 2021						
Realised losses included in revenue	(2 023)	(273)	—	—	—	(2 296)
Unrealised gains/(losses) on gold contracts recognised in other comprehensive income	2 999	(7)	—	—	—	2 992
Gains/(losses) on derivatives	—	—	(256)	1 217	111	1 072
Day one loss amortisation	(42)	(8)	—	—	—	(50)
Total gains/(losses) on derivatives	**(42)**	**(8)**	**(256)**	**1 217**	**111**	**1 022**
Hedge effectiveness						
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	2 999	(7)	—	—	—	2 992
Changes in the fair value of the hedged item used as the basis for recognising hedge ineffectiveness	(2 999)	7	—	—	—	(2 992)

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
At 30 June 2020						
Derivative financial assets	19	8	11	30	—	68
Non-current	10	5	5	30	—	50
Current	9	3	6	—	—	18
Derivative financial liabilities	(3 626)	(356)	(4)	(760)	(257)	(5 003)
Non-current	(717)	(96)	(1)	(65)	—	(879)
Current	(2 909)	(260)	(3)	(695)	(257)	(4 124)
Net derivative financial instruments	(3 607)	(348)	7	(730)	(257)	(4 935)
Unamortised day one net loss included above	(18)	(8)	—	—	—	(26)
Unrealised losses included in other reserves, net of tax	(3 053)	(342)	—	—	—	(3 395)
Movements for the year ended 30 June 2020						
Realised losses included in revenue	(1 263)	(134)	—	—	—	(1 397)
Unrealised losses on gold contracts recognised in other comprehensive income	(4 820)	(391)	—	—	—	(5 211)
Gains/(losses) on derivatives	—	—	6	(1 235)	(174)	(1 403)
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	(235)	—	—	—	—	(235)
Day one loss amortisation	(34)	(6)	—	—	—	(40)
Total gains/(losses) on derivatives	(269)	(6)	6	(1 235)	(174)	(1 678)
Hedge effectiveness						
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	(4 820)	(391)	—	—	—	(5 211)
Changes in the fair value of the hedging instrument used as the basis for recognising hedge ineffectiveness	4 820	391	—	—	—	5 211

Figures in million (SA Rand)	Rand gold hedging contracts (a)	US$ gold hedging contracts (b)	US$ silver contracts (b)	Foreign exchange contracts (c)	Rand gold derivative contracts (a)	Total
Movements for the year ended 30 June 2019						
Realised gain included in revenue	453	—	—	—	—	453
Unrealised gains/(losses) on gold contracts recognised in other comprehensive income	(302)	(49)	—	—	—	(351)
Gains/(losses) on derivatives	—	—	13	554	(51)	516
Day one loss amortisation	(31)	(1)	—	—	—	(32)
Total gains/(losses) on derivatives	(31)	(1)	13	554	(51)	484

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

Hedge accounting

Harmony has entered into gold forward sale derivative contracts to hedge the risk of lower gold prices. Cash flow hedge accounting is applied to the majority of these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves - refer to note 25). Refer to note 39 for a summary of the risk management strategy applied and the balances relating to designated hedging instruments as at reporting date.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments. The group enters into gold forward contracts that have similar terms as the hedged item, such as notional amount, maturity date and reference gold spot price thereby ensuring that an economic relationship exists between the hedging instrument and the hedged item and resulting in a hedge ratio of 1:1. Potential sources of hedge ineffectiveness include counterparty and own credit risk, day one gains and losses, a mismatch in the timing of the derivative and underlying gold sale maturities, location differential and the refining margin. Hedge ineffectiveness is measured by comparing the change in the expected cash flows from a forward sale contract versus the sale of an equivalent quantity of gold in the open market. Ineffectiveness results when the changes in the fair values in the hedging instruments exceed the fair value changes in the hedged item. A negligible amount of hedge ineffectiveness was experienced in the years presented.

The gains and losses from derivative contracts to which hedge accounting is not applied is included in gains/(losses) on derivatives in profit or loss.

(a) Rand gold contracts

All Rand gold forward contracts entered into after 1 October 2020 were apportioned to the South African operations which included Mponeng and Mine Waste Solutions operation.

Discontinuance of hedge accounting

As a result of the original 21-day lockdown announced in South Africa, effective 27 March 2020, aimed to slow the spread of Covid-19, Harmony placed all deep-level underground mines in South Africa on care and maintenance. As a result, a significant volume of the underlying exposure that was originally intended to be hedged was delayed.

A total of 63 400 ounces of gold forwards were originally set to mature in the months of April and May 2020. After assessing forecasts of gold production at 1 April 2020, the hedged items, being the sales of gold, relating to 30 500 ounces of gold forwards were assessed to no longer be probable. The hedged items relating to the remaining balance of gold forwards were still considered to be highly probable.

Due to the fact that the occurrence of the forecast transactions/hedged items were no longer considered probable, there was no longer an effective hedging relationship and therefore hedge accounting for these hedges was discontinued. Unrealised losses relating to the hedges amounting to R48 million and R187 million of restructured contracts discussed below, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives.

Restructuring of contracts

In response to the gold forwards' hedged items no longer being probable and in order to better match the cash flows relating to the underlying exposure, certain of the Rand gold forwards with maturities between 15 April 2020 and 31 May 2020 were effectively extended to mature between the periods July 2020 and March 2021.

The restructured gold forwards retained the pricing of the original forwards. They were not designated as hedging instruments as the difference in the costing structure would have required a different effectiveness assessment than currently used by management. Unrealised losses relating to the hedges amounting to R187 million, previously recognised in other comprehensive income, were immediately reclassified to profit or loss as gains/losses on derivatives. All subsequent gains and losses on the restructured hedges were recognised in profit or loss.

As at 30 June 2021, all the restructured gold forwards had matured.

(b) US$ commodity contracts

Harmony maintains a derivative programme for Hidden Valley by entering into commodity derivative contracts. The contracts comprise US$ gold forward sale contracts as well as silver zero cost collars which establish a minimum (floor) and maximum (cap) silver sales price. Hedge accounting is applied to all US$ gold forward sale contracts entered into from 1 January 2019 and these are shown separately from the silver zero cost collars that are not hedge accounted.

(c) Foreign exchange contracts

Harmony maintains a foreign exchange derivative programme in the form of zero cost collars, which sets a floor and cap Rand/US$ exchange rate at which to convert US dollars to Rands, and foreign exchange forward contracts. Hedge accounting is not applied to these contracts.

19 DERIVATIVE FINANCIAL INSTRUMENTS continued

The following table shows the open position at the reporting date:

	2022				2023				TOTAL
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Foreign exchange contracts									
Zero cost collars									
US$m	**47**	**42**	**27**	**—**	—	—	—	—	**116**
Average Floor – R/US$	**16.32**	**16.93**	**17.99**	**—**	—	—	—	—	**16.93**
Average Cap – R/US$	**17.90**	**18.54**	**19.65**	**—**	—	—	—	—	**18.54**
Forward contracts									
US$m	**9**	**9**	**8**	**—**	—	—	—	—	**26**
Average Forward rate – R/US$	**18.18**	**18.41**	**18.71**	**—**	—	—	—	—	**18.43**
R/gold									
000 oz – cash flow hedge	**79**	**72**	**63**	**52**	38	5	—	—	**309**
Average R'000/kg	**863**	**933**	**1 022**	**1 070**	1 084	1 025	—	—	**976**
US$/gold									
000 oz – cash flow hedge	**12**	**12**	**11**	**11**	9	9	7	2	**73**
Average US$/oz	**1 561**	**1 606**	**1 723**	**1 799**	1 911	1 867	1 826	1 861	**1 743**
Total gold									
000 oz	**91**	**84**	**74**	**63**	47	14	7	2	**382**
US$/silver									
000 oz	**365**	**335**	**315**	**285**	285	270	155	45	**2 055**
Average Floor - US$/oz	**18.61**	**19.52**	**20.05**	**20.43**	24.39	25.97	25.98	26.30	**21.72**
Average Cap - US$/oz	**20.26**	**21.35**	**22.05**	**22.49**	27.02	29.00	29.24	29.52	**23.99**

Refer to note 39 for the details on the fair value measurements.

20 TRADE AND OTHER RECEIVABLES

	SA Rand	
Figures in million	**2021**	2020
Financial assets		
Trade receivables (metals)	**738**	623
Other trade receivables	**292**	215
Loss allowance	**(179)**	(135)
Trade receivables - net	**851**	703
Interest and other receivables	**111**	88
Employee receivables	**17**	13
Non-financial assets		
Prepayments	**131**	79
Value added tax and general sales tax	**505**	425
Income and mining taxes	**37**	—
Total trade and other receivables	**1 652**	1 308

The movement in the loss allowance for trade and other receivables during the year was as follows (refer to note 39 for details):

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**135**	68
Increase in loss allowance recognised during the year	**64**	103
Reversal of loss allowance during the year	**(20)**	(36)
Balance at end of year	**179**	135

The loss allowance for 2021 includes R80 million (2020: R53 million) relating to a mining company who is in financial difficulties due to the impact of the South African national lockdown as a result of the Covid-19 pandemic. The remaining movement relates to various other individually immaterial debtors.

20 TRADE AND OTHER RECEIVABLES continued

The loss allowance for trade and other receivables stratified according to the ageing profile at the reporting date is as follows:

	SA Rand	
Figures in million	Gross	Loss allowance
30 June 2021		
Not past due[1]	**828**	**26**
Past due by 1 to 30 days	**26**	**9**
Past due by 31 to 60 days	**13**	**5**
Past due by 61 to 90 days	**14**	**6**
Past due by more than 90 days	**68**	**62**
Past due by more than 361 days	**81**	**71**
	1 030	**179**
30 June 2020		
Not past due[1]	702	31
Past due by 1 to 30 days	9	3
Past due by 31 to 60 days	5	3
Past due by 61 to 90 days	21	8
Past due by more than 90 days	51	45
Past due by more than 361 days	50	45
	838	135

[1] *The gross amount includes the full trade receivables (metals) balance, which has no attributable loss allowance.*

During 2020 and 2021 there was no renegotiation of the terms of any of the receivables. As at 30 June 2021 and 30 June 2020, there was no collateral pledged or held for any of the receivables.

21 INVESTMENTS IN ASSOCIATES

Critical accounting estimates and judgements

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment (including loans to associates and preference shares) to the recoverable amount, which is the higher of value in use or fair value less costs to sell. Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends, redemption amounts and proceeds on disposal.

(a) Harmony acquired a 32.40% interest in Pamodzi on 27 February 2008, initially valued at R345 million. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009. As at 30 June 2021, the liquidation process has not been concluded. Refer to note 18(a) for details of the loan and provision of impairment of the loan.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. Harmony holds a 10.38% share in Rand Refinery. This investment is a strategic investment for the group as Rand Refinery is the only company that provides such services in South Africa. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10.38% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate.

In December 2014, Rand Refinery drew down on a shareholder's loan of which Harmony's portion thereof was R120 million. Following an amended loan agreement signed in June 2017, the loan was converted into cumulative redeemable preference shares of no par value. During 2021, Rand Refinery redeemed preference shares to the value of R36 million (2020: R58 million). The preference shares have been fully redeemed in the 2021 financial year.

Rand Refinery has a 31 August financial year-end.

The movement in the investments in associates during the year is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**146**	110
Redemption of preference shares	**(36)**	(58)
Dividend received	**(67)**	—
Share of profit in associate	**83**	94
Balance at end of year	**126**	146

22 INVESTMENT IN JOINT OPERATIONS

The group has a 50% interest in certain mining and exploration assets located in the Morobe province, PNG. Newcrest Mining Limited owns the remaining 50% interest in these assets. The asset in the joint arrangement is the Wafi-Golpu project. The joint arrangement is accounted for as a joint operation.

State participation

Under the conditions of the Wafi-Golpu exploration tenements, the State has reserved the right prior to the commencement of mining to take up an equity interest of up to 30% of any mineral discovery within the Wafi-Golpu tenements. The right is exercisable by the State once at any time prior to the commencement of mining. If the State exercises this right, the exercise price is a pro-rata share of the accumulated exploration expenditure. Once the right is exercised, the State is responsible for its proportionate share of ongoing exploration and project development costs. During February 2012, the State indicated its intention to exercise its option. As at 30 June 2021, this option has not been exercised.

