

# Chairman's review



## Dear shareholders and stakeholders

Harmony achieved its objectives of delivering safe and profitable ounces, while advancing its strategy of becoming a low-cost, and globally competitive gold and copper producer. We continued to create value for our shareholders and stakeholders in South Africa and Papua New Guinea.


I am pleased to report that Harmony produced approximately 1.5Moz of gold in FY22, through continued sustainable mining practices.

The higher average gold price received, including hedging and improved revenue, enabled Harmony to declare a final dividend of 22 South African cents (1 US cent) per share. An interim dividend of 40 cents per share was paid in April 2022. Dividends are paid on the basis that the company is sustainable and that dividend payments will not inhibit future value-enhancing growth opportunities.

We are encouraged by investors who still consider gold as a safe haven asset and a hedge against geopolitical uncertainty in periods of extreme volatility.

On 6 October 2022, Harmony announced that it had entered into an agreement to acquire the entity that owns 100% of the Eva Copper Project and a package of regional exploration tenements from Copper Mountain Mining Corporation in Australia. This acquisition will position Harmony well and scale


up its portfolio and contributes to further commodity and geographical diversification. The transaction also expedites our transition to become a low-cost copper-gold mining company and opens a new frontier within an attractive mining area in Australia, supplementing our 50% interest in the tier 1 copper-gold Wafi-Golpu Project.

 Read more about our performance and recent acquisition in the **Chief executive officer's review** in this report.

## Safety is at the heart of Harmony's culture

Ensuring the well-being of all employees and contractors and maintaining a safe and healthy work environment is fundamental to delivering our strategic objectives.

Despite our proactive safety culture and absolute commitment to safety, 13 employees regrettably lost their lives in mine-related incidents. We extend our deepest condolences to the families of those who lost their lives at our operations and all those affected by these tragedies. We remain committed to achieving our goal of zero loss of life. The board and management are working together to increase safe production objectives, as discussed by our CEO in the **Chief executive officer's review** in this report.

 Our risk mitigation measures are outlined in the **ESG report**.


Ensuring a safe working environment and culture requires an integrated and risk-based approach to decision making throughout Harmony. We decided to close Bambanani mine due to the increased seismic activity. We also invested in additional controls to mitigate risk at all our operations. Further information on these controls are available in the **ESG report**.

## Our partners

As a responsible corporate citizen, we are committed to continue supporting our employees and host communities and improving their living conditions.

We fully support government's development endeavours and are committed to social initiatives that address unemployment by empowering youth and women and by investing in small businesses through preferential procurement.

We paid R3.5 billion (US\$232 million) in taxes and royalties to the South African government, R270 million (US\$18 million) to the state of Papua New Guinea, R17.0 billion (US\$1.1 billion) in wages and salaries, and spent R12.3 billion (US\$809 million) on local procurement.

 Read more about Harmony's social investments in the **ESG report**.

### Supporting a sustainable global transition

Harmony's strategic decisions are guided and underpinned by four strategic pillars, namely: operational excellence; responsible stewardship; cash certainty; and effective capital allocation.

We are committed to taking appropriate climate action measures, which includes reaching net-zero carbon emissions by 2045.

The importance of copper and silver, in the global transition towards a low-carbon economy will add to the long-term value proposition of Harmony. To meet demand and limit the increase in the global average temperature to 1.5°C, worldwide production of base metals is expected to increase exponentially over the next 30 years. The mining industry's contribution to climate action could rise even faster as the energy needed to meet growing demand surges.