Permitting

Following submission of the Special Mining Lease (SML) and Environmental Impact Statement (which is required for an Environment Permit) applications to the regulators in March 2018 and July 2018 respectively, the Wafi-Golpu joint operation entered into a memorandum of agreement with the Papua New Guinea government (the State) in December 2018, targeting an SML grant by July 2019. There have however been several delays in the process, notwithstanding that the Prime Minister has publicly stated the Wafi-Golpu Project is of national importance and therefore the State’s objective is to progress and conclude the SML and Mine Development Contract (MDC) negotiations as soon as possible. The Environment Permit was granted in December 2020. In March 2021, the Governor of Morobe Province and the Morobe Provincial Government commenced legal proceedings against the State as well as several ministers, seeking judicial review of the grant of an Environment Permit for the Wafi-Golpu Project. In addition, the plaintiffs have applied for interim orders to stay the Environment Permit and restrain the State from granting an SML for the Wafi-Golpu Project. The Wafi-Golpu Joint Venture participants, are not parties to the proceeding. There has been numerous engagements between the various stakeholders during 2021. In July 2021, the State Negotiating Team (SNT) tabled a revised draft term sheet for the Mining Development Contract. The joint venture have responded and is waiting for the SNT for further engagement.Management is confident that the permitting process will continue. Key permitting activities are continuing and are fully resourced.

Carrying amount and impairment considerations

The carrying amount of the project amounts to R2.4 billion (2020: R3.0 billion). The change year on year relates to foreign exchange translation. Management has considered whether the delays constitute a trigger for impairment in terms of IFRS 6. A valuation was done and as sufficient headroom existed, no impairment has been recognised at 30 June 2021.

23 INVENTORIES

Accounting policy

Inventories, which include bullion on hand, gold-in-process, gold in lock-up, ore stockpiles and consumables, are measured at the lower of cost and net realisable value. Net realisable value is assessed at each reporting date and is determined with reference to relevant market prices.

The cost of bullion, gold-in process and gold in lock-up is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as non-current assets where the stockpile's volume exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold in-process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in-process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants.

At the group’s open pit operations, gold in-process represents production in broken ore form.

Consumables are valued at weighted average cost value after appropriate allowances for slow moving and redundant items.

Critical accounting estimates and judgements

Judgement is applied in estimating the provision for stock obsolescence. The provision is recognised on items not considered critical as a percentage of the value of the inventory depending on the period elapsed since the inventory was purchased or issued. Inventory held for longer than five years is written down to zero unless there is sufficient evidence of a recoverable amount.

23 INVENTORIES continued

	SA Rand	
Figures in million	**2021**	2020
Gold in lock-up	**65**	47
Gold in-process, ore stockpiles and bullion on hand	**1 039**	936
Consumables at weighted average cost (net of provision)	**1 503**	1 485
Total inventories	**2 607**	2 468
Non-current portion of gold in lock-up and gold in-process included in Other non-current assets	**(65)**	(47)
Total current portion of inventories	**2 542**	2 421
Included in the balance above is:		
Inventory valued at net realisable value	**65**	47

During the year, a decrease of R39 million (2020: R51 million increase) to the provision for slow-moving and redundant stock was made. The total provision at 30 June 2021 was R292 million (2020: R331 million). This was partially offset by the inclusion of consumables from the acquisition of the Mponeng operations and related assets.

24 SHARE CAPITAL

Accounting policy

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The cost of treasury shares is eliminated against the share capital balance.

Authorised

1 200 000 000 (2020: 1 200 000 000) ordinary shares with no par value.
4 400 000 (2020: 4 400 000) convertible preference shares with no par value.

Issued

616 052 197 (2020: 603 142 706) ordinary shares with no par value. All issued shares are fully paid.
4 400 000 (2020: 4 400 000) convertible preference shares with no par value.

Share issues

Share placing

During June 2020, Harmony conducted a placement of ordinary shares with existing and new institutional investors. A total of 60 278 260 new ordinary shares were placed at a price of R57.50 per share, raising gross proceeds of approximately R3.466 billion. The Placing Shares issued represent, in aggregate, approximately 11.1% of the group's issued ordinary share capital before the Placing. The Placing Price represents a discount of 5.4% to the closing share price on 24 June 2020 and a 3.5% discount to the 30-day volume-weighted average price (VWAP). The Placing Shares rank pari passu in all respects with the existing Harmony ordinary shares, including the right to receive all dividends and other distributions declared, made or paid after the date of issue thereof. The proceeds of the Placing was used by Harmony to discharge the US$200 million cash consideration to acquire AGA's remaining South African assets (refer to note 14). The share issue costs amounted to R83 million.

Accelerated bookbuild

During June 2018, Harmony conducted a placement of 55 055 050 new ordinary shares to qualifying investors through an accelerated bookbuild. ARM subscribed for an additional 11 032 623 shares at R19.12 a share, totalling R211 million, in July 2018. The issue resulted in ARM maintaining its shareholding of 14.29% post the placement of shares. In total, gross proceeds of R1.26 billion were raised to fund part of the outstanding bridge loan raised for the acquisition of the Moab Khotsong operations.

Share issues relating to employee share options

An additional 12 909 491 (2020: 3 023 251) shares were issued to settle the exercise of share options by employees relating to Harmony's management share option schemes. Note 36 sets out the details in respect of the share option schemes.

Convertible preference shares

On 20 February 2019, Harmony issued 4 400 000 convertible preference shares to the Harmony Gold Community Trust. The convertible preference shares carry a minimum annual preference dividend of R2 per share and are convertible into ordinary shares on a 1:1 basis after the tenth anniversary of the date on which the shares were issued. The conversion is at the election of Harmony.

24 SHARE CAPITAL continued

Treasury shares

Included in the total of issued shares are the following treasury shares:

Number of shares	2021	2020
Ordinary shares		
Lydenburg Exploration Limited[1]	**335**	335
Kalgold Share Trust[2]	**47 046**	47 046
Harmony ESOP Trust[2]	**5 894 081**	6 335 629
Convertible preference shares		
Harmony Gold Community Trust[3]	**4 400 000**	4 400 000

[1] *A wholly-owned subsidiary.*
[2] *Trust controlled by the group.*
[3] *The issue of the convertible preference shares did not impact the group's consolidated financial statements as the Harmony Gold Community Trust is controlled by the group.*

25 OTHER RESERVES

	SA Rand	
Figures in million	2021	2020
Foreign exchange translation reserve (a)	**2 355**	3 588
Hedge reserve (b)	**1 051**	(3 395)
Share-based payments (c)	**3 106**	2 950
Post-retirement benefit actuarial gain/(loss) (d)	**(18)**	(4)
Acquisition of non-controlling interest in subsidiary (e)	**(381)**	(381)
Equity component of convertible bond (f)	**277**	277
Repurchase of equity interest (g)	**(98)**	(98)
Equity instruments designated at fair value through other comprehensive income (h)	**135**	104
Other	**(28)**	(24)
Total other reserves	**6 399**	3 017

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations.

(b) Harmony has entered into gold hedging contracts. Cash flow hedge accounting is applied to these contracts, resulting in the effective portion of the unrealised gains and losses being recorded in other comprehensive income (other reserves). Refer to note 19 for further information.

The reconciliation of the hedge reserve is as follows:

	SA Rand	
Figures in million	2021	2020
Balance at beginning of year	**(3 395)**	(214)
Remeasurement of gold hedging contracts	**4 467**	(3 197)
Unrealised gain/(loss) on gold hedging contracts	**2 992**	(5 211)
Unrealised losses reclassified to profit or loss as a result of discontinuance of hedge accounting	**—**	235
Released to revenue on maturity of the gold hedging contracts	**2 296**	1 397
Foreign exchange translation	**(39)**	(37)
Deferred taxation thereon	**(782)**	419
Attributable to non-controlling interest	**(21)**	16
Balance at end of year	**1 051**	(3 395)
Attributable to:		
Rand gold hedging contracts	**1 069**	(3 053)
US dollar gold hedging contracts	**(18)**	(342)

25 OTHER RESERVES continued

(c) The reconciliation of the movement in the share-based payments is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**2 950**	2 764
Share-based payments expensed (i)	**156**	186
Balance at end of year	**3 106**	2 950

(i) The group issues equity-settled instruments to certain qualifying employees under an employee share option scheme and employee share ownership plan (ESOP) to award shares from the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the grant date and are expensed over the vesting period, based on the group's estimate of the shares that are expected to vest. Refer to note 36 for more details.

(d) The actuarial gains or losses related to the post-retirement benefit obligation will not be reclassified to the income statement. The movement is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**(4)**	(19)
Actuarial gain/(loss)	**(16)**	17
Deferred tax	**2**	(2)
Balance at end of year	**(18)**	(4)

(e) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of R579 million over the carrying amount of non-controlling interest acquired, amounting to R381 million, has been accounted for under other reserves.

(f) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The convertible bonds were repaid in 2009.

(g) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year was therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2 162 359 Harmony shares. The difference between the value of the shares issued of R152 million, the liability to the AVRD and transaction costs, have been taken directly to equity.

(h) Includes R110 million (2020: R106 million) related to the fair value movement of Harmony's interest in Rand Mutual Assurance. Refer to note 18.

Accounting policy – provisions (applicable to notes 26, 27, and 30)

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the net present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. It is calculated using a pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

26 PROVISION FOR ENVIRONMENTAL REHABILITATION

Accounting policy

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created is capitalised to mining assets against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, impairment is performed in accordance with the accounting policy dealing with impairments of non-financial assets (refer to note 2.5). Rehabilitation projects undertaken included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

Critical accounting estimates and judgements

Significant judgement is applied in estimating the ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines, related surface infrastructure and tailings dams. Ultimate cost may significantly differ from current estimates. The following rates were used in the calculation of the provision:

%	**2021**	2020	2019
South African operations			
Inflation rate			
– short term (Year 1)	**5.11**	4.50	5.25
– short term (Year 2)	**4.99**	4.50	5.25
– long term (Year 3 onwards)	**5.25**	5.00	5.25
Discount rates			
– 12 months	**4.90**	3.90	6.50
– one to five years	**7.30**	5.55	6.85
– six to nine years	**9.00**	8.20	8.50
– ten years or more	**10.30**	10.95	9.60
PNG operations			
Inflation rate	**6.28**	6.28	5.00
Discount rate	**5.50**	5.50	6.25

The group's mining and exploration activities are subject to extensive environmental laws and regulations. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total provision for environmental rehabilitation:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**3 408**	3 054
Change in estimate – Balance sheet[1]	**(774)**	(48)
Change in estimate – Income statement	**135**	47
Utilisation of provision	**(15)**	(47)
Time value of money and inflation component of rehabilitation costs	**296**	194
Acquisitions[2]	**1 856**	—
Translation	**(244)**	208
Balance at end of year	**4 662**	3 408

[1] *The extension of the life-of-mine for Moab Khotsong following the approval of the Zaaiplaats project impacted the discounting of the cash flows, which reduced the provision at 30 June 2021. Also contributing to the movement are the changes applied to the assumptions for Mponeng and the VR and WW closure businesses following the acquisition.*
[2] *This relates to the acquisition of Mponeng operations and related assets.*

The environmental provision for PNG amounts to R1 084 million (2020: R1 267 million) and is unfunded due to regulations in the operating country.

26 PROVISION FOR ENVIRONMENTAL REHABILITATION continued

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the operations, in current monetary terms, is as follows:

	SA Rand	
Figures in million	**2021**	2020
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**6 959**	4 600
Amounts invested in environmental trust funds (refer to note 17)	**(5 064)**	(3 513)
Total future net undiscounted obligation	**1 895**	1 087

The group's mines are required to comply with the National Environmental Act's (NEMA) financial provision requirements. They are also required to substantively review and align their financial provision in accordance with these regulations during the relevant transitional period, which has now been extended to 19 June 2022. The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on the sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place, some cash-backed, relating to some of the environmental liabilities. Refer to notes 17 and 38.

27 OTHER PROVISIONS

	SA Rand	
Figures in million	**2021**	2020
Provision for silicosis settlement (a)	**854**	892
Retirement benefit obligation (b)	**247**	193
Total other provisions	**1 101**	1 085
Current portion of other provisions	**175**	175
Non-current portion of other provisions	**926**	910

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(a) Provision for silicosis settlement

Critical accounting estimates and judgements

Significant judgement is applied in estimating the cost that will be required in future to settle any claims against certain of the group's mines. The ultimate cost may differ from current estimates.

The provision amount was based on estimates of the number of potential claimants, levels of disease progression and take-up rates. These estimates were informed by historic information, published academic research and professional opinion. The key assumptions that were made in the determination of the provision amount include:

- Silicosis prevalence rates;
- Estimated settlement per claimant;
- Benefit take-up rates;
- Disease progression rates; and
- Timing of cash flows.

A discount rate of 6.2% (2020: 7.6%) (2019: 8.5%) was used, based on South African government bonds with similar terms to the obligation.

There is uncertainty with regards to the rate at which potential claims would be reported as well as the benefit take-up rates. Refer to sensitivity analysis on the key assumptions below.

Harmony and certain of its subsidiaries (Harmony group), together with other mining companies, were named in a class action suit for silicosis and tuberculosis which was certified by the Johannesburg High Court in May 2016. On 26 July 2019, the Johannesburg High Court approved the R5.2 billion settlement of the silicosis and tuberculosis class action suit between the Occupational Lung Disease Gold Working Group (the Working Group) – representing Gold Fields, African Rainbow Minerals, Anglo American SA, AngloGold Ashanti, Harmony and Sibanye Stillwater – and lawyers representing affected mineworkers (settlement agreement). The mandatory three-month period, during which potential beneficiaries could opt out of the settlement agreement and the audit thereof was completed in December 2019. The Tshiamiso Trust will oversee the tracking and tracing of class members, process all submitted claims, including the undertaking of benefit medical examinations, and pay benefits to eligible claimants. A jointly controlled Special Purpose Vehicle has been set up to act as an agent for the Working Group in relation to certain matters set out in the settlement agreement and trust deed.

The Working Group has paid the legal costs of the claimants' attorneys and other initial amounts as set out in the settlement agreement. On 31 January 2020, the Working Group commenced the payment of their quarterly administration and benefit contributions to the Tshiamiso Trust to enable the trustees to settle benefits of eligible claimants.

27 OTHER PROVISIONS continued

(a) Provision for silicosis settlement continued

Harmony has provided for the estimated cost of the settlement based on actuarial assessments. A portion of the provision has been transferred to current liabilities. The nominal amount for Harmony group is R1 billion.

Effective 1 October 2020, Harmony acquired the Mponeng operations and related assets. Refer to note 14 for further information on the acquisition. The transaction excluded the silicosis obligation prior to the effective date.

The following is a reconciliation of the total provision for the silicosis settlement:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**892**	942
Change in estimate	**80**	36
Time value of money and inflation component	**52**	69
Payments to Tshiamiso Trust and claimant attorneys	**(170)**	(155)
Balance at end of year	**854**	892
Current portion of silicosis settlement provision	**175**	175
Non-current portion of silicosis settlement provision	**679**	717

Sensitivity analysis

Management has considered the information available regarding key assumptions, as well as the uncertainties and term of the projections, and determined variances for a reasonable (possible) range to apply to the key assumptions. Information considered included medical data and evidence from the silicosis claim process, which has not changed significantly since the liability was recognised. Management also considered the guidance provided by the actuarial specialists as to what could be a reasonably possible change for each item. The impact of these reasonable possible changes on the assumptions would increase or decrease the provision amount by the following amounts:

	SA Rand	
Figures in million	**2021**	2020
Effect of an increase in the assumption:		
Change in benefit take-up rate[1]	**85**	72
Change in silicosis prevalence[2]	**85**	72
Change in disease progression rates[3]	**42**	36
Effect of a decrease in the assumption:		
Change in benefit take-up rate[1]	**(85)**	(72)
Change in silicosis prevalence[2]	**(85)**	(72)
Change in disease progression rates[3]	**(42)**	(36)

[1] *Change in benefit take-up rate: the take-up rate does not significantly affect the administration fees, but a 10% change results in a proportionate change in the base compensation values.*
[2] *Change in the silicosis prevalence: the assumptions that will result in a change in the estimated number of cases are either a 10% change in the assumed labour numbers or a 10% change in the disease risk.*
[3] *Change in disease progression rates: a 10% shorter/longer disease progression period was used, which results in more advanced silicosis cases. This assumption is not applicable to the dependant or TB classes.*

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. A change in the settlement claim amount would result in a change in the provision amount on a Rand for Rand basis.

The ultimate outcome of this matter remains uncertain, with the number of eligible potential claimants successfully submitting claims and receiving compensation being uncertain. The provision recorded in the financial statements is consequently subject to adjustment or reversal in the future.

(b) Retirement benefit obligation

Accounting policy

The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured at the present value of the estimated future cash outflows using government bond interest rates consistent with the terms and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in other comprehensive income (OCI) at revaluation date. Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The future liability for current and retired employees and their dependants is accrued in full based on actuarial valuations obtained annually.

27 OTHER PROVISIONS continued

(b) Retirement benefit obligation continued

Critical accounting estimates and judgements

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability include a discount rate of 11.2%, no increases in employer subsidies (in terms of the agreement), mortality rates according to the SA 1956/62 mortality table (SA ""a mf"" tables) (retirement age of 60) and a medical inflation rate of 8.5% (2020: discount rate of 11.2%, retirement age of 60 and 8.5% inflation rate) (2019: discount rate of 9.7%, retirement age of 60 and 7.8% inflation rate). Management determined the discount rate by assessing South African government bonds with similar terms to the liability. The changes to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

Pension and provident funds

The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer defined contribution industry plans. The group's liability is therefore limited to its monthly determined contributions. The provident funds are funded on a "monetary accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds. The Australian group companies make contributions to each employee's superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS was set at a minimum of 9.5% of gross salary and wages for the 2021 year (2020: 9.5%). The fund is a defined contribution plan. The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2020: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2021 financial year amounted to R929 million (2020: R842 million).

Post-retirement benefits other than pensions

Harmony inherited post-retirement medical benefit obligations with the Freegold acquisition in 2002 and the Moab Khotsong acquisition in 2018. In 2021, following the acquisition of the Mponeng operations and related assets, Harmony inherited the post-retirement medical benefit obligation of the Mponeng operation. Refer to note 14 for further details on the acquisition. Except for the abovementioned employees, Harmony has no other post-retirement benefit obligation for the other group employees.

The group's obligation is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Bestmed medical scheme (Bestmed) options.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition, the following was also considered:

- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership;
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account;
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands.

Through the post-employment medical plan, the group is exposed to a number of risks, the most significant of which are discussed below:

- Change in bond yields: A decrease in the bond yields will increase the plan liability.
- Inflation risk: The obligation is linked to inflation and higher inflation will lead to a higher liability.
- Life expectancy: The obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2021, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2022.

27 OTHER PROVISIONS continued

(b) Retirement benefit obligation continued

Post-retirement benefits other than pensions continued

	SA Rand	
Figures in million	**2021**	2020
Present value of all unfunded obligations	**247**	193
Current employees	**99**	56
Retired employees	**148**	137
The movement in the retirement benefit obligation is as follows:		
Balance at beginning of year	**193**	201
Acquisition of Mponeng operations and related assets	**27**	—
Contributions paid	**(12)**	(12)
Other expenses included in staff costs/current service cost	**1**	2
Finance costs	**22**	19
Net actuarial (gain)/loss recognised in other comprehensive income during the year	**16**	(17)
Balance at end of year (non-current)	**247**	193

The net actuarial loss for 2021 mainly resulted from the shortfall related to the take-on of the Mponeng operation medical benefit obligation. (2020: net actuarial gain was mainly due to an increased discount rate as well as a decline in members).

	SA Rand	
Figures in million	**2021**	2020
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**247**	193
Fair value of plan assets	**—**	—
Net liability of defined benefit plan	**247**	193

Management considered whether a reasonably possible change in any of the key assumptions would have a material impact on the obligation, service cost or finance costs. It was determined that changes would result in an immaterial increase or decrease.

The group expects to contribute approximately R14 million to the benefit plan in 2022. The weighted average duration of the defined benefit obligation is 12.5 years.

28 LEASES

Accounting policy

The group assesses the presence of a lease in a contract as at the commencement date of the agreement. Having determined that a contract contains a lease asset (and respective contractual cash obligations), Harmony recognises a right-of-use asset and lease liability. The group discloses expensed amounts for contracts assessed as variable leases, low value asset leases and short-term leases. The disclosed value of these expensed leases is either determined on a straight-line basis over the duration of the lease or on a systematic basis that fairly indicates the consumption of the lease contract. All expensed lease contracts are recognised in production costs, corporate, administration and other expenditure in the income statement.

The group applies the following practical expedients when assessing lease contracts:

- The low value lease exemption - the group has elected to take the low value exemption with a value of R50 000 for the individual leased asset value and also applied its accounting policy on capitalisation of assets based on IAS 1 materiality assessment;
- The short-term lease exemption - leases with a duration of less than a year will be expensed in the income statement on a straight-line basis; and
- Non-lease components - the group has applied the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component for the classes of the underlying asset where it is appropriate to do so.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate. The group has applied the IFRS 16 portfolio approach in determining the discount rate for leases. As such a single discount rate has been used for contracts that share similar characteristics. The group has determined that a portfolio of contracts that are denominated in the same currency may use a single discount rate. This rate has been determined using various factors including in-country borrowings as well as other sources of finance. The nature of the right-of-use assets was also considered.

28 LEASES continued

Accounting policy continued

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, any initial direct costs and restoration costs as described below. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease term shall be determined as the non-cancellable period of a lease, together with:
- Periods covered by an option to extend the lease if management is reasonably certain to make use of that option; and/or
- Periods covered by an option to terminate the lease, if management is reasonably certain not to make use of that option.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 ***Provisions, Contingent Liabilities and Contingent Assets***. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the property, plant and equipment line in the balance sheet. The group applies its existing accounting policy on impairment of non-financial assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss accordingly.

Critical accounting estimates and judgements

Key judgements applied in determining the right-of-use assets and lease liability were:
- Assessing whether an arrangement contains a lease: various factors are considered, including whether a service contract includes the implicit right to the majority of the economic benefit from assets used in providing the service;
- Determining the lease term: management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. The company applies the considerations for short-term leases where leases are modified to extend the period by 12 months or less on expiry and these modifications are assessed on a standalone basis; and
- Determining the discount rate: in determining the incremental borrowing rates, management considers the term of the lease, the nature of the asset being leased, in country borrowings as well as other sources of finance.

28 LEASES continued

The movement in the right-of-use assets is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**151**	—
Impact of adopting IFRS 16 at 1 July 2019	**—**	81
Acquisition of Mponeng operations and related assets[1]	**11**	—
Additions	**174**	106
Modifications	**35**	—
Depreciation	**(80)**	(45)
Terminations	**(1)**	(8)
Translation	**(28)**	17
Balance at end of year	**262**	151

[1] *Refer to note 14 for further information on the acquisition.*

The non-current and current portions of the lease liability is included in other non-current liabilities and trade and other payables in the balance sheet respectively.

The movement in the lease liabilities is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**141**	—
Impact of adopting IFRS 16 at 1 July 2019	**—**	81
Acquisition of Mponeng operations and related assets[1]	**40**	—
Additions	**135**	93
Modifications	**35**	—
Interest expense on lease liabilities	**13**	8
Lease payments made	**(80)**	(46)
Terminations	**(1)**	(8)
Translation	**(22)**	13
Balance at end of year	**261**	141
Current portion of lease liabilities	**107**	60
Non-current portion of lease liabilities	**154**	81

[1] *Refer to note 14 for further information on the acquisition.*

The maturity of the group's undiscounted lease payments is as follows:

	SA Rand	
Figures in million	**2021**	2020
Less than and including one year	**112**	67
Between one and five years	**225**	86
Five years and more	**—**	—
Total	**337**	153

28 LEASES continued

The amounts included in the income statement relating to leases:

	SA Rand	
Figures in million	**2021**	2020
Depreciation of right-of-use assets[1]	**80**	45
Interest expense on lease liabilities[2]	**13**	8
Short-term leases expensed[3, 4]	**187**	96
Leases of low value assets expensed[3]	**15**	19
Variable lease payments expensed[3, 5]	**883**	690

[1] *Included in depreciation and amortisation.*
[2] *Included in finance costs.*
[3] *Included in production costs and corporate, administration and other expenditure.*
[4] *The amount includes leases that expire within 12 months of adoption as management elected the short-term expedient.*
[5] *These payments relate mostly to mining and drilling contracts. Variable lease payments made comprise 76% of the total lease payments made during the period. The majority of the variable lease payments made relate to the contracting of specialists for mining operations at Harmony's open-pit mines and are determined on a per tonne or square metre basis.*

The total cash outflows for leases are:

	SA Rand	
Figures in million	**2021**	2020
Lease payments made for lease liabilities	**80**	46
Short-term lease payments	**187**	96
Lease payments of low value assets leased	**15**	19
Variable lease payments	**883**	690
Total cash outflows for leases	**1 165**	850

29 CONTINGENT CONSIDERATION

Accounting policy

The contingent consideration liability was initially recognised at fair value on 1 October 2020 in accordance with IFRS 3. The liability was included as part of the consideration transferred for the acquisition of the Mponeng operations and related assets (refer to note 14 for further disclosure on the acquisition). Changes in the fair value of the liability subsequent to initial recognition are included in other operating expenses.