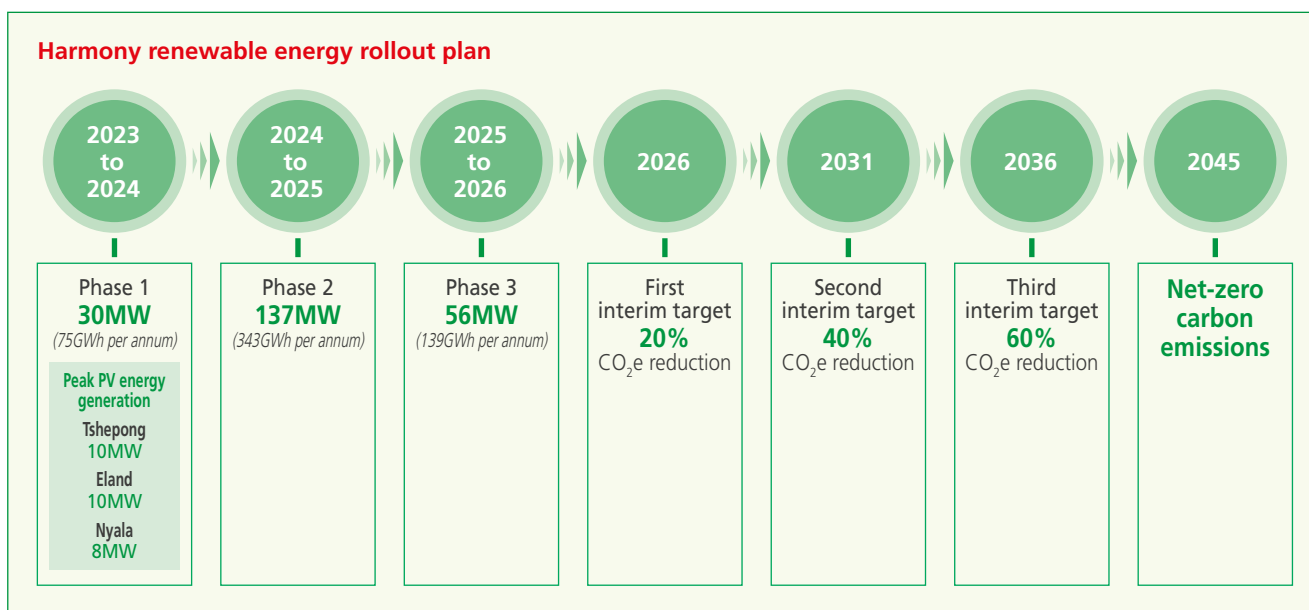
Harmony invested in decarbonisation by setting science-based targets to reduce emissions in line with the Paris Agreement goals, implementing energy efficiency and renewable energy initiatives and allocating capital towards projects and metals that advance our decarbonisation strategy.

Our Social Labour Plans and Corporate Social Investment expenditure are enabling community resilience to climate change and are supporting a sustainable transition to a low-carbon world.

Since 2016, initiatives at Harmony's operations saved 1.3TWh of electricity, translating to a reduction of 1.5 million tons of carbon dioxide and over R1.3 billion in electricity costs.

Harmony's decarbonisation strategy aims to create lasting impact and a sustainable future for our stakeholders. As we continue to become even more energy-efficient and begin to switch to lower-cost renewable power, energy costs and carbon emissions will reduce. Fast-tracking decarbonisation initiatives reduces risks, helping Harmony to position for the expected tightening of carbon regulations. Harmony has secured early long-term access to renewable power with potential for other scarce sustainable resources such as low-carbon hydrogen.

Harmony will also benefit from more flexible, sustainability-linked funding, as outlined by our CEO in his report. The company has secured new debt facilities that tie finance costs to achieving sustainability targets. In addition, a R1.5 billion green loan has been ring-fenced to fund phase 2 of the 137MW renewable solar energy rollout.



Read more about Harmony's focus on ESG matters in the [Social and ethics committee chairperson's report](#) in the [ESG report](#).

# Chairman's review **continued**

## Good governance

Our board is guided by King IV in ensuring the sustainability of our business and advancing the highest standards of corporate governance in South Africa.

As part of the board's good governance and transition plan, we bid farewell to two of Harmony's longest-serving board members, Fikile de Buck and Dr Simo Lushaba, who retired at the 2021 annual general meeting (AGM). We wish them and Modise Motloba, our former deputy chairman, who resigned on 27 June 2022, success in their future endeavours.

The company subsequently appointed two new independent non-executive directors and reorganised the board's composition to best leverage the skills, independence and diversity of members across its committees.

Bongani Nqwababa and Martin Prinsloo joined Harmony on 18 May 2022. Bongani serves as chairperson of the investment committee and member of the remuneration and audit and risk committees. Martin is a member of the audit and risk and the technical and investment committees. Both appointees are chartered accountants with mining directorship experience. Their financial and investment expertise in the chemicals, mining and extractives industries, adds value to Harmony.

Lastly, Joaquim Chissano and Andre Wilkens, 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 2022 AGM. On behalf of the board I would like to thank them for their contribution over many years.

 Read more about our [Board of directors](#) in this report.

## Mandatory audit firm rotation

Harmony recommended Ernst & Young Incorporated for election at the upcoming AGM, as required by the Independent Regulatory Board for Auditors from 1 April 2023. This rotation will assist in ensuring auditor independence and overall audit quality.



This is outlined in the [Audit and risk committee chairperson's report](#) in the [Report to shareholders 2022](#).

## Recognition

I would like to express my deep gratitude to each of our board members for their guidance and advice throughout the year. The board's range, depth of skills and expertise are invaluable in building the resilience Harmony needs to overcome challenges and create value for our shareholders and stakeholders.

Harmony is committed to operating in a manner that will create long-term sustainable value for our shareholders, employees, communities living near our mining operations and all other stakeholders. Continuous investment in our people alongside organic and external growth is key to our long-term success.

On behalf of the board, I would like to thank our CEO, Peter Steenkamp, the executives, managers and employees of Harmony for their dedication to delivering Harmony's strategic objectives.

**Dr Patrice Motsepe**  
*Chairman*

25 October 2022