Critical accounting estimates and judgements

The contingent consideration liability was initially valued using the discounted cash flow valuation method, discounted at a post-tax real rate of 10.6%.Other assumptions are the forecast Rand/US dollar exchange rate and life-of-mine plans. Subsequent to initial recognition, the assumptions applied for the valuation of the liability were updated. As at 30 June 2021, the contingent consideration was valued using a post-tax real discount rate of 10.3%. Refer to note 15 for R/US$ exchange rates used in the valuation as at 30 June 2021. The fair value calculated for the contingent consideration is level 3 in the fair value hierarchy due to the use of unobservable inputs. At both 1 October 2020 and 30 June 2021, the contingent consideration attributable to the below infrastructure ounces of gold was valued at Rnil.

The movement in the contingent consideration liability is as follows:

	SA Rand
Figures in million	**2021**
Balance as at 1 October 2020 - initial recognition	**544**
Remeasurement of contingent consideration[1]	**(127)**
Balance as at 30 June 2021	**417**

[1] *The remeasurement of the liability relates primarily to a change in the production profile, which is based on Harmony's life-of-mine plan at 30 June 2021.*

30 OTHER NON-CURRENT LIABILITIES

	SA Rand	
Figures in million	**2021**	2020
Sibanye Beatrix ground swap royalty[1]	**19**	15
Lease liability - non-current[2]	**154**	81
Provision for Harmony Education Benefit Fund	**5**	5
Total non-current liabilities	**178**	101

[1] *The increase is mainly due to the estimated gold allocation increasing from 1 862 kg to 2 068 kg based on approved life-of-mine plans.*
[2] *Refer to note 28 for an analysis of the lease liability.*

31 STREAMING ARRANGEMENTS

Streaming arrangement with Franco-Nevada Barbados

Harmony's subsidiary, Chemwes, which owns the Mine Waste Solutions operation (MWS), has a contract with Franco-Nevada Barbados (Franco-Nevada). Franco-Nevada is entitled to receive 25% of all the gold produced through MWS. As part of the acquisition of MWS (refer to note 14), Harmony assumed the obligations enforced by the Franco-Nevada contract.

The contract is a streaming agreement that commenced on 17 December 2008 for which Franco-Nevada paid US$125 million upfront for the right to purchase 25% of the gold production through MWS for a fixed amount of consideration until the balance of gold cap is delivered. As at 1 October 2020, the US$125 million upfront payment has been settled. The gold cap is a provision included in the contract, which stipulates the maximum quantity of gold to be sold to Franco-Nevada over the term of the agreement. The consideration is determined as the lower of the quoted spot gold price as per the London Metals Exchange or US$400 per ounce adjusted with an annual escalation adjustment.

Harmony does not have an existing streaming arrangement and therefore a new accounting policy was developed for the classification and measurement of the transaction.

Accounting policy

The streaming contract was assessed and has been accounted for as an own-use customer contract. At acquisition, the Franco-Nevada contract was initially recognised at a fair value (refer to note 14) of R1.4 billion in accordance with IFRS 3. The fair value of the contract took into consideration the existing unfavourable gold price terms at acquisition, in relation to the comparative market gold price.

The obligation to deliver the contractually stipulated ounces over the remaining term of the agreement results in a significant financing component. The interest accrues on the contract liability over the remaining contractual term. As the performance obligation to deliver gold is met, the contract liability unwinds into revenue classified as "consideration from streaming contract" in note 5.

The current portion of the liability is determined with reference to the current production profile of MWS for the next 12 months.

Critical accounting estimates and judgements

Refer to note 14 for the critical estimates and judgements relating to the initial recognition of the streaming contract liability. Changes in the production plan will affect the subsequent measurement prospectively. This is the only input that is considered for subsequent measurement. Harmony's cost of debt of 7.7% was used to impute the finance cost for the significant financing component recognised on the streaming contract liability.

Contract liability and gold delivered

As at 1 October 2020, the balance of gold ounces to be delivered to Franco-Nevada amounted to 100 686oz. Subsequent to 1 October 2020, 16 257oz had been delivered to Franco-Nevada, bringing the balance of gold ounces to be delivered as at 30 June 2021 to 84 429oz.

The contract price receivable in US$/oz for each ounce of gold delivered is as follows:
- 1 October 2020 – 16 December 2020: US$433/oz
- 17 December 2020 – 30 June 2021: US$437/oz

Reconciliation of the streaming contract liability:

	SA Rand
Figures in million	**2021**
Balance at 1 October 2020 – initial recognition	**1 417**
Finance costs related to significant financing component	**71**
Non-cash consideration for delivery of gold ounces (included in Revenue)	**(397)**
Balance as at 30 June 2021	**1 091**
– Current	**396**
– Non-current	**695**

Accounting policy – financial liabilities (applicable to notes 32 and 33)

Financial liabilities are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, except for financial liabilities classified at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The group classifies financial liabilities as follows:

- Borrowings are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

  Fees paid on the establishment of the loan facilities are capitalised as a pre-payment and amortised over the period of the facility to which it relates, to the extent it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

  Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

- Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

32 BORROWINGS

Summary of facilities' terms

	Commenced	Tenor (Years)	Matures	Secured	Security	Interest payment basis	Interest charge	Repayment term	Repaid
Existing									
R2 billion facility	November 2018	Four	November 2022	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable			n/a
- R600 million term loan							JIBAR + 2.9%	Eight equal quarterly instalments starting from February 2021 with the final instalment on maturity	
- R1.4 billion revolving credit facility							JIBAR + 2.8%	On maturity	
US$400 million facility	September 2019	Three	September 2023[1]	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	n/a
- US$200 million revolving credit facility		Extendable by 1 year					LIBOR + 2.9%		
- US$200 million term loan							LIBOR + 3.1%		
US$24 million Westpac loan	July 2018	Four	July 2022	Yes	Cession and pledge of vehicles and machinery	Variable	LIBOR + 3.2%	Quarterly instalments	n/a
Matured									
US$350 million facility	July 2017	Three	July 2020	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	October 2019
- US$175 million revolving credit facility							LIBOR + 3.00%		
- US$175 million term loan							LIBOR + 3.15%		
US$200 million bridge loan	June 2020	One	June 2021	Yes	Cession and pledge of operating subsidiaries' shares and claims	Variable		On maturity	July 2020[2]
						First 6 months	LIBOR + 1.80%		
						Next 3 months	LIBOR + 2.40%		
						Last 3 months	LIBOR + 3.00%		

[1] *The syndicate of lenders for the US$400 million facility agreed to the one year extension during July 2020, extending the maturity date to September 2023.*
[2] *This facility was cancelled on 6 July 2020 with no drawdowns having been made.*

32 BORROWINGS continued

Debt covenants

The debt covenant tests for both the Rand and US dollar facilities are as follows:

- The group's interest cover ratio shall be more than five times (EBITDA[1]/ Total interest paid);
- Tangible Net Worth[2] to total net debt ratio shall not be less than four times or six times when dividends are paid;
- Leverage[3] shall not be more than 2.5 times.

[1] *Earnings before interest, taxes, depreciation and amortisation (EBITDA) as defined in the agreement excludes unusual items such as impairment and restructuring cost.*
[2] *Tangible Net Worth is defined as total equity less intangible assets. During June 2020, lenders agreed to relax the Tangible Net Worth to total net debt covenant, from four times to two times, until December 2020, in order to provide flexibility to the group following the disruptions from the Covid-19 pandemic. From 1 January 2021, the covenants reverted to the original position.*
[3] *Leverage is defined as total net debt to EBITDA.*

No breaches of the covenants were identified during the tests in the 2020 and 2021 financial years. Management believes that it is very likely that the covenant requirements will be met in the foreseeable future given the current earnings and interest levels, as well as the net debt position.

Interest bearing borrowings

	SA Rand	
Figures in million	**2021**	2020
Non-current borrowings		
R2 billion facility	**153**	1 351
Balance at beginning of year	**1 351**	1 489
Draw down	**—**	1 100
Repayments	**(1 050)**	(1 100)
Transferred to current liabilities	**(150)**	(150)
Amortisation of issue cost	**2**	12
Westpac fleet loan	**22**	132
Balance at beginning of year	**132**	194
Repayments	**(96)**	(96)
Transferred from/(to) current liabilities	**18**	(16)
Translation	**(32)**	50
US$350 million facility	**—**	—
Balance at beginning of year	**—**	4 143
Repayments	**—**	(4 465)
Amortisation of issue costs	**—**	24
Translation	**—**	298
US$400 million facility	**2 799**	5 980
Balance at beginning of year	**5 980**	—
Draw down	**—**	5 441
Issue cost	**(11)**	(95)
Repayments	**(2 347)**	—
Amortisation of issue costs	**39**	12
Translation	**(862)**	622
Total non-current borrowings	**2 974**	7 463

32 BORROWINGS continued

Interest bearing borrowings continued

	SA Rand	
Figures in million	**2021**	2020
Current borrowings		
R2 billion facility	**300**	150
Balance at beginning of year	**150**	—
Transferred from non-current liabilities	**150**	150
Westpac fleet loan	**87**	105
Balance at beginning of year	**105**	89
Transferred from/(to) non-current liabilities	**(18)**	16
Total current borrowings	**387**	255
Total interest-bearing borrowings	**3 361**	7 718

	SA Rand	
Figures in million	**2021**	2020
The maturity of borrowings is as follows:		
Current	**387**	255
Between one to two years	**175**	405
Between two to three years	**2 799**	7 058
	3 361	7 718

	SA Rand	
Figures in million	**2021**	2020
Undrawn committed borrowing facilities		
Expiring within one year	**—**	—
Expiring after one year	**4 254**	1 366
	4 254	1 366

	2021	2020
Effective interest rates (%)		
R2 billion facility	**6.6**	9.3
Westpac fleet loan	**3.4**	4.4
US$400 million facility	**4.0**	3.7
US$350 million facility	**—**	5.6

33 TRADE AND OTHER PAYABLES

Accounting policy

The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

	SA Rand	
Figures in million	**2021**	2020
Financial liabilities		
Trade payables	**1 269**	706
Lease liability – current[1]	**107**	60
Other liabilities	**129**	204
Non-financial liabilities		
Payroll accruals	**847**	616
Leave liabilities (a)	**731**	537
Shaft related liabilities	**928**	585
Other accruals	**211**	213
Value added tax	**163**	85
Income and mining tax	**4**	—
Total trade and other payables	**4 389**	3 006

[1] *Refer to note 28 for an analysis of the lease liability.*

The increase is mainly related to the impact of acquiring the Mponeng operations and related assets.

(a) Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

	SA Rand	
Figures in million	**2021**	2020
Balance at beginning of year	**537**	540
Benefits paid	**(583)**	(567)
Total expense per income statement	**630**	538
Translation (gain)/loss	**(25)**	26
Acquisitions[1]	**172**	—
Balance at end of year	**731**	537

[1] *Acquisitions of the Mponeng operations and related assets.*

34 CASH GENERATED BY OPERATIONS

	SA Rand		
Figures in million	**2021**	2020	2019
Reconciliation of profit/(loss) before taxation to cash generated by operations			
Profit/(loss) before taxation	**6 382**	(595)	(2 746)
Adjustments for:			
Amortisation and depreciation	**3 877**	3 508	4 054
Impairment of assets	**1 124**	—	3 898
Share-based payments	**160**	180	230
Net decrease in provision for post-retirement benefits	**(13)**	(12)	(12)
Net increase/(decrease) in provision for environmental rehabilitation	**135**	—	(53)
Loss on scrapping of property, plant and equipment	**161**	62	21
Profit from associates	**(83)**	(94)	(59)
Investment income	**(244)**	(375)	(308)
ARM BBEE day one expense	**(87)**	—	—
Finance costs	**661**	661	575
Inventory revaluation adjustments	**69**	(70)	(166)
Foreign exchange translation difference	**(810)**	989	95
Non cash portion of gains/losses on derivatives	**(1 204)**	1 382	(429)
Day one loss amortisation	**(47)**	40	32
Streaming contract revenue	**(397)**	—	—
Silicosis settlement provision	**(90)**	(119)	(62)
Gain on bargain purchase	**(303)**	—	—
Contingent consideration remeasurement	**(127)**	—	—
Other non-cash adjustments	**(14)**	22	(16)
Effect of changes in operating working capital items			
(Increase)/decrease in Receivables	**(339)**	(349)	32
(Increase)/decrease in Inventories	**(37)**	(150)	(88)
Increase/(decrease) in Payables	**967**	(49)	54
Cash generated by operations	**9 741**	5 031	5 052

Additional cash flow information
The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received. Investment income from restricted investments is considered non-cash for the purposes of the cash flow statement. Included in investment income is interest earned from restricted investments of R174 million (2020: R163 million) (2019: R168 million).

At 30 June 2021, R4 254 million (2020: R1 366 million) (2019: R1 277 million) of borrowing facilities had not been drawn and are therefore available for future operational activities and future capital commitments. Refer to note 32.

The share issue costs were accrued at year-end and do not reflect in the financing section of the cash flow.

(a) Acquisitions of investments/business
The conditions precedent for the acquisition of AGA's remaining South African producing assets and related liabilities were fulfilled on 1 October 2020 and the transaction was completed. Refer to note 14 for details on the consideration paid.

(b) Principal non-cash transactions
Share-based payments (refer to note 36).

(c) Lease payments
Included in the lease payments of R119 million are deposits of R39 million made as part of a lease facility agreement.

35 EMPLOYEE BENEFITS

Accounting policy

- Pension, provident and medical benefit plans are funded through monthly contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 27 for details of the post-retirement medical benefit plan.
- Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37, ***Provisions, Contingent Liabilities and Contingent Assets***, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

	2021	2020
Number of permanent employees as at 30 June:		
South African operations	**36 860**	31 504
International operations[1]	**1 599**	1 589
Total number of permanent employees	**38 459**	33 093

	SA Rand	
Figures in million	**2021**	2020
Aggregate earnings		
The aggregate earnings of employees including executive directors were:		
Salaries and wages and other benefits (excluding share-based payments)	**14 079**	10 540
Retirement benefit costs	**929**	842
Medical aid contributions	**316**	276
Total aggregated earnings[2]	**15 324**	11 658

[1] *The Wafi-Golpu joint operation's employees included in the total is 59 (2020: 81).*
[2] *These amounts have been included in cost of sales, corporate expenditure and capital expenditure.*

The increase year on year relates primarily to the acquisition of the Mponeng operations and related assets. Refer to note 14.

During the 2021 financial year, R371 million (2020: R122 million) was included in the payroll costs for termination costs. Termination costs include the cost relating to the voluntary retrenchment and restructuring process as well as retrenchments due to shaft closures.

36 SHARE-BASED PAYMENTS

Accounting policy

The group operates the following employee share incentive plans where the group granted share options to certain employees in exchange for services received:

- The 2006 equity-settled share-based payments plan (2006 share plan);
- The equity-settled Sisonke Employee Share Ownership Plan (Sisonke ESOP) initially awarded in 2019; and
- The equity-settled Management Deferred Share Plan (DSP) initially awarded in 2020.

Equity-settled share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised.

The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received (if any) net of any directly attributable transaction costs are credited to share capital and premium when the options are exercised.

36 SHARE-BASED PAYMENTS continued

Critical accounting estimates and judgements

The fair value of options granted under the 2006 plan was determined using a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield. There were no options granted under the 2006 plan in the current financial period. The fair value of the options granted under the Sisonke ESOP was based on the Harmony spot share price of R28.29 at grant date as there were no market conditions attached to the grant. The fair value of the first options granted under the DSP was based on the Harmony spot share prices of between R45.89 and R56.87 at grant date as there was no market condition attached to the grant. The fair value of the second options granted under the DSP was based on the Harmony spot share price of R74.90 at grant date as there was no market condition attached to the grant.

Employee share-based payments

The objective of these schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

The total cost relating to employee share-based payments is made up as follows:

	SA Rand	
Figures in million	**2021**	2020
2006 share plan	**26**	83
Sisonke ESOP	**61**	73
Management DSP	**69**	30
Total employee share-based payments	**156**	186

The directors are authorised to issue up to 60 011 669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes. Subsequent to the annual general meeting held on 1 December 2010, 53 482 588 shares have been issued in terms of the various share schemes. At 30 June 2021, no share option awards are outstanding for the 2006 share plan.

In December 2018, the board approved the new Total Incentive Plan for management which includes deferred shares. The first allocations under the new plan occurred in October 2019 with the second allocation occurring in October 2020. Our shareholders have authorised up to 25 000 000 shares of the issued share capital to be used for this plan.

Options granted under the 2006 share plan

The 2006 share plan consists of share appreciation rights (SARs), performance shares (PS) and restricted shares (RS). The share plan is equity-settled.

Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three, four and five, subject to the performance conditions having been satisfied. The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market prices of the underlying shares on the trading date immediately preceding the grant.	*2013 to 2014 allocation:* The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	*2015 to 2017 allocation:* • 50% of the number of rights awarded are linked to the total shareholder return of the group on an absolute basis. • 50% of the number of rights awarded are linked to the total shareholder return of the group as compared to that of the South African gold index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions.

- Fault — All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.
- No fault — Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the rules of the plan.

Executive management is encouraged to retain performance shares when they vest and a minimum shareholding requirement has been introduced to achieve this. This shareholding is meant to align shareholder and executive objectives to grow total shareholder return.

36 SHARE-BASED PAYMENTS continued

Employee share-based payments continued

Options granted under the 2006 share plan continued

Activity on share options

	SARs		PS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA Rand)**	**Number of rights**
For the year ended 30 June 2021			
Balance at beginning of year	**377 333**	**18.41**	**12 415 024**
Options exercised	**(371 008)**	**18.41**	**(11 928 241)**
Options forfeited and lapsed	**(6 325)**	**18.41**	**(486 783)**
Balance at end of year	**—**	**—**	**—**

	SARs		PS
Activity on options and rights granted but not yet exercised	Number of options and rights	Weighted average option price (SA Rand)	Number of rights
For the year ended 30 June 2020			
Balance at beginning of year	6 713 044	26.45	21 007 596
Options exercised	(6 086 252)	27.03	—
Options forfeited and lapsed	(249 459)	23.97	(8 592 572)
Balance at end of year	377 333	18.41	12 415 024

There were no RS balances during the 2021 and 2020 financial years.

	SARs		PS	
Options and rights vested but not exercised at year end	**2021**	2020	**2021**	2020
Options and rights vested but not exercised	**—**	377 333	**—**	—
Weighted average option price (SA rand)	**n/a**	18.41	**n/a**	n/a

	SA Rand	
Figures in million	**2021**	2020
Gain realised by participants on options and rights traded during the year	**807**	142
Fair value of options and rights exercised during the year	**807**	144

Options granted under the Sisonke ESOP

In December 2017 Harmony approved the establishment of the Sisonke ESOP with the aim to facilitate beneficial interest and ownership by non-managerial employees in South Africa (the beneficiaries) of Harmony shares in order to:

- Facilitate economic empowerment of Harmony's employees;
- Incentivise Harmony's employees, so as to promote the shared interests of employees and shareholders in the value growth of Harmony; and
- Further align the interests of the Harmony shareholders and those of the employees of Harmony.

The shares were issued to the Harmony ESOP Trust (the Trust) on 15 January 2019 which is also the date on which the required service period of three years commenced. Each beneficiary under the scheme was awarded 225 Participation Units (PU). The Sisonke ESOP is equity-settled.

Award	Vesting	Performance criteria
PU*	The PU will vest after three years from the date on which the service period commenced	The participant is still employed within the group

** The term Participation Units means the vested rights of a beneficiary to an equal number of Harmony shares held by the Trust.*

Termination of employees' participation in the share scheme is based on "no fault" and "fault" definitions.

• Fault	All unvested and unexercised PU not yet vested are lapsed and cancelled.
• No fault	Accelerated vesting occurs and all unvested and unexercised PU are settled in accordance with the rules of the plan.

36 SHARE-BASED PAYMENTS continued

Employee share-based payments continued

Options granted under the Sisonke ESOP continued

Activity on share options

	Number of PU	
Activity on PU granted but not exercised	**2021**	2020
Balance at beginning of year	**6 768 562**	6 819 025
Options granted	**106 994**	366 960
Options vested	**(441 548)**	(257 271)
Options forfeited and lapsed	**(122 341)**	(160 152)
Balance at end of year	**6 311 667**	6 768 562

	2021	2020
Gain realised by participants on options exercised during the year (R'million)	**31**	12
Weighted average share price at the date of exercise (SA Rand)	**70.90**	48.21
Remaining life (years)	**0.5**	1.5

Options granted under the Management Deferred Share Plan

Harmony implemented the Total incentive Plan, comprising a long-term Deferred Share Plan (DSP) and a short-term annual cash payment with effect from 1 July 2019. The total incentive for each management-level employee is determined every year through a balanced scorecard calculation.

The balanced scorecard result includes a number of key short- and long-term company performance measures (to be measured over trailing three- and one-year periods). The measures are reviewed and defined annually with appropriate weightings. A portion of the total incentive is paid immediately in cash and the balance is settled by means of deferred shares.

Award	Vesting	Performance criteria
DS*	The awards will vest at a rate of 20% per annum over the following five years for executive directors and prescribed officers, and one-third per annum over the following three years for qualifying management.	The participant is still employed within the group

** Deferred shares*

	2021	2020
18 September 2019 - 3 years		
Gain realised by participants on options exercised during the year (R'million)	**28**	—
Weighted average share price at the date of exercise (SA Rand)	**87.86**	—
Remaining life (years)	**1.2**	—
18 September 2019 - 5 years		
Gain realised by participants on options exercised during the year (R'million)	**2**	—
Weighted average share price at the date of exercise (SA Rand)	**87.86**	—
Remaining life (years)	**3.2**	—

Activity on share options

	Number of DS	
Activity on DS granted but not exercised	**2021**	2020
Balance at beginning of year	**1 162 152**	—
Options granted	**1 356 715**	1 218 013
Options exercised	**(331 466)**	—
Options forfeited and lapsed	**(84 878)**	(55 861)
Balance at end of year	**2 102 523**	1 162 152

36 SHARE-BASED PAYMENTS continued

Employee share-based payments continued

Options granted under the Management Deferred Share Plan continued

Activity on share options continued

List of options granted but not yet exercised (listed by grant date)	Number of options	Remaining life (years)
As at 30 June 2021		
Deferred shares		
18 September 2019 - 3 years	**595 450**	**1.2**
18 September 2019 - 5 years	**232 237**	**3.2**
18 September 2020 - 3 years	**895 336**	**2.2**
18 September 2020 - 5 years	**379 500**	**4.2**
Total options granted but not yet exercised	**2 102 523**	

37 RELATED PARTIES

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction from 1 July 2018 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Directors and other key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group.

The directors' remuneration is as follows:

	SA Rand	
Figures in million	Executive directors	Non-executive directors
2021		
Salaries	**24**	**—**
Retirement contributions	**3**	**—**
Bonuses	**16**	**—**
Exercise/settlement of share options	**105**	**—**
Directors' fees	**—**	**13**
	148	**13**
2020		
Salaries	19	—
Retirement contributions	3	—
Bonuses	5	—
Exercise/settlement of share options	9	—
Directors' fees	—	13
	36	13

On 14 August 2020, Ms Shela Mohatla was appointed as Group Company Secretary by the board of directors. At the same time Ms Marian van der Walt was appointed as Senior Group Executive: Enterprise Risk and Investor Relations and has been regarded as a prescribed officer since then.

On 30 September 2020, Harmony announced the resignation of Mr Ken Dicks and Mr Max Sisulu as independent non-executive directors as well as the retirement of Mr Frank Abbott as executive director with effect from 30 September 2020.

On 18 December 2020, Harmony announced the resignation of Ms Grathel Motau as independent non-executive director with effect from 18 December 2020.

On 22 February 2021, Harmony announced the appointment of Mr Peter Turner as independent non-executive director with effect from 19 February 2021.

37 RELATED PARTIES continued

Directors and other key management continued

The following directors and prescribed officers owned shares in Harmony at year-end:

	Number of shares	
Name of director/prescribed officer	**2021**	2020
Directors		
Peter Steenkamp[1]	**746 085**	512 000
Boipelo Lekubo[1]	**3 581**	—
Andre Wilkens	**101 301**	101 301
Frank Abbott[2]	**n/a**	1 142 010
Harry 'Mashego' Mashego[1]	**3 319**	—
Ken Dicks[3]	**n/a**	35 000
Prescribed officers		
Beyers Nel[1]	**216 175**	42 486
Philip Tobias[1, 4]	**347 462**	169 294
Marian van der Walt[1, 5]	**139 356**	—
Johannes van Heerden[1]	**166 156**	160 000

[1] *Increase in the 2021 year related to share options that vested and were retained*
[2] *Frank Abbott retired as an executive director effective 30 September 2020.*
[3] *Ken Dicks resigned as a non-executive director effective 30 September 2020.*
[4] *The movement in shares for the 2021 financial year includes the sale of 1 500 ordinary shares in the open market*
[5] *Marian van der Walt was appointed as Senior Group Executive: Enterprise Risk and Investor Relations and a prescribed officer effective 14 August 2020*

Modise Motloba, Harmony's deputy chairman, is a director of Tysys Proprietary Limited (Tysys). Tysys entered into a contract with the group during the 2017 financial year to provide services relating to the group's small and medium enterprise development projects. The contract has a value of up to R5 million per annum. Approximately R5 million (2020: R5 million) was paid during the 2021 financial year relating to services rendered in the current and prior financial years. The contract has a 30-day notice period.

There were no other changes to the directors' interest between the reporting date and the date of the approval of the financial statements other than indicated above.

Other related parties

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 21.

	SA Rand	
Figures in million	**2021**	2020
Sales and services rendered to related parties		
Joint operations	**3**	3
Total	**3**	3

	SA Rand	
Figures in million	**2021**	2020
Purchases and services acquired from related parties		
Directors	**5**	5
Associates	**55**	39
Total	**60**	44

38 COMMITMENTS AND CONTINGENCIES

Commitments and guarantees

	SA Rand	
Figures in million	**2021**	2020
Capital expenditure commitments		
Contracts for capital expenditure	**341**	262
Share of joint operation's contracts for capital expenditure	**32**	106
Authorised by the directors but not contracted for	**7 425**	1 314
Total capital commitments	**7 798**	1 682

This expenditure will be financed from existing resources and, where appropriate, borrowings. The increase year on year is due to the inclusion of a number of expansion projects in the life-of-mine plans for the 2022 financial year. These projects include the Zaaiplaats extension at Moab Khotsong, the Kareerand deposition extension at MWS and the Hidden Valley extension.

Contractual obligations in respect of mineral tenement leases amount to R17 million (2020: R19 million). This includes R17 million (2020:19 million) for the Wafi-Golpu joint operation.

	SA Rand	
Figures in million	**2021**	2020
Guarantees		
Guarantees and suretyships[1]	**481**	143
Environmental guarantees[2]	**479**	479
Total guarantees	**960**	622

[1] *The increase is due to additional guarantees following the acquisition of Mponeng operations and related assets required for power services.*
[2] *At 30 June 2021 R146 million (2020: R104 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 17.*

Contingent liabilities

Critical accounting estimates and judgements

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

The following contingent liabilities have been identified:

(a) On 1 December 2008, Harmony issued 3 364 675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint operators.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. Water treatment facilities were successfully implemented at Doornkop, Tshepong Operations and Kusasalethu. These facilities are now assisting in reducing our dependency on state supplied potable water and will be key in managing any post closure decant should it arise.

In terms of Free State operations, Harmony has taken the initiative to develop a comprehensive regional closure plan in addition to updating the regional water balance, which will ensure that there is sufficient water for our organic growth initiatives. The geohydrological studies confirm that there is no risk of decant in Welkom.

Should the studies result in different solutions than the ones initially proposed, or the regulators do not approve the proposed plans, which then results in the group being required to record and account for the contingencies as liabilities, it could then have a material impact on the financial statements of the group.

38 COMMITMENTS AND CONTINGENCIES continued

Contingent liabilities continued

(c) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resources and Energy and affected mining companies require the development of a regional mine closure strategy.

Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. Additional studies have been commissioned at Doornkop and Kusasalethu. Studies that have been conducted indicate that there is no risk of decant from Doornkop and Kusasalethu, but it is recommended that confirmatory studies be completed. In addition, the decant from the KOSH groundwater system tied with our Moab Khotsong operation has been managed through an appropriate groundwater closure plan and sufficient provision has been set aside for this. Therefore, there is no contingency arising from these operations.

Preliminary studies have also been completed to manage and mitigate the seepage from tailings facilities recently acquired (refer to note 14). Seepage is evident at these facilities and desktop studies have been completed to mitigate the seepage. An initial estimate to manage and mitigate the seepage based on these studies has been considered as part of the fair value exercise in terms of IFRS 3. Further feasibility studies will be conducted to refine these estimates in the future.

Should the additional studies result in different solutions than the ones initially proposed, or the regulators do not approve the proposed plans, it might result in a change in estimate to the recorded liabilities or the group recording liabilities over and above the current provisions.

(d) The individual Harmony mining operations have applied for the respective National Water Act, Section 21 Water Use Licenses (WUL) to the Department of Water and Sanitation (DWS). The respective Water Use License Applications (WULA's) have subsequently not yet been approved by DWS except for Kalgold and Kusasalethu. Two WUL have been issued by DWS for Kalgold and Kusasalethu. The remaining WULA's have not yet been approved by DWS. The WUL conditions for the respective operations are subsequently not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process (to which DWS is an important participant and decision maker) is uncertain. The existing WUL for Moab Khotsong, which was recently acquired by Harmony, has already been approved by the DWS. The transferral of the licence and its conditions to Harmony is currently being processed. All operations continue to operate legally and responsibly.

(e) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million of potential claims. Rand Uranium is therefore liable for all claims up to R75 million and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

39 FINANCIAL RISK MANAGEMENT

The group's operating activities expose it to a variety of financial risks: market risk (including commodity price risk, foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial assets and liabilities are classified as set out below:

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2021						
Financial assets						
Restricted cash and investments	3 656	252	—	—	1 391	—
Other non-current assets	16	74	—	—	177	—
Non-current derivative financial instruments	—	—	319	9	—	—
– Rand gold hedging contracts	—	—	279	—	—	—
– US$ gold hedging contracts	—	—	40	—	—	—
– US$ silver contracts	—	—	—	9	—	—
Current derivative financial instruments	—	—	1 087	384	—	—
– Rand gold hedging contracts	—	—	1 079	—	—	—
– US$ gold hedging contracts	—	—	8	—	—	—
– Foreign exchange contracts	—	—	—	383	—	—
– US$ silver contracts	—	—	—	1	—	—
Trade and other receivables	979	—	—	—	—	—
Cash and cash equivalents	2 819	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	—	6	—	—
– US$ silver contracts	—	—	—	6	—	—
Current derivative financial instruments	—	—	114	92	—	—
– Rand gold hedging contracts	—	—	41	—	—	—
– US$ gold hedging contracts	—	—	73	—	—	—
– US$ silver contracts	—	—	—	92	—	—
Borrowings	—	—	—	—	—	3 361
Contingent consideration liability	—	—		—	417	—
Other non-current liabilities	—	—	—	—	—	173
Trade and other payables	—	—	—	—	—	1 505

39 FINANCIAL RISK MANAGEMENT continued

Figures in million (SA Rand)	Debt instruments at amortised cost	Equity instruments designated at fair value through OCI	Derivatives designated as cash flow hedges	Derivatives at fair value through profit or loss	Debt instruments at fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2020						
Financial assets						
Restricted cash and investments	2 867	—	—	—	837	—
Other non-current assets	5	77	—	—	306	—
Non-current derivative financial instruments	—	—	15	35	—	—
– Rand gold hedging contracts	—	—	10	—	—	—
– US$ gold hedging contracts	—	—	5	—	—	—
– US$ silver contracts	—	—	—	5	—	—
– Foreign exchange contracts	—	—	—	30	—	—
Current derivative financial instruments	—	—	12	6	—	—
– Rand gold hedging contracts	—	—	9	—	—	—
– US$ gold hedging contracts	—	—	3	—	—	—
– US$ silver contracts	—	—	—	6	—	—
Trade and other receivables	804	—	—	—	—	—
Cash and cash equivalents	6 357	—	—	—	—	—
Financial liabilities						
Non-current derivative financial instruments	—	—	813	66	—	—
– Rand gold hedging contracts	—	—	717	—	—	—
– US$ gold hedging contracts	—	—	96	—	—	—
– US$ silver contracts	—	—	—	1	—	—
– Foreign exchange contracts	—	—	—	65	—	—
Current derivative financial instruments	—	—	3 169	955	—	—
– Rand gold hedging contracts	—	—	2 909	—	—	—
– US$ gold hedging contracts	—	—	260	—	—	—
– US$ silver contracts	—	—	—	3	—	—
– Foreign exchange contracts	—	—	—	695	—	—
– Rand gold derivative contracts	—	—	—	257	—	—
Borrowings	—	—	—	—	—	7 718
Other non-current liabilities	—	—	—	—	—	96
Trade and other payables	—	—	—	—	—	970

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close co-operation with the group's operating units. The audit and risk committee and the board provides written principles for overall risk management, as well as written policies covering specific areas, such as commodity price risk, foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

Since March 2020, the Covid-19 pandemic has impacted on various aspects of Harmony's operating environment. Where relevant, reference is made to certain impacts in the discussions below, however a detailed discussion thereof is included in note 4.

39 FINANCIAL RISK MANAGEMENT continued

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises when future commercial transactions or recognised financial assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by commodity sales denominated in US$. Harmony may enter into hedging transactions to reduce this risk. The limit currently set by the board is 25% of the group's foreign exchange risk exposure for a period of 24 months. Refer to note 19 and the fair value determination for financial assets and liabilities section below for details of the contracts. The audit and risk committee review the details of the programme quarterly.

The Rand strengthened during the current financial year, from R17.32/US$1 on 30 June 2020 and closed at R14.27/US$1 on 30 June 2021. This reduced the losses on contracts that matured during the year and positively impacted on the valuations of contracts that were outstanding at 30 June 2021.

The group is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of that entity (refer to note 2.2 for details on the group's functional currencies). As of 1 October 2020, the contingent consideration liability has also been included. Refer to note 29 for details. These exposures are mainly to the US$. The Rand's levels impacted positively on the translation of the US$ debt facilities at 30 June 2021. Refer to note 32 for further detail.

Translation of the international net assets was impacted by a strengthening of the Rand against the Australian dollar from R11.96/A$1 at 30 June 2020 to R10.72/A$1. A loss of R1.2 billion has been recognised in other comprehensive income relating to the translation of the international net assets to Rands.

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities in the exchange rates that would affect profit and loss:

- Rand/US$ exchange rate - 6% based on the standard deviation from a one-year forecast of various financial institution outlooks. The analysis for 2020 was based on historical information for which a reasonable possible change of 10% was determined.
- AUD/US$ exchange rate - 4% based on the standard deviation from a one-year forecast of various financial institution outlooks. The analysis for 2020 was based on the historical trend of the AUD to the US$ in order to determine a reasonably possible change. 10% approximated the move between the year-end rate and the highest point in the previous two financial years.
- PGK/US$ exchange rate - 1%. The Papua New Guinean (PNG) government has fixed the exchange rate of the Kina to the US$ and adjusts it occasionally. These adjustments are very small and would not result in any significant impact on profit or loss. The analysis for 2020 was based on a sensitivity of 10% to be used as an indicator of the potential impact of exchange rate changes.

Management has refined the approach for determining reasonable possible changes from the prior year. The refined approach, which uses a larger population of market analyst forecasts as used for macro-economic assumptions and estimates, provided an improvement in the assessment of reasonable possible changes used for sensitivity analysis.

	SA Rand	
Figures in million	**2021**	2020
Sensitivity analysis – borrowings		
Rand against US$		
Balance at 30 June	**2 806**	5 990
Strengthen by 6% (FY20: 10%)	**168**	599
Weaken by 6% (FY20: 10%)	**(168)**	(599)
Closing rate	**14.27**	17.32
US$ against Kina		
Balance at 30 June	**109**	237
Strengthen by 1% (FY20: 10%)	**1**	21
Weaken by 1% (FY20: 10%)	**(1)**	(27)
Closing rate	**0.29**	0.29
Sensitivity analysis – contingent consideration liability		
Rand against US$		
Balance at 30 June	**417**	—
Strengthen by 6%	**25**	—
Weaken by 6%	**(25)**	—
Closing rate	**14.27**	17.32

39 FINANCIAL RISK MANAGEMENT continued

Market risk continued

Foreign exchange risk continued

	SA Rand	
Figures in million	**2021**	2020
Sensitivity analysis – financial instruments		
Rand against US$		
Balance at 30 June	**383**	(731)
Strengthen by 6% (FY20: 10%)	**105**	954
Weaken by 6% (FY20: 10%)	**(127)**	(1 106)
Closing rate	**14.27**	17.32
US$ against AUD		
Balance at 30 June	**723**	339
Strengthen by 4% (FY20: 10%)	**28**	31
Weaken by 4% (FY20:10%)	**(30)**	(38)
Closing rate	**0.75**	0.69

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold, and in the case of Hidden Valley, silver as well. Harmony entered into Rand gold and US dollar forward gold sale contracts to manage the variability in cash flows from the group's production to create cash certainty and protect the group against lower commodity prices. The general limit for gold hedging currently set by the board is 20% for a 24-month period. The limit set by the board is 50% of silver exposure over a 24-month period. Management continues to top up these programmes as and when opportunities arise to lock in attractive margins for the business, but are not required to maintain hedging at these levels. The audit and risk committee review the details of the programme quarterly.

The exposure to the variability in the price of gold is managed by entering into gold forward sales contracts for a portion of the group's production. A portion of the production of the South African operations is linked to Rand gold forward contracts and US$ gold forward contracts were entered into for the production from Hidden Valley. The exposure to the variability in the price of silver for Hidden Valley is managed by entering into US$/silver zero cost collars. These contracts have not been designated as hedging instruments for hedge accounting and the gains and losses are accounted for in the income statement. Refer to note 19 and the fair value determination for financial assets and liabilities section below for further detail on these contracts.

The Rand strengthened during the year (as discussed above), which had the effect of reducing the loss on the contracts that matured during the 2021 financial year as well as positively impacting those that were outstanding at 30 June 2021.

The group has reviewed its exposure to commodity-linked instruments and identified a sensitivity of 7% based on the standard deviation of a one-year forecast gold price from various financial institution outlooks. The estimated sensitivity would affect other comprehensive income as well as profit or loss in the 2021 financial year. The analysis in 2020 of a sensitivity of 10% was based on management's view of the likely outcome of long-term gold price trend. Management has refined the approach for determining reasonable possible changes from the prior year. The refined approach, which uses a larger population of market analyst forecasts as used for macro-economic assumptions and estimates, provided an improvement in the assessment of reasonable possible changes used for sensitivity analysis.

Only material commodity balances were considered when determining the need for a sensitivity analysis and therefore management has not performed a sensitivity analysis on silver commodities.

	SA Rand	
Figures in million	**2021**	2020
Sensitivity analysis		
Rand gold derivatives		
Profit or loss		
Increase by 7% (FY20: 10%)	**—**	(91)
Decrease by 7% (FY20: 10%)	**—**	102
Other comprehensive income		
Increase by 7% (FY20: 10%)	**(481)**	(1 279)
Decrease by 7% (FY20: 10%)	**612**	1 433
US$ gold derivatives		
Other comprehensive income		
Increase by 7% (FY20: 10%)	**130**	(258)
Decrease by 7% (FY20: 10%)	**(128)**	279

39 FINANCIAL RISK MANAGEMENT continued

Market risk continued

Other price risk

The group is exposed to the risk of fluctuations in the fair value of fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Top 40 Index on the JSE. Management considered a sensitivity of 15% as appropriate, based on the continuing volatility in the market as well as the magnitude of fluctuations within the last year's historical data. A 15% increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R105 million and an equal change in the opposite direction would have decreased profit or loss by R127 million.

The analysis for 2020 was based on management's view that a 10% move was a reasonable possible change based on recent history in normalised trading circumstances. A 10%increase in the Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R79 million an equal change in the opposite direction would have decreased profit or loss by R42 million.

Interest rate risk

The group's interest rate risk arises mainly from long-term borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements as this is a risk that management is prepared to take as the risk is deemed to be low. The audit and risk committee reviews the exposures quarterly.

Low interest rates facilitated by both the US Federal Reserve and the SARB, the strengthening of the Rand with regards to the cost of servicing US$ facilities, as well as the decreased debt levels, as discussed in the capital risk management section below had a favourable impact on the cost of debt during the year.

Interest rate risk arising from long-term borrowings is offset by cash and restricted cash and investments held at variable rates. As at 30 June 2021, management reasonably expects profit or loss before tax to increase/(decrease) by the following sensitivities:

- A 25 basis points finance cost movement based on the standard deviation of a one-year forecast of the South African prime interest rate from various financial institution outlooks;
- A 1 basis points finance cost movement based on the standard deviation of a one-year forecast US Fed rate from various financial institution outlooks; and
- A 25 basis points sensitivity on interest received based on the standard deviation of a one-year forecast of the South African prime interest rate from various financial institution outlooks.

The above analysis assumes that all other variables remain constant. The analysis was performed based on a sensitivity of 100 basis points for all borrowings and financial assets in the 2020 year as an indicator of the potential impact of interest rate changes to the group. Management has refined the approach for determining reasonable possible changes from the prior year. The refined approach, which uses a larger population of market analyst forecasts as used for macro-economic assumptions and estimates, aims to provide an improvement in the estimation of reasonable possible changes used for sensitivity analysis.

	SA Rand	
Figures in million	**2021**	2020
Sensitivity analysis – borrowings (finance costs)		
Rand denominated borrowings		
Increase by 25 basis points (FY20: 100 basis points)	**(1)**	(13)
Decrease by 25 basis points (FY20: 100 basis points)	**1**	13
US$ denominated borrowings		
Increase by 1 basis point (FY20: 100 basis points)	**—**	(64)
Decrease by 1 basis points (FY20: 100 basis points)	**—**	64
Sensitivity analysis – financial assets (interest received)		
Increase by 25 basis points (FY20: 100 basis points) (a)	**16**	58
Decrease by 25 basis points (FY20: 100 basis points) (a)	**(16)**	(58)

(a) The comparative year's computed sensitivity analysis permissibly excludes cash received on 30 June 2020 as a result of the equity raise on 24 June 2020 in note 24.

39 FINANCIAL RISK MANAGEMENT continued

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations in a timely manner. Financial instruments which are subject to credit risk are restricted cash and investments, derivative financial instruments and cash and cash equivalents, as well as trade and other receivables (excluding non-financial instruments).

Assessment of credit risk

In assessing the creditworthiness of local institutions, management uses the national scale long-term ratings. The credit risk arising from restricted cash, cash and cash equivalents, restricted investments and derivative financial assets is managed by ensuring amounts are only invested with financial institutions of good credit quality based on external credit ratings. The group has policies that limit the amount of credit exposure to any one financial institution. The audit and risk committee reviews the exposure on a quarterly basis. Exposure to credit risk on trade and other receivables is monitored on a regular basis by management.

During the June 2020 financial year, Fitch downgraded the major South African (SA) banks by one notch to AA- from AA following the impact of the Covid-19 pandemic. This rating drop did not have a significantly adverse impact on the credit worthiness of the group's counterparts (SA financial institutions). Fitch increased the credit rating of the major banks to AA+ on 22 December 2020, citing the financial institutions risk appetite and corporate conduct as key factors of the upgrade. At 30 June 2021, the rating of major SA banks remained AA+.

Therefore the national scale investment grade rating of these banks remains in line with the group's credit risk policy. An assessment of the expected credit losses for the financial assets measured at amortised costs at 30 June 2021 resulted in an immaterial amount for each instrument, in line with the assessment performed in 2020 (refer to the expected credit loss assessment below for further detail).

Management will continue to review the underlying strength of the South African economy as well as the creditworthiness of the financial institutions during this time and make any changes deemed necessary to safeguard the assets and reduce the credit risk.

The group’s maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R10 837 million as at 30 June 2021 (2020:R11 244 million).

The Social Trust Fund of R19 million (2020: R22 million) has been invested in unit trust investments comprising interest bearing instruments and shares in listed companies. The group has also acquired a collective investment scheme in unit trusts of R47 million and equity investments of R252 million from the Mponeng operations and related assets acquisition (refer to note 14).

Financial institutions' credit rating by exposure (Source: Fitch Ratings and Global Credit Ratings)

	SA Rand	
Figures in million	**2021**	2020
Cash and cash equivalents		
AA+	**1 738**	—
AA	**1 081**	—
AA-	**—**	6 357
	2 819	6 357
Restricted cash and investments		
AA+	**4 756**	—
AA-	**—**	3 682
B[1]	**225**	—
	4 981	3 682
Derivative financial assets		
AA+	**629**	—
AA	**286**	10
AA-	**145**	42
A+	**739**	16
	1 799	68

[1] *This relates to South African government bonds which have been rated applying South Africa’s sovereign credit rating.*

39 FINANCIAL RISK MANAGEMENT continued

Credit risk continued

Expected credit loss assessment

The group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The group's debt instruments at amortised cost consist of cash and cash equivalents, a portion of restricted cash and investments and trade and other receivables. The assessment of ECLs for the different debt instruments is discussed below:

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions which are rated between AA and AA+ (see above). The ECL on cash and cash equivalents has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The ECL was determined to be immaterial.

Restricted cash and investments

The restricted cash and investments relate largely to the environmental trust funds. These funds are held with banks and financial institutions which are rated AA+ (see above). As a result of the acquisition of Mponeng operations and related assets (refer to note 14), the group obtained government bonds which are rated B (see above). Impairment of investments with investment-grade ratings has been determined using the simplification that allows the group to assume that the credit risk on financial instruments determined to have low credit risk at the reporting date, has not increased significantly since initial recognition of the financial instrument. The group considers that the majority of its restricted cash and investments have low credit risk based on the external credit ratings of the counterparties with which the funds are deposited. The ECL was estimated with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. Consideration was given to the possible lifetime impairment on the government bonds, which are below investment grade. The calculated ECL was immaterial.

Concentration of credit risk on restricted cash and investments is considered minimal due to the group's investment risk management and counterparty exposure risk management policies. The ECL was determined to be immaterial.

Trade and other receivables

The group's exposure to credit risk arising from trade receivables (metals) and other trade receivables is influenced mainly by the individual characteristics of each customer.

Trade receivables result largely from the sale of gold and are fully performing. Exposure to credit risk on receivables from gold sales is limited through payment terms of two to three days after recognition of revenue for gold sales. The majority of other receivables comprise of a limited number of individually significant customers. The group determines the ECL on trade receivables and individually significant other receivable balances with reference to a probability of default model using external credit ratings in determining the default risk of counterparties. The external credit ratings used range between BBB to AA-. The ECL was determined to be immaterial.

Loss allowances on individually insignificant other trade receivables has been determined using the simplified ECL approach using a provision matrix and reflects the short-term maturities of the exposures and past experienced credit judgement. Refer to note 20 for details on the amount of the loss allowance recognised and the stratification of trade and other receivables for purposes of the assessment.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. Management prepares cash flow forecasts weekly and ensures that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group maintains and refinances committed credit facilities as medium-term forecasts require. The audit and risk committee reviews the updated forecasts quarterly. The group is able to actively source financing at competitive rates. Where necessary, funds will be drawn from its revolving credit facilities (refer to note 32).

39 FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

The following are the undiscounted contractual maturities of financial liabilities (including principal and interest payments assuming the closing R/US$ exchange rate and interest rate at year end):

	SA Rand			
Figures in million	**2021**		2020	
	Current	**More than 1 year**	Current	More than 1 year
Contingent consideration liability[1]	**—**	**647**	—	—
Other non-current liabilities[2]	**—**	**19**	—	15
Lease liability[2]	**112**	**225**	67	86
Trade and other payables (excluding non-financial liabilities)[2,3]	**1 398**	**—**	910	—
Derivative financial liabilities[3]	**285**	**11**	4 238	962
Borrowings[3]:				
Due between 0 to six months	**256**	**—**	257	—
Due between six to 12 months	**249**	**—**	399	—
Due between one to two years	**—**	**267**	—	779
Due between two to three years[4]	**—**	**2 877**	—	7 286
	2 300	**4 046**	5 871	9 128

[1] *The majority of this balance is expected to be settled between four to six years.*
[2] *These balances exclude the lease liability as it has been disclosed separately.*
[3] *The group will utilise its cash generated from operations to settle outstanding obligations.*
[4] *Final repayment of capital amount of R2 854 million (2020:R6 062 million) in September 2023.*

Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity, as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The group may also sell assets to reduce debt or schedule projects to manage the capital structure.

The group's positive financial performance has resulted in the considerable generation of cash through-out the financial year, assisting in the repayment of debt facilities (refer to note 32). It remains the group's objective to adhere to a conservative approach to debt and maintain low levels of gearing.

Net debt is as follows:

	SA Rand	
Figures in million	**2021**	2020
Cash and cash equivalents	**2 819**	6 357
Borrowings	**(3 361)**	(7 718)
Net debt	**(542)**	(1 361)

There were no changes to the group's approach to capital management during the year.

Fair value determination for financial assets and liabilities

The fair value levels of hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices);

Level 3 Inputs for the asset that are not based on observable market data (that is, unobservable inputs).

39 FINANCIAL RISK MANAGEMENT continued

Fair value determination for financial assets and liabilities continued

The following table sets out the group's assets and liabilities measured at fair value by level within the fair value hierarchy:

	SA Rand				
Figures in million	At 30 June 2021			At 30 June 2020	
	Level 1	Level 2	Level 3	Level 2	Level 3
Fair value through other comprehensive income					
Other non-current assets (a)	—	—	74	—	77
Restricted cash and investments (b)	252	—	—	—	—
Fair value through profit or loss					
Restricted cash and investments (b)	—	1 391	—	837	—
Derivative financial assets (c)	—	1 799	—	68	—
Derivative financial liabilities (c)	—	(212)	—	(5 003)	—
Loan to ARM BBEE Trust (d)	—	—	177	—	306
Contingent consideration liability (e)	—	—	(417)	—	—

(a) The majority of the balance relates to the equity investment in Rand Mutual Assurance. The fair value of the investment was estimated with reference to an independent valuation. A combination of the "Embedded Valuation" and "Net Asset Value" techniques were applied to revalue the investment as at 30 June 2021. In evaluating the group's share of the business, common practice marketability and minority discounts as well as additional specific risk discounts were applied.

(b) The level 1 valued assets were acquired as part of the Mponeng operations and related assets (refer to note 14) and comprises of listed equity securities designated as fair value through other comprehensive income instruments. The majority of the level 2 valued assets are directly derived from the Top 40 index on the JSE, and are discounted at market interest rates. This relates to equity-linked deposits in the group's environmental rehabilitation trust funds. The remaining balance of the environmental trust funds is carried at amortised cost and therefore not disclosed here.

(c) The mark-to-market remeasurement of the derivative contracts was determined as follows:
- Foreign exchange contracts comprise of zero cost collars and FECs: The zero cost collars were valued using a Black-Scholes valuation technique derived from spot Rand/US$ exchange rate inputs, implied volatilities on the Rand/US$ exchange rate, Rand/US$ inter-bank interest rates and discounted at a market interest rate (zero-coupon interest rate curve). The value of the FECs is derived from the forward Rand/US$ exchange rate and discounted at a market interest rate (zero coupon interest rate curve).
- Rand gold contracts (forward sale contracts): spot Rand/US$ exchange rate, Rand and dollar interest rates (forward points), spot US$ gold price, differential between the US interest rate and gold lease interest rate which is discounted at a market interest rate.
- US$ gold contracts (forward sale contracts): spot US$ gold price, differential between the US interest rate and gold lease interest rate and discounted at a market interest rate.
- Silver contracts (zero cost collars): a Black-Scholes valuation technique, derived from spot US$ silver price, strike price, implied volatilities, time to maturity and interest rates and discounted at a market interest rate investments.

(d) Following the refinancing of the loan (refer to note 18), the current year fair value movement was calculated using a discounted cash flow model, taking into account forecasted dividends payments over the estimated repayment period of the loan at a rate of 7.9%. A discounted cash flow model, taking into account projected interest payments and the projected African Rainbow Minerals Limited (ARM) share price on the expected repayment date and using a discount rate of 9.8%, was applied to determine the prior year's fair value. A 74 basis point change in the discount rate, which would represent a reasonably possible change based on expected movements in lending rates, would not cause a material change in the fair value of the loan.

(e) The consideration for the Mponeng operations and related assets (refer to note 14) includes a contingent consideration determined using the expected gold production profile for Mponeng at a post-tax real rate of 10.3%. Should the expected gold production profile increase by 7% or decrease by 7%, the contingent consideration liability would increase by R208 million or decrease by R183 million, respectively. This represents reasonably expected changes which were determined based on the standard deviation of previous years' production of the Mponeng operation. No other reasonable expected changes in key unobservable inputs would have caused a material change in the fair value of the liability.

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values. This includes restricted cash and investments carried at amortised cost. The fair values of borrowings are not materially different to their carrying amounts since the interest payable on those borrowings is at floating interest rates. The fair value of borrowings is based on discounted cash flows using a current borrowing rate. The determination of the fair values are level 3 in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

40 SUBSEQUENT EVENTS

On 24 August 2021, a final dividend of 27 SA cents was declared, paid on 18 October 2021.

On 16 September 2021, the Group concluded a three-year wage agreement in respect of wages and conditions of service for the period 1 July 2021 to 30 June 2024. The wage agreement was agreed by all representative unions and permits for basic wage increases, housing and living-out allowance for eligible employees and improved employee benefits.

41 SEGMENT REPORT

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker has been identified as the CEO's office.

The group has one main economic product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts or open pit mine managed by an operational management team.

During the 2021 financial year, Harmony completed the acquisition of the Mponeng operation, Mine Waste Solutions as well as the WW and VR Closure businesses. Refer to note 14 for further information on the acquisition.

After applying the qualitative and quantitative thresholds from IFRS 8, ***Operating Segments***, the reportable segments were determined as: Tshepong Operations, Moab Khotsong, Bambanani, Joel, Doornkop, Target 1, Kusasalethu, Masimong, Unisel, Mponeng and Hidden Valley. All other operating segments have been grouped together under all other surface operations.

The CODM has been identified as the CEO's office consisting of the chief executive officer, financial director, executive director: stakeholder relations and corporate affairs, chief operating officer: new business development, corporate strategy and projects, chief executive officer: South-east Asia, chief operating officer: South Africa operations and, as of August 2020, the Senior group executive: enterprise risk and investor relations. Previously, the executive: business development also formed part of the CEO’s office, however the position was vacated and subsequently removed from the CEO's office following the retirement of Frank Abbott on 30 September 2020.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the production profit or loss. Therefore, production profit has been disclosed in the segment report as the measure of profit or loss. The CODM also considers capital expenditure, gold production and tonnes milled when assessing the overall economic sustainability of each segment. The CODM, however, does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets and mining assets under construction included under property, plant and equipment which can be attributed to the segment. Current and non-current group assets that are not allocated at a segment level form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 42.

41 SEGMENT REPORT continued

	Revenue 30 June			Production cost 30 June			Production profit/(loss) 30 June			Segment assets 30 June			Capital expenditure# 30 June			Kilograms produced* 30 June			Tonnes milled* 30 June		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019	**2021**	2020	2019
	Rand million			Rand million			Rand million			Rand million			Rand million			Kg			t'000		
South Africa																					
Underground																					
Tshepong Operations	**6 214**	5 452	4 685	**4 865**	4 298	3 973	**1 349**	1 154	712	**6 541**	6 733	6 297	**1 112**	930	1 130	**7 419**	7 293	7 967	**1 558**	1 417	1 612
Moab Khotsong	**6 048**	5 008	4 470	**3 842**	3 344	3 101	**2 206**	1 664	1 369	**4 008**	3 842	3 634	**633**	498	559	**7 166**	6 592	7 928	**903**	746	970
Mponeng	**4 750**	—	—	**2 938**	—	—	**1 812**	—	—	**4 321**	—	—	**493**	—	—	**5 446**	—	—	**683**	—	—
Bambanani	**1 687**	1 591	1 477	**1 156**	1 040	994	**531**	551	483	**327**	443	562	**71**	50	61	**1 992**	2 132	2 515	**227**	200	230
Joel	**1 199**	1 037	957	**1 124**	1 010	971	**75**	27	(14)	**1 166**	1 080	947	**172**	151	187	**1 424**	1 391	1 567	**359**	349	429
Doornkop	**3 077**	2 270	1 931	**2 140**	1 730	1 564	**937**	540	367	**2 994**	2 841	2 759	**425**	281	308	**3 670**	2 994	3 273	**851**	681	730
Target 1	**1 410**	1 524	1 585	**1 667**	1 499	1 491	**(257)**	25	94	**1 367**	1 276	1 076	**368**	347	297	**1 603**	2 244	2 653	**488**	543	588
Kusasalethu	**3 400**	2 293	2 975	**2 955**	2 577	2 395	**445**	(284)	580	**1 057**	1 253	1 300	**205**	188	316	**3 999**	3 015	4 989	**708**	615	742
Masimong	**1 636**	1 401	1 359	**1 427**	1 258	1 205	**209**	143	154	**26**	41	106	**29**	24	109	**2 012**	1 999	2 309	**510**	489	602
Unisel[1]	**224**	681	713	**182**	580	564	**42**	101	149	**—**	6	46	**—**	7	45	**247**	982	1 212	**57**	219	256
Surface																					
All other surface operations	**7 025**	3 302	2 403	**4 724**	2 135	1 938	**2 301**	1 167	465	**1 921**	745	724	**335**	118	84	**8 088**	4 349	4 099	**39 489**	16 264	15 931
Total South Africa	**36 670**	24 559	22 555	**27 020**	19 471	18 196	**9 650**	5 088	4 359	**23 728**	18 260	17 451	**3 843**	2 594	3 096	**43 066**	32 991	38 512	**45 833**	21 523	22 090
International																					
Hidden Valley	**4 028**	3 748	3 591	**1 719**	1 639	1 362	**2 309**	2 109	2 229	**3 128**	3 810	3 694	**1 260**	959	1 591	**4 689**	4 872	6 222	**3 420**	3 906	3 886
Total international	**4 028**	3 748	3 591	**1 719**	1 639	1 362	**2 309**	2 109	2 229	**3 128**	3 810	3 694	**1 260**	959	1 591	**4 689**	4 872	6 222	**3 420**	3 906	3 886
Total operations	**40 698**	28 307	26 146	**28 739**	21 110	19 558	**11 959**	7 197	6 588	**26 856**	22 070	21 145	**5 103**	3 553	4 687	**47 755**	37 863	44 734	**49 253**	25 429	25 976
Reconciliation of segment information to the consolidated income statement and balance sheet	**1 035**	938	766	**1 035**	938	766	**—**	—	—	**21 947**	22 622	15 591									
	41 733	29 245	26 912	**29 774**	22 048	20 324	**11 959**	7 197	6 588	**48 803**	44 692	36 736	**5 103**	3 553	4 687	**47 755**	37 863	44 734	**49 253**	25 429	25 976

Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of R34 million (2020: R54 million) (2019: R350 million).

* *Production statistics are unaudited.*

[1] *The Unisel operation closed during October 2020.*

42 RECONCILIATION OF SEGMENT INFORMATION TO CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

	SA Rand		
Figures in million	**2021**	2020	2019
Reconciliation of production profit to consolidated profit/(loss) before taxation			
Revenue per segment report	**40 698**	28 307	26 146
Revenue per income statement	**41 733**	29 245	26 912
Other metal sales treated as by-product credits in the segment report	**(1 035)**	(938)	(766)
Production costs per segment report	**(28 739)**	(21 110)	(19 558)
Production costs per income statement	**(29 774)**	(22 048)	(20 324)
Other metal sales treated as by-product credits in the segment report	**1 035**	938	766
Production profit per segment report	**11 959**	7 197	6 588
Cost of sales items other than production costs	**(5 715)**	(3 860)	(8 545)
Amortisation and depreciation of mining assets	**(3 777)**	(3 409)	(3 961)
Amortisation and depreciation of assets other than mining assets	**(98)**	(99)	(93)
Rehabilitation expenditure	**(135)**	(47)	(33)
Care and maintenance cost of restructured shafts	**(144)**	(146)	(134)
Employment termination and restructuring costs	**(332)**	(40)	(242)
Share-based payments	**(114)**	(130)	(155)
Impairment of assets	**(1 124)**	—	(3 898)
Other	**9**	11	(29)
Gross profit/(loss)	**6 244**	3 337	(1 957)
Corporate, administration and other expenditure	**(1 068)**	(611)	(731)
Exploration expenditure	**(177)**	(205)	(148)
Gains/(losses) on derivatives	**1 022**	(1 678)	484
Foreign exchange translation gain/(loss)	**670**	(892)	(86)
Other operating expenses	**(241)**	(309)	(100)
Operating profit/(loss)	**6 450**	(358)	(2 538)
Gain on bargain purchase	**303**	—	—
Acquisition-related costs	**(124)**	(45)	—
Share of profit from associate	**83**	94	59
Investment income	**331**	375	308
Finance costs	**(661)**	(661)	(575)
Profit/(loss) before taxation	**6 382**	(595)	(2 746)

42 RECONCILIATION OF SEGMENT INFORMATION TO CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS continued

	SA Rand		
Figures in million	**2021**	2020	2019
Reconciliation of total segment assets to consolidated assets includes the following:			
Non-current assets			
Property, plant and equipment not allocated to a segment	**6 741**	7 116	6 604
Mining assets (a)	**757**	1 062	989
Undeveloped property (b)	**3 989**	4 025	3 965
Other non-mining assets	**411**	115	115
Assets under construction (c)	**1 584**	1 914	1 535
Intangible assets	**365**	536	533
Restricted cash and investments	**5 232**	3 642	3 393
Investments in associates	**126**	146	110
Deferred tax assets	**272**	531	1
Other non-current assets	**332**	435	376
Derivative financial assets	**328**	50	197
Current assets			
Inventories	**2 542**	2 421	1 967
Restricted cash and investments	**67**	62	44
Trade and other receivables	**1 652**	1 308	1 064
Derivative financial assets	**1 471**	18	309
Cash and cash equivalents	**2 819**	6 357	993
	21 947	22 622	15 591

(a) These balances relate to Wafi-Golpu assets and assets that provide services to several CGUs, such as Harmony One Plant.

(b) Undeveloped properties comprise of the Target North property as well as Wafi-Golpu's undeveloped properties.

(c) Assets under construction consist of the Wafi-Golpu assets